Docket #0194 Date Filed: 4/23/2021

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF NORTH CAROLINA
CHARLOTTE DIVISION

In re	:	Chapter 11
ALDRICH PUMP LLC, *et al.*,[1]	:	Case No. 20-30608 (JCW)
Debtors.	:	(Jointly Administered)
ALDRICH PUMP LLC and MURRAY BOILER LLC,	:	
Plaintiffs,	:	
v.	:	Adv. Pro. No. 20-03041 (JCW)
THOSE PARTIES TO ACTIONS LISTED ON APPENDIX A TO COMPLAINT and JOHN AND JANE DOES 1-1000,	:	
Defendants.	:	

NOTICE OF FILING OF DECLARATION OF BRAD B. ERENS IN SUPPORT OF DEBTORS' REPLY IN SUPPORT OF MOTION OF THE DEBTORS FOR AN ORDER (I) PRELIMINARILY ENJOINING CERTAIN ACTIONS AGAINST NON-DEBTORS OR (II) DECLARING THAT THE AUTOMATIC STAY APPLIES TO SUCH ACTIONS, AND (III) GRANTING A TEMPORARY RESTRAINING ORDER PENDING A FINAL HEARING

PLEASE TAKE NOTICE OF THE FOLLOWING:

1. On April 23, 2021, the Debtors filed their Reply in Support of Motion of the Debtors for an Order (I) Preliminarily Enjoining Certain Actions Against Non-Debtors or (II) Declaring that the Automatic Stay Applies to Such Actions, and (III) Granting a Temporary Restraining Order Pending a Final Hearing (the "PI Reply").

[1] The Debtors are the following entities (the last four digits of their respective taxpayer identification numbers follow in parentheses): Aldrich Pump LLC (2290) and Murray Boiler

2030608210423000000000009

2. The PI Reply includes references to the attached Declaration of Brad B. Erens, filed in Support of the PI Reply (the "Erens Declaration"). The Erens Declaration attaches documents, including, without limitation, certain court filings outside the docket of these cases, expert reports, discovery responses, deposition testimony and corporate documents cited in the PI Reply.

3. Copies of the PI Reply and Erens Declaration may be obtained (a) at the Court's website, *www.ncwb.uscourts.gov* under Debtor Aldrich Pump LLC's name and case number, (b) from the Debtors' claims and noticing agent at www.kccllc.net/aldrich, or (c) by written request directed to the undersigned counsel to the Debtors.

LLC (0679). The Debtors' address is 800-E Beaty Street, Davidson, North Carolina 28036.

Dated: April 23, 2021
Charlotte, North Carolina

Respectfully submitted,

/s/ John R. Miller, Jr.

C. Richard Rayburn, Jr. (NC 6357)
John R. Miller, Jr. (NC 28689)
RAYBURN COOPER & DURHAM, P.A.
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-and-

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UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF NORTH CAROLINA
CHARLOTTE DIVISION

In re ALDRICH PUMP LLC,[1] *et al.*, Debtors,	Chapter 11 No. 20-30608 (JCW) (Jointly Administered)
ALDRICH PUMP LLC and MURRAY BOILER LLC, Plaintiffs, v. THOSE PARTIES TO ACTIONS LISTED ON APPENDIX A TO COMPLAINT and JOHN AND JANE DOES 1-1000. Defendants.	Adversary Proceeding No. 20-03041 (JCW)

DECLARATION OF BRAD B. ERENS

I, Brad B. Erens, hereby declare under penalty of perjury:

1. I am a partner of the law firm Jones Day; my office is located at 77 West Wacker, Suite 3500, Chicago, Illinois 60601. I am a member in good standing of the Bar of Illinois. There are no disciplinary proceedings pending against me.

2. I submit this declaration (the "Declaration") in connection with the *Debtors' Reply in Support of Motion of the Debtors for an Order (I) Preliminarily Enjoining Certain Actions Against Non-Debtors, or (II) Declaring that the Automatic Stay Applies to Such Actions, and*

[1] The Debtors are the following entities (the last four digits of their respective taxpayer identification numbers follow in parentheses): Aldrich Pump LLC (2290) and Murray Boiler LLC (0679). The Debtors' address is 800-E Beaty Street, Davidson, North Carolina 28036.

(III) Granting a Temporary Restraining Order Pending a Final Hearing (the "Reply") filed contemporaneously herewith. I have personal knowledge of the matters set forth herein.

3. Attached hereto as Exhibit 1 are true and correct copies of deposition excerpts, organized alphabetically by surname (the "Deposition Excerpts").[2]

4. Attached hereto as Exhibit 2 is a true and correct copy of *'Medical Monitoring And Asbestos Litigation'–A Discussion With Richard Scruggs And Victor Schwartz*, dated March 1, 2002, published in Mealey's Litigation Report: Asbestos (the "Medical Monitoring Article").

5. Attached hereto as Exhibit 3 is a true and correct copy of the *First Amended Disclosure Statement for Second Amended Joint Plan of G-I Holdings Inc. and ACI Inc. Pursuant to Chapter 11 of the United States Bankruptcy Code*, dated December 3, 2008, filed in In re G-I Holdings, Inc., No. 01-30135 [Dkt. 8591] (Bankr. D.N.J. Dec. 3, 2008) (the "G-I Holdings Disclosure Statement").

6. Attached hereto as Exhibit 4 is a true and correct copy of an excerpt from the Form 10-K filed by Sealed Air Corporation for fiscal year ended December 31, 2011, filed February 29, 2012 (the "Sealed Air Form 10-K Excerpt").

7. Attached hereto as Exhibit 5 is a true and correct copy of the *Motion of the Official Committee of Asbestos Personal Injury Claimants and the Future Claimants' Representative for Entry of an Order Granting Leave, Standing and Authority to Prosecute Claims on Behalf of the Debtors' Estates*, filed in In re Specialty Prods. Holding Corp., No. 10-11780 [Dkt. 1799] (Bankr. D. Del. Nov. 14, 2011) (the "Specialty Products Motion to

[2] The Debtors' listing of an exhibit does not waive the Debtors' confidentiality designation for any exhibits previously so marked pursuant to the *Agreed Protective Order Governing Confidential Information* [Dkt. No. 345].

Prosecute").

8. Attached hereto as Exhibit 6 is a true and correct copy of the *Joint Motion of the Official Committee of Asbestos Personal Injury Claimants and the Future Claimants Representative for Leave to Control and Prosecute Certain Claims as Estate Representatives*, filed in In re Garlock Sealing Techs, LLC, No. 10-31607 [Dkt. 2150] (Bankr. W.D.N.C. Apr. 30, 2012) (the "Garlock Leave to Control Motion").

9. Attached hereto as Exhibit 7 is a true and correct copy of *The Official Committee of Asbestos Personal Injury Claimants' Opposition to the United States Trustee's Motion to Appoint an Examiner*, filed in In re Paddock Enters., LLC, No. 20-10028 [Dkt. 160] (Bankr. D. Del. Mar. 11, 2020) (the "Paddock ACC Obj.").

10. Attached hereto as Exhibit 8 is a true and correct copy of the *Objection of Future Claimants' Representative to the United States Trustee's Motion for an Order Directing the Appointment of an Examiner*, filed in In re Paddock Enters., LLC, No. 20-10028 [Dkt. 164] (Bankr. D. Del. Mar. 11, 2020) (the "Paddock FCR Obj.").

11. Attached hereto as Exhibit 9 is a true and correct copy of the Rebuttal Report of Laureen M. Ryan, dated February 26, 2021 (the "Ryan Rebuttal Report").

12. Attached hereto as Exhibit 10 are true and correct copies of the Minutes of Joint Meeting of Boards of Managers of Aldrich Pump LLC and Murray Boiler LLC for the meetings held on May 15, 2020, May 22, 2020, May 29, 2020, and June 5, 2020, respectively (the "Aldrich and Murray Joint Meeting Minutes").

13. Attached hereto as Exhibit 11 is a true and correct copy of Slide 2 of the *Future Claimants' Representative's Closing Presentation*, dated March 3, 2021, presented at the March 3, 2021 hearing in In re DBMP, LLC, No. 20-30080 (Bankr. W.D.N.C.) ("DBMP FCR Slide 2").

14. Attached hereto as Exhibit 12 is a true and correct copy of the *Disclosure Statement with Respect to Sixth Amended Joint Plan of Reorganization for Owens Corning and its Affiliated Debtors and Debtors-in-Possession*, dated June 30, 2006, accessed as Exhibit 99.1 to the Form 8-K filed by Owens Corning on July 6, 2006 (the "Owens Corning Disclosure Statement").

15. Attached hereto as Exhibit 13 is a true and correct copy of the *Disclosure Statement for Prenegotiated Plan of Reorganization for Durodyne National Corp., et al.*, dated Sept. 7, 2018, filed in In re Duro Dyne Nat'l Corp., No. 18-27963 [Dkt. 20] (Bankr. D.N.J. Sept. 7, 2018) (the "Duro Dyne Disclosure Statement").

16. Attached hereto as Exhibit 14 is a true and correct copy of the *Declaration of Brian Bastien, President and Chief Executive Officer for the Debtor, in Support of First Day Pleadings*, filed in In re The Budd Co., Inc., No. 14-11873 [Dkt. 14] (Bankr. N.D. Ill. Apr. 1, 2014) (the "Budd First Day Declaration").

17. Attached hereto as Exhibit 15 is a true and correct copy of the *Second Amended Disclosure Statement with Respect to Plan of Liquidation Pursuant to Chapter 11 of the Bankruptcy Code Proposed by the Debtors*, filed in In re Reichhold Holdings US, Inc., No. 14-12237 [Dkt. 1246] (Bankr. D. Del. Nov. 19, 2015) (the "Reichhold Disclosure Statement").

18. Attached hereto as Exhibit 16 is a true and correct copy of the *First Amended Disclosure Statement Concerning the First Amended Joint Plan of Reorganization of Thorpe Insulation Company and Pacific Insulation Company Under Chapter 11 of the Bankruptcy Code*, dated July 24, 2008, filed in In re Thorpe Insulation Co., No. 07-19271 [Dkt. 1221] (Bankr. C.D. Cal. July 30, 2008) (the "Thorpe Disclosure Statement").

19. Attached hereto as Exhibit 17 is a true and correct copy of the *Disclosure Statement for Joint Plan of Reorganization Dated February 25, 2005*, filed in In re J.T. Thorpe, Inc., No. 02-14216 [Dkt. 471] (Bankr. C.D. Cal. Mar. 7, 2005) (the "J.T. Thorpe Disclosure Statement").

20. Attached hereto as Exhibit 18 is a true and correct copy of the *Declaration of David J. Gordon, President and Chief Restructuring Officer of the Debtor, in Support of Chapter 11 Petition and First Day Pleadings*, filed in In re Paddock Enters., LLC, No. 20-10028 [Dkt. 2] (Bankr. D. Del. Jan. 6, 2020) (the "Paddock First Day Declaration").

21. Attached hereto as Exhibit 19 is a list, prepared by Jones Day, showing search results from the Security and Exchange Commission's "EDGAR" database, last accessed February 22, 2021, identifying approximately 150 spin-off transactions over the last 15 years involving mutual indemnification obligations (the "EDGAR Spin-off Transactions").

22. Attached hereto as Exhibit 20 is a true and correct copy of the *Order Granting Preliminary Injunction*, entered in In re Garlock Sealing Techs, LLC, No. 10-31607, Adv. No. 10-03145 [Adv. Pro. Dkt. 14] (Bankr. W.D.N.C. June 21, 2010) (the "Garlock PI Order").

23. Attached hereto as Exhibit 21 is a true and correct copy of the *Specialty Products Holding Corp. Asbestos Personal Injury Trust Distribution Procedures*, filed in In re Specialty Prods. Holding Corp., No. 10-11780 [Dkt. 5117-3] (Bankr. D. Del. Oct. 23, 2014) (the "Specialty Products TDPs").

24. Attached hereto as Exhibit 22 are true and correct copies of Exhibit 1 and Exhibit 2 to the *Complaint for Declaratory and Injunctive Relief*, filed in In re Leslie Controls, Inc., No. 10-12199, Adv. No. 10-51394 [Adv. Pro. Dkt. 1] (Bankr. D. Del. July 12, 2010), listing non-debtor affiliates to be covered by the preliminary injunction (the "Leslie Controls List of

Protected Non-Debtor Affiliates").

25. Attached hereto as Exhibit 23 is a true and correct copy of the *Order Granting Debtor's Emergency Motion for Preliminary Injunction and Declaratory Relief*, filed in In re Leslie Controls, Inc., No. 10-12199, Adv. No. 10-51394 [Adv. Pro. Dkt. 12] (Bankr. D. Del. Aug. 9, 2010) (the "Leslie Controls PI Order").

26. Attached hereto as Exhibit 24 is a true and correct copy of the *Expert Report of Charles H. Mullin, PHD*, dated February 5, 2021 (the "Mullin Expert Report").

27. Attached hereto as Exhibit 25 are true and correct copies of the *Responses and Objections of* [redacted] *(Through His Personal Representative* [redacted] *) to Debtors' First Set of Interrogatories*, dated April 1, 2021 (the "[redacted]"), the *Responses and Objections of* [redacted] *to Debtors' First Set of Interrogatories*, dated April 1, 2021 (the "[redacted]"), the *Responses and Objections of* [redacted] *Member of the Official Committee of Asbestos Personal Injury Claimants, to Debtors Aldrich Pump LLC And Murray Boiler LLC's First Set of Interrogatories*, dated April 1, 2021 (the [redacted]"), and the *Responses and Objections of* [redacted] *, Individually and as Special Administrator of* [redacted] *, Deceased to Debtors' First Set of Interrogatories*, dated March 31, 2021 (the "[redacted]," and collectively with the [redacted], the "Sample Responses to Debtors' Interrogatories").

28. Attached hereto as Exhibit 26 is a true and correct copy of the *Leslie Controls, Inc. Asbestos Personal Injury Trust Distribution Procedures*, filed in In re Leslie Controls, Inc., No. 10-12199 [Dkt. 505-3] (Bankr. D. Del. Jan. 18, 2011) (the "Leslie Controls TDPs").

29. Attached hereto as Exhibit 27 is a true and correct copy of the Expert Report of

Matthew Diaz, dated February 12, 2021 (the "Diaz Report").

30. Attached hereto as Exhibit 28 is a true and correct copy of the Report of Laureen M. Ryan, dated February 5, 2021 (the "Ryan Report").

31. Attached hereto as Exhibit 29 is a true and correct copy of the *Memorandum Order*, entered in In re Mallinckrodt PLC, No. 20-12522, Adv. No. 20-50850 [Adv. Pro. Dkt. 202] (Bankr. D. Del. Jan. 27, 2021), granting the debtors' motion for a preliminary injunction (the "Mallinckrodt PI Order").

32. Attached hereto as Exhibit 30 is a true and correct copy of the *Disclosure Statement for Modified Joint Plan of Reorganization of Garlock Sealing Technologies LLC, et al. and Oldco, LLC, Proposed Successor by Merger to Coltec Industries Inc*, dated July 29, 2016, filed in In re Garlock Sealing Techs. LLC, No. 10-31607 [Dkt. 5444] (Bankr. W.D.N.C. July 29, 2016) (the "Garlock Disclosure Statement").

33. Attached hereto as Exhibit 31 is a true and correct copy of the *Combined Disclosure Statement to Accompany the Third Amended Plans of Reorganization Dated December 28, 2005 of North American Refractories Company and its Subsidiaries and Global Industrial Technologies, Inc. and its Subsidiaries*, dated December 28, 2005, filed in In re North American Refractories Co., No. 02-20198 [Dkt. 3888] (Bankr. W.D. Pa. Dec. 28, 2005) (the "NARCO Disclosure Statement").

34. Attached hereto as Exhibit 32 is a true and correct copy of the *Quigley Company, Inc. Fifth Amended and Restated Plan of Reorganization Under Chapter 11 of the Bankruptcy Code*, dated June 29, 2012, as modified June 26, 2013, filed in In re Quigley Co., Inc., No. 04-15739 [Dkt. 2670-1] (Bankr. S.D.N.Y. July 2, 2013) (the "Quigley Plan").

35. Attached hereto as Exhibit 33 is a true and correct copy of the *Summary*

Disclosure Statement as of September 28, 2005 Under Section 1125 of the Bankruptcy Code With Respect to the Joint Plan of Reorganization as of September 28, 2005 Proposed by the Debtors, the Asbestos Claimants' Committee, the Future Asbestos-Related Claimants' Representative, and McDermott Incorporated, filed in In re Babcock & Wilcox Co., No. 00-10992, 2005 WL 8168731 (Bankr. E.D. La. Sept. 29, 2005) (the "Babcock & Wilcox Disclosure Statement").

36. Attached hereto as Exhibit 34 is a true and correct copy of the *Findings of Fact, Conclusions of Law, and Order Confirming the First Amended Plan of Reorganization of Leslie Controls, Inc. Under Chapter 11 of the Bankruptcy Code*, entered in In re Leslie Controls, Inc., No. 10-12199 [Dkt. 382] (Bankr. D. Del. Oct. 28, 2010) (the "Leslie Controls Confirmation Order").

37. Attached hereto as Exhibit 35 is a true and correct copy of the *First Amended Prepackaged Plan of Reorganization of T H Agriculture & Nutrition, L.L.C. Under Chapter 11 of the Bankruptcy Code*, dated May 11, 2009, filed in In re T H Agriculture & Nutrition, L.L.C., No. 08-14692 [Dkt. 465-1] (Bankr. S.D.N.Y. May 29, 2009) (the "THAN Prepackaged Plan").

38. Attached hereto as Exhibit 36 is a true and correct copy of the *Amended Order Nunc Pro Tunc to July 16, 2004, (I) Replacing Order Entered July 16, 2004, (II) Approving Debtors' Disclosure Statement and Solicitation Procedures and (III) Confirming Debtors' Fourth Amended and Restated Joint Prepackaged Plan of Reorganization Under Chapter 11 of the United States Bankruptcy Code*, entered in In re Mid-Valley, Inc., No. 03-35592 [Dkt. 1716] (Bankr. W.D. Pa. July 21, 2004) (the "Mid-Valley Confirmation Order").

39. Attached hereto as Exhibit 37 is a true and correct copy of the *Order Granting Preliminary Injunction*, entered in In re G-I Holdings Inc., No. 01-30135, Adv. No. 01-03013

[Adv. Pro. Dkt. 65] (Bankr. D.N.J. Feb. 22, 2002) (the "G-I Holdings PI Order").

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge and belief.

Dated: April 23, 2021
Chicago, Illinois

Respectfully submitted,

/s/ Brad B. Erens
Brad B. Erens

Exhibit List

Exhibit 1 – Deposition Excerpts

Exhibit 2 – Medical Monitoring Article

Exhibit 3 – G-I Holdings Disclosure Statement

Exhibit 4 – Sealed Air Form 10-K Excerpt

Exhibit 5 – Specialty Products Motion to Prosecute

Exhibit 6 – Garlock Leave to Control Motion

Exhibit 7 – Paddock ACC Obj.

Exhibit 8 – Paddock FCR Obj.

Exhibit 9 – Ryan Rebuttal Report

Exhibit 10 – Aldrich and Murray Joint Meeting Minutes

Exhibit 11 – DBMP FCR Slide 2

Exhibit 12 – Owens Corning Disclosure Statement

Exhibit 13 – Duro Dyne Disclosure Statement

Exhibit 14 – Budd First Day Declaration

Exhibit 15 – Reichhold Disclosure Statement

Exhibit 16 – Thorpe Disclosure Statement

Exhibit 17 – JT Thorpe Disclosure Statement

Exhibit 18 – Paddock First Day Declaration

Exhibit 19 – EDGAR Spin-off Transactions

Exhibit 20 – Garlock PI Order

Exhibit 21 – Specialty Products TDPs

Exhibit 22 – Leslie Controls List of Protected Non-Debtor Affiliates

Exhibit 23 – Leslie Controls PI Order

Exhibit 24 – Mullin Report

Exhibit 25 – Sample Response to Debtors' Interrogatories

Exhibit 26 – Leslie Controls TDPs

Exhibit 27 – Diaz Report

Exhibit 28 - Ryan Report

Exhibit 29 – Mallinckrodt PI Order

Exhibit 30 – Garlock Disclosure Statement

Exhibit 31 – NARCO Disclosure Statement

Exhibit 32 – Quigley Plan

Exhibit 33 – Babcock & Wilcox Disclosure Statement

Exhibit 34 – Leslie Controls Confirmation Order

Exhibit 35 – THAN Prepackaged Plan

Exhibit 36 – Mid-Valley Confirmation Order

Exhibit 37 – G-I Holdings PI Order

Exhibit 1

Redacted and Excerpted Transcripts of the Depositions of:

- Sara Brown, individually and on behalf of Trane Technologies (30(b)(6))
- Richard Daudelin
- Matthew Diaz
- Chris Kuehn
- Mark Majocha
- Ray Pittard
- David Regnery
- Amy Roeder
- Robert Sands
- Allan Tananbaum
- Allan Tananbaum, on behalf of the Debtors (30(b)(6))
- Evan Turtz
- Manlio Valdes
- Robert Zafari

Sara Brown April 1, 2021 Excerpted Deposition Transcript, individually and on behalf of Trane Technologies (30(b)(6))

Filed Provisionally Under Seal Per Agreed Protective Order Governing Confidential Information

Richard Daudelin March 9, 2021 Excerpted Deposition Transcript

RICHARD DAUDELIN

UNITED STATES BANKRUPTCY COURT

FOR THE WESTERN DISTRICT OF NORTH CAROLINA

CHARLOTTE DIVISION

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IN RE: Chapter 11

No. 20-30608 (JCW)

(Jointly Administered)

ALDRICH PUMP LLC, et al.,

Debtors.

----------x

ALDRICH PUMP LLC and

MURRAY BOILER LLC,

Plaintiffs,

v. Adversary Proceeding

No. 20-03041 (JCW)

THOSE PARTIES TO ACTIONS

LISTED ON APPENDIX A

TO COMPLAINT and

JOHN and JANE DOES 1-1000,

Defendants.

----------x

MARCH 9TH, 2021

REMOTE VIDEOTAPED DEPOSITION OF

RICHARD DAUDELIN

Reported by:

Sara S. Clark, RPR/RMR/CRR/CRC

JOB No. 191079

RICHARD DAUDELIN

MARCH 9, 2021

9:39 a.m. EST

Remote Videotaped Deposition of RICHARD DAUDELIN, held at the location of the witness, taken by the Committee of Asbestos Personal Injury Claimants, before Sara S. Clark, a Registered Professional Reporter, Registered Merit Reporter, Certified Realtime Reporter, and Notary Public.

A. Yes.

Q. And would that be Trane Technologies PLC?

A. Yes.

Q. With respect to reports to Trane Technologies PLC after February 29th of 2020, did you propose any issuances of dividends from that -- from February 29th, 2020 to present?

A. Yes.

Q. How frequently have you made that recommendation to the finance committee?

A. Quarterly.

Q. Okay. And with respect to the liquidity position and cash flow analysis that you mentioned that goes into your consideration of it to propose a dividend, with respect to Trane Technologies PLC, has there been a -- has there been a time where you did not recommend a dividend for Trane Technologies PLC?

A. No.

Q. Is it safe to say that Trane Technologies PLC has been cash flow positive during this period from February 29th,

2020 to present?

MR. MASCITTI: Objection; form.

A. Yes.

Q. Would you say that the Trane Technologies PLC entity has had sufficient liquidity during the period from February 29th, 2020 to present?

MR. MASCITTI: Objection; form.

A. Yes.

Q. And with respect to cash flow and liquidity, are there considerations with respect to paying Trane Technologies' creditors that is considered as part of those assessments?

MR. MASCITTI: Objection; form.

A. Can you ask your question again, please?

Q. Sure.

In analyzing the cash flow of Trane Technologies PLC -- let's start there -- do you consider any obligations owed to creditors of Trane Technologies PLC in analyzing that cash flow?

A. Yes.

Q. And what is that analysis?

A. High-level cash flow and liquidity chart.

Q. Generally speaking, the cash flow addresses whether or not there are sufficient funds to pay creditors and still have funds beyond those obligations; is that fair to say?

A. Yes.

Q. And you mentioned issuing dividends on a quarterly basis -- or recommending -- excuse me -- dividends be issued on a quarterly basis since February 29th of 2020.

Have those dividends actually been issued?

A. Yes, to the best of my knowledge.

Q. And being that they're issued on a quarterly basis, was there one issued at the end of June 2020?

A. Yes, to the best of my knowledge.

Q. Was there another dividend issued at the end of August 2020?

A. No, not that I recall.

Q. Did you make a recommendation that a dividend be issued at the end of August 2020?

A. Not that I recall.

MS. HARDMAN: No.

MR. MASCITTI: Okay. Okay for me to begin?

MS. HARDMAN: Yes. I'm sorry.

EXAMINATION

BY MR. MASCITTI:

Q. Mr. Daudelin, you've been asked about a number of documents that were presented for your signature.

In the ordinary course of Trane's business, could you please describe the process for documents to be presented to you for your signature?

A. Yes. The normal course of -- in our normal course of business in our governance, legal documents come to me and they're vetted first from a legal or an advisory perspective. And before I execute on those, they come from, again, the legal organization.

Q. And you had indicated earlier that, as part of reviewing documents before you sign them, you look at who the sender is.

Would it make a difference if the sender was someone from the legal department?

A. Yes.

Q. Why?

A. Because it would give me a comfort based on our governance that it has been reviewed by the legal department and/or outside or third-party advisors.

Q. Now, you've answered, in response to multiple questions that were presented to you today, that you couldn't recall who you received these documents from, both the board resolutions and the written agreements.

Do you recall whether you received those documents from someone in the legal department?

A. No, I do not. The reason I say that is because sometimes the legal department will pass it through to my admin, and my admin will bring it forward to me. And then based on that, I'll see within the e-mail that it's -- it has come from the legal department.

Q. So with respect to all of the documents, both the resolutions and the agreements that were presented to you today, were those received from someone in the legal

department, either directly to you or through your admin?

A. Yes, to the best of my knowledge.

Q. So although you can't recall the specific person, you did know that those documents were presented to you for execution through the legal department?

A. Yes.

Q. And why was that important?

A. Because, again, based on our governance and the way we vet legal documents, my signature is not on a document unless it's gone through our legal department.

Q. So given that we've seen your signature on multiple resolutions and agreements today, does that refresh your recollection that you authorized the legal department to apply your signature to those resolutions and agreements?

A. Yes. In good faith, that will be executed.

Q. You also answered in response to multiple questions that you didn't recall communicating with anyone regarding these

Matthew Diaz March 23, 2021 Excerpted Deposition Transcript

Filed Provisionally Under Seal Per Agreed Protective Order Governing Confidential Information

Chris Kuehn March 19, 2021 Excerpted Deposition Transcript

CHRIS KUEHN

UNITED STATES BANKRUPTCY COURT
FOR THE WESTERN DISTRICT OF NORTH CAROLINA
CHARLOTTE DIVISION

IN RE: Chapter 11
No. 20-30608 (JCW)
(Jointly Administered)

ALDRICH PUMP LLC, et al.,

Debtors.

ALDRICH PUMP LLC and

MURRAY BOILER LLC,

Plaintiffs,

v. Adversary Proceeding
No. 20-03041 (JCW)

THOSE PARTIES TO ACTIONS

LISTED ON APPENDIX A

TO COMPLAINT and

JOHN and JANE DOES 1-1000,

Defendants.

REMOTE VIDEOTAPED DEPOSITION OF

CHRIS KUEHN

Reported by:
Sara S. Clark, RPR/RMR/CRR/CRC
JOB No. 191086

CHRIS KUEHN

MARCH 19, 2021

9:37 a.m. EST

Remote Videotaped Deposition of CHRIS KUEHN, held at the location of the witness, taken by the Committee of Asbestos Personal Injury Claimants, before Sara S. Clark, a Registered Professional Reporter, Registered Merit Reporter, Certified Realtime Reporter, and Notary Public.

A. Well, prior to sign- -- I can see that I signed the document, but we reviewed these documents prior to signing. But just recalling what this document says, yes, that's what -- that's what I recall.

Q. Okay. And that was going to be my next question. On the page ending 1758, is that your signature, Mr. Kuehn?

A. Okay. I see 1758.

Yes, it is.

Q. Okay. Do you recall signing this specific document?

A. I don't recall signing this specific document, no.

Q. Do you --

A. I recall signing documents to effect the corporate restructuring, but not this specific one.

Q. Okay. Let's talk about that generally, then.

With respect to signing documents for the corporate restructuring, can you describe that process? Did you sign them electronically or in hard copy? Who presented them to you?

Any sort of description of how that process worked would be helpful.

A. Sure. My recollection is we had several meetings leading up to the presentation of the documents. Those meetings were led by company legal counsel to really explain what the documents were required to do or asked to do of the signers. We were -- at the time, this was early stages of the pandemic, so we were largely working remotely.

So after reviewing the documents and understanding the step that -- the various steps in the corporate restructuring, I would have electronically signed the document via an iPad, I believe is how it was completed.

Q. Okay. So just to unpack that a little bit, you said company legal counsel had meetings with you to describe these -- the various documents you would be signing with respect to the corporate restructuring?

A. That's correct.

Q. And who was the company legal counsel at that point that you're referring to?

A. I don't recall specifically who it

was, but it was a combination of Evan Turtz and/or Sara Brown.

Q. And they met with you in person or on Zoom? How did those meetings actually occur, all pandemic related and whatnot?

A. It's hard to recall specifically. I think it was a mix of in-person meetings as well as over, you know, Zoom or Teams applications.

Q. And about when did these meetings happen? Do you recall?

A. My recollection is they happened on or around the date on the first page, on or around May 1st, 2020, to sign the documents. There were, as I recall, meetings the previous week or so, weeks prior, actually, to explain what all of the steps would be to effect the corporate restructuring. And that connected to meetings that we had, you know, leading up to that decision.

Q. And the meeting --

MS. HARDMAN: If we could go off the record for just a moment.

VIDEOGRAPHER: The time is 10:42 a.m., and we are off the record.

(Discussion held off the record.)

VIDEOGRAPHER: The time is 10:43 a.m., and we are back on the record.

MS. HARDMAN: Great.

BY MS. HARDMAN:

Q. So Mr. Kuehn, we were just discussing the process, and you said there were a number of meetings, and you were presented these documents for signature.

When you described the signature via iPad process, I assume that was a meeting in person; is that fair?

A. If it was via iPad, it would have been the documents were sent to me via email and then executing them through an iPad and sending them back, you know, electronically. Or it was in person, right, signing. I don't recall which avenue I used, but it was one of those two to sign the document.

Q. Okay. And the iPad you're referring to, is it one of your own or did somebody give you an iPad to use for the signature process?

A. It's a company-issued iPad that's -- wasn't just used for this process. It's just a

company iPad that's used for multiple things related to the company.

Q. Okay. That's something you keep on your person for your work in the everyday operations of Trane?

A. Yes, that's fair.

Q. And on that iPad score, do you keep notes on that iPad? Sometimes folks use that electronic notepad to keep notes.

A. I do not.

Q. Okay. I am not a big fan either. I'm a big hard copy notetaker.

All right. With respect to the signing process, you mentioned a number of meetings describing the steps that would be taken for that corporate restructuring and then you were presented these documents.

Did you see multiple iterations of the documents that you ended up signing related to the corporate restructuring?

A. I recall seeing one document, not necessarily multiple iterations.

Q. Okay. And in that process, did you ask any questions with respect to the documents

that you were planning to sign?

A. I recall making sure that I was familiar with the document and what step in the process the corporate restructuring reflected to make sure that I, you know, was comfortable, A, Evan Turtz or Sara Brown, making sure signers were comfortable with what step in the process it was, and then ultimately if any questions were required, I asked them at that time if they were necessary.

Q. Okay. And you asked those questions of Mr. Turtz or Ms. Brown; is that right?

A. That would be correct. Of those two -- and I don't recall which meetings they were in, but it would have been one of those two. If there were any questions being asked, it would have been asked of them.

Q. And you said the time frame was about a two-week window, give or take, for the meetings up to the signing?

MR. MASCITTI: Object to the form.

Q. You can answer.

MR. MASCITTI: Ms. Hardman, I wanted you to clarify what meetings you're

team. I think at one point, we may have included a member or two from the business units. And I believe Mr. Pittard joined that group at some point in 2019. I don't recall when.

Q. Who was it, under your understanding, that ran Project Omega?

A. Evan Turtz, our general legal counsel, would be the one that I would describe as running the project.

Q. Okay. And so you said that you did sign an NDA with respect to Project Omega.

Do you know why you signed an NDA?

A. The project was being treated like any other large transaction in the company. Really just to ensure that the proper people were given -- the proper access were given to the proper people rather than to discuss it more openly within the organization. So I would call that fairly common practice.

Q. Why is an NDA necessary?

A. I think the sensitive nature of the subject and evaluating options that ultimately may never have come true or concluded. So we do

this commonly for transactions and mergers and acquisitions, just to include the people that we need to include to get the data or execute various steps that we think are proper.

Q. What's the sensitivity that you're describing there if this information were to be more widely disseminated?

A. Unfortunately, you can't control who has access to information if you just keep it very broad. So, you know, concerned about discussions within the company, discussions outside the company. Especially if no decision was being reached, it was really, let's evaluate options for the company. So the concern was let's bring in more people as decisions are being made, but while we're evaluating the decisions, let's limit it to a smaller group of people.

Q. I guess my question is why do you do that as a --

MR. MASCITTI: Objection; asked and answered.

You can answer again, Mr. Kuehn.

A. It's really to engage people on to the

MS. HARDMAN: I don't expect you to read the whole thing. Just let me know once you've had a chance to skim.

(Witness reviews document.)

THE WITNESS: Okay.

BY MS. HARDMAN:

Q. Are you familiar with this document?

A. Yes.

Q. Okay. And on the third page, I think it's DEBTORS ending in 2506, Page 3 of the PDF.

Is that your signature, Mr. Kuehn?

A. Yes, it is.

Q. Do you recall signing this document?

A. I do recall signing the document.

Q. Do you recall who may have presented it to you?

A. I believe that was the corporate legal department of Trane Technologies, combination of Evan Turtz and/or Sara Brown.

Q. And at a high level, did you review this document before you signed it?

A. Yes.

Q. And do you recall asking any questions -- I'm not asking what they were --

but do you recall asking any questions of Mr. Turtz or Ms. Brown with respect to this document?

A. I recall being aware of what steps in the process this document related to to effect the corporate restructuring. So just making sure I understood where this document fit into that broader plan.

Q. Okay. So putting aside this document specifically, do you know what steps in the corporate restructuring required your authorization?

A. I had assistance of our corporate legal department to include me on areas that required my involvement or my signature. So I probably couldn't recite every one of them, but it was just making sure that anything that I had to be involved in, that I was aware of what the request was and that I had an opportunity to ask questions.

Q. Okay. So do you have any specific understanding of what parts or what steps within Project Omega or the corporate restructuring that you authorized?

Mark Majocha March 18, 2021 Excerpted Deposition Transcript

MARK MAJOCHA

UNITED STATES BANKRUPTCY COURT
FOR THE WESTERN DISTRICT OF NORTH CAROLINA
CHARLOTTE DIVISION

IN RE: Chapter 11
No. 20-30608 (JCW)
(Jointly Administered)

ALDRICH PUMP LLC, et al.,

Debtors.

ALDRICH PUMP LLC and

MURRAY BOILER LLC,

Plaintiffs,

v. Adversary Proceeding
No. 20-03041 (JCW)

THOSE PARTIES TO ACTIONS

LISTED ON APPENDIX A

TO COMPLAINT and

JOHN and JANE DOES 1-1000,

Defendants.

REMOTE VIDEOTAPED DEPOSITION OF

MARK MAJOCHA

Reported by:
Sara S. Clark, RPR/RMR/CRR/CRC
JOB No. 191085

MARK MAJOCHA

MARCH 18, 2021

9:33 a.m. EST

Remote Videotaped Deposition of MARK MAJOCHA, held at the location of the witness, taken by the Committee of Asbestos Personal Injury Claimants, before Sara S. Clark, a Registered Professional Reporter, Registered Merit Reporter, Certified Realtime Reporter, and Notary Public.

him not to answer the question as it relates to that analysis as it was done as part of work product.

But to the extent that you have questions for the topics that are listed, feel free to ask him those questions about the topics that he's been designated for.

MR. GOLDMAN: It is one of the topics. I'm asking him what he knows about it.

MR. MASCITTI: You're asking him about an analysis that he did at the request of counsel. That's not one of the topics listed.

BY MR. GOLDMAN:

Q. You've said that you're prepared to testify as to the debtors' contention that the negative consequences of bankruptcy filings by old IRNJ and old Trane would have outweighed any potential benefits of placing both entities in bankruptcy.

Why would the negative consequences of bankruptcy filings by old IRNJ and old Trane have outweighed any potential benefits of placing both entities in bankruptcy?

A. As I think through potential business impacts, if old IRNJ or old Trane would have been put into bankruptcy, there's a series of things that, you know, I could -- after understanding the business, could correlate back into a detriment. I think of loss of revenue tied to a bankruptcy proceeding. We participate in an industry that has, I would say, four to five major competitors, so it is a very tight-knit, very competitive industry that we participate in. So I believe that, you know, we would see reputational damage coming out of this. It's a highly competitive bid situation.

We would have an impact related to licensing, which would impact our revenue. We are often the contractor on a lot of the commercial jobs that we participate in, and we have contracting licenses, whether they would be general contracting, mechanical contracting, HVAC contracting, electrical, et cetera. And a lot of those licenses are up for renewal every one, two, or three years. And as part of that renewal process, there are many states that actually have a -- we are required to disclose

any bankruptcy that would have taken place.

We participate heavily in public bidding, whether it would be federal, state, or local municipalities, you know, specifically like school boards and higher education. And a bankruptcy filing within Trane U.S. Inc. could potentially inhibit our ability to bid on some of those large-scale projects that we are very successful in executing.

I continue to think down the list of some of the business impacts and the detriments associated with it. You know, we have over $5 billion of bonds that a significant majority of those bonds have a debt acceleration clause tied to them that would be triggered from a bankruptcy perspective. The guarantors further up the chain, all the way up to the PLC. So we present a lot of risk there.

I sit here and I think about the impact on, like, my organization, my employees. You know, there's not a lot of people that raise their hand and say "I want to go work for a bankruptcy entity," you know. And I really think long and hard about this because we

probably have 4,500 service technicians in the field that are working with our customers every single day who are not going to understand what a bankruptcy filing means, and they're going to become very uncomfortable and anxious. And no matter how hard we would try to script it and make people feel more comfortable, I think we would see, you know, people leaving the organization. And they're touching our customers every day. And if they go to competitors, then all of a sudden, they're going to be influencing our current customers to move to the competition.

I think of our customers that are out there, you know. We have default clauses in all of our open contracts. And while the bankruptcy, we may have a stay in place that could allow us to continue to perform, it doesn't mean we're going to get paid, because when those default clauses trigger, there's a lot of confusion that gets created. And that confusion is going to be felt. As we're trying to execute jobs, trying to work with our customers, trying to collect, they're going to

hold payment.

And then, you know, I also sit there and think about it, you know, they're going to try to attempt to cancel the agreements. A lot of them are on a purchase-order-by-purchase-order basis, so we're only locked in for a short period of time. They're going to start to worry about the warranty we give them on the product. Are they going to stand behind the warranty? You know, I think they're going to start to worry about our ability to continue to service the product in the field, so it makes me nervous there.

And then if you think about outside of our direct organization and you go further out into the chain, you know, we -- I'm sure you've had HVAC work done at your home. And those are a lot of small family-owned businesses. We have well over 4,000 contractors across North America that we support within the residential space that sell the Trane brand every single day and service it every single day. We have the same thing in our Thermo King business, where we have between 50 and 60 family-owned distributorships

with over 180 locations that stand behind us and sell our brand. So we're going to start impacting them at well, as we think about that.

And then I get into the whole supply chain risk that we would have with a bankruptcy filing because, again, we don't have -- while we may have -- I'll classify it as a memorandum of understanding with suppliers. We purchase product on a PO-by-PO basis. And as they fulfill the obligations of those POs, they're going to want to renegotiate the next purchase order we put out there. They're going to want to renegotiate pricing. They're going to want to renegotiate terms. And today we have pretty good terms with our supply base, anywhere from 60 to 75 days we pay them in. And all of a sudden we can feel a cash crunch where they say, "Hey, I want to be paid in advance or we're going to shorten up the terms."

So as I sit here and I think about the impacts to the business, they're pretty severe.

Q. And when you did your preliminary analysis, did you take all of those things into account?

A. We looked at those things. Absolutely.

Q. And if you were to try to quantify the financial impact of a larger bankruptcy or more comprehensive bankruptcy than the two that were filed, how would you go about that?

MR. TORBORG: Object to form.

A. As I think through that, I mean, we can put assumptions around some of the things I just spoke about. We can -- you know, pretty good assumptions based on analysis of the market and competitiveness of the situations that we're in. You know, we would have an understanding around what our -- how our cost of capital would increase based on a bankruptcy filing. You know, it's -- the cash that it would take to pay third-party support, like we have on this call, for an extended period of time to get us through a reorganization plan, it's tremendous.

So it far outweighs, to me, any other alternative.

Q. I'm sorry. Which far outweighs any other alternative?

A. If we were to look at IRNJ -- old IRNJ

and old IR Trane, the cost to the business, not just our business but all of our partners in the field, I just don't know how we would recover from anything like that and the damage we would cause to all of our partners and all of our employees.

Q. Changing subjects a little bit, are there any remaining Trane businesses or product lines that include production of any kind of boilers or heating devices?

MR. MASCITTI: Objection; form.

A. I personally am unaware of any. But I don't know all of the products, having been in the job less than a year.

MR. GOLDMAN: All right. Okay. Why don't I -- rather than take a break to check my notes, if there are others who have questions, let me pass to them because I --

THE WITNESS: Can I give you an out? Can I have a five-minute break?

MR. GOLDMAN: You can take a five-minute break. Absolutely.

THE WITNESS: Thank you.

MR. GOLDMAN: Okay. Thanks.

Ray Pittard March 17, 2021 Excerpted Deposition Transcript

RAY PITTARD

UNITED STATES BANKRUPTCY COURT
FOR THE WESTERN DISTRICT OF NORTH CAROLINA
CHARLOTTE DIVISION

IN RE: Chapter 11
No. 20-30608 (JCW)
(Jointly Administered)

ALDRICH PUMP LLC, et al.,

Debtors.

ALDRICH PUMP LLC and

MURRAY BOILER LLC,

Plaintiffs,

v. Adversary Proceeding
No. 20-03041 (JCW)

THOSE PARTIES TO ACTIONS

LISTED ON APPENDIX A

TO COMPLAINT and

JOHN and JANE DOES 1-1000,

Defendants.

MARCH 17, 2021

REMOTE VIDEOTAPED DEPOSITION OF

RAY PITTARD

Reported by:
Sara S. Clark, RPR/RMR/CRR/CRC
JOB NO: 191084

RAY PITTARD

MARCH 17, 2021

9:34 a.m. EST

Remote Videotaped Deposition of RAY PITTARD, held at the location of the witness, taken by the Committee of Asbestos Personal Injury Claimants, before Sara S. Clark, a Registered Professional Reporter, Registered Merit Reporter, Certified Realtime Reporter, and Notary Public.

confirmed, are you?

A. Not impossible. I don't think -- I wouldn't -- I'm sure there are ways. But it's not efficient and it's certainly costly and likely to consume time and resource and energy to delay that.

I think we clearly want to make sure that we get a settlement in place so that valid claimants can get their money as quickly as possible.

Q. And what's -- I'm sorry. Go ahead.

A. Just so there's no reason to try to do both and have delays against the process. We need to go through this as quickly as we can and not be distracted. We need to get this done. That's really the intent here.

Q. Okay. And the bankruptcy was filed -- the two bankruptcies were filed approximately 10 months ago, correct?

A. That's approximately right, correct.

Q. Okay. And what efforts have been made over those 10 months to settle -- to bring about a settlement in these matters?

A. Yeah. The -- it's been my

understanding that our team has made every effort to move forward as fast as possible, both with yourselves on the ACC side, as well as the future claimants, and that the -- we stand ready today to open negotiations on an estimation and ready today to try to set this in motion and finalize this.

Q. Well, have there been any proposals made by either of the debtors as of today during the last 10 months?

A. I think there has not. I think -- that I'm aware of. But certainly I -- we stand ready to have negotiations and start that process as soon as -- as soon as the ACC comes forward to do so.

Q. Are you aware of the identity of anyone else working on the bankruptcy other than -- within the Trane organization other than Mr. Tananbaum and Mr. Sands and yourself?

A. There are officers within both Aldrich and Murray that are involved, which we had listed earlier today -- I believe they were listed -- for both entities. And there are a number of people that are in the service

MR. JONES: Object to foundation.

A. Yeah, I don't know. I don't know how much was understood back in the day. So it's hard for me to know. I know when we looked at it in this meeting, there was a good amount of detail to explain the concept and the idea. And I'm not sure we had that level of detail or idea or concept understood back earlier on.

Q. And this detail was provided at this meeting on May 5th?

A. The ideas were introduced, and then -- over the course of the presentation. And then we had asked -- the board and the officers had asked for more homework to be done, which came up, I believe, if I recall, in subsequent meetings.

So it was not a cursory look at these ideas. It was a very serious robust review and discussion that was asked for by the board and many questions by the board and myself, for that matter.

Q. Can you point me to any document -- any place that exists that suggests a -- mentions an organizational option or -- that was

Page 4 of the -- of these minutes of May 22nd, at the bottom there, which says "As part of such discussion, it was noted for the members of the board that, in contrast to the use of Section 524(g) of the Bankruptcy Code, none of the available options provide the," and then there is a redaction.

Now, let me just ask you, who noted that for the members?

A. Noted -- I'm sorry. Who noted --

Q. In other words, regardless of exactly what was said, which was redacted, but the sentence says "it was noted for members of the board." Who -- who verbally noted that to the members of the board?

A. I don't recall -- in that particular sentence, I don't recall exactly. There was a lot of discussion. I do remember that. I remember the -- there was discussion from counsel. There was discussion from the board. There was discussion from officers. And in the end, as I said earlier, the pros and cons were looked at for all three options. And really the only option that met all of the objectives

fully, fairly, and finally resolving asbestos claims was the 524(g) option.

Q. And was that -- I know the final vote wasn't until June 17th, but was that pretty much resolved by the end of the May 22nd meeting?

A. I think it wasn't really decided until the very end. I think there was questions that continued. There was discussion and deliberation that continued. As mentioned in the document, it was quite robust and a lot of debate and questions about would -- you know, each option, would they meet the full, fair, and final approach; were there consequences to any of the options that would have been impactful to, you know, the claimants, the customer -- or the stakeholders, the company.

It was very -- to be honest, I was quite proud of the way the board behaved to really thoroughly dig into this and take a very informed and thorough and cautious review to get to a good decision.

MR. GOLDMAN: Let's look at Exhibit 33.

MR. DEPEAU: Okay. 33 is up in the

And that business is a business that was acquired, the Arctic business that we talked about earlier. But it's a great business that gives us a unique product in our portfolio that our commercial teams can take and apply to a lot of different applications for cooling, for heating, for commercial applications. And it's another business. And that business is underneath Aldrich.

Q. And do both of those businesses have customers?

A. They do. They clearly have customers. They generate revenue. They generate profit. They generate cash. That cash is -- they're both healthy businesses, and, you know, those businesses are stand-alone. And they -- with that cash, they will be able to help us to pay for a portion, at least, of the asbestos costs that we've been talking about.

Q. We talked a lot about earlier -- or we heard you talk a lot about the various robust discussions that went on.

In connection with those or any other conversations you may have had -- and I'm not

looking for anything privileged here -- this is probably just a yes-or-no answer -- did you ever hear anyone say that the goal with respect to the restructuring and the 524(g) bankruptcy filing was to delay paying asbestos claimants?

A. Absolutely not. That's clearly not our intention from the very beginning. Our intention is to move as quickly as possible to settle these claims. We've had these claims with us for many, many years. And our intention is to go and get this to full, fair, and final resolution as quickly as possible. And clearly our intention is to do the right thing, to pay valid claims to people who have been injured by asbestos that is associated with our products. And so by no means is this an attempt to do any type of delay. We would like to go quicker than we're going today. If we can find a way to move it up, we stand ready to do so.

Q. And along those same lines, did you ever hear anyone say that the goal of the restructuring and the bankruptcy was to artificially suppress the debtors' asbestos liabilities in the tort system?

A. Absolutely not. We want to pay the full amount that we're responsible for to all valid claims.

What our intent here to do is to find a more efficient way to do that. And one of the interesting documents we looked at today showed that only 42 cents on the dollar goes to the claimant. I think that's unbelievable. It shows that 58 cents on the dollar goes to legal fees, attorneys' costs, and administrative costs. We would like to get through that as quickly as possible and get it into a trust where we can get money to the claimants fully, fairly, and finally, without the bureaucratic burden and without that overwhelming cost.

So clearly there's no intent to do any supression whatsoever of the liability amount. What we would like to do is find a more efficient way to take care of those claims.

MS. FELDER: And I have no further questions. Thank you so much.

THE WITNESS: You're welcome.

MR. GOLDMAN: I've just got one document I'd like to ask a few questions

David Regnery March 12, 2021 Excerpted Deposition Transcript

DAVID REGNERY

UNITED STATES BANKRUPTCY COURT
FOR THE WESTERN DISTRICT OF NORTH CAROLINA
CHARLOTTE DIVISION

IN RE: Chapter 11
No. 20-30608
(Jointly Administered)

ALDRICH PUMP LLC, et al.,

Debtors.

ALDRICH PUMP LLC and

MURRAY BOILER LLC,

Plaintiffs,

v. Adversary Proceeding
No. 20-03041 (JCW)

THOSE PARTIES TO ACTIONS

LISTED ON APPENDIX A

TO COMPLAINT and

JOHN and JANE DOES 1-1000,

Defendants.

2ND REVISED

REMOTE VIDEOTAPED DEPOSITION OF

DAVID REGNERY

Reported by:
Sara S. Clark, RPR/RMR/CRR/CRC
JOB No. 191081

DAVID REGNERY

MARCH 12, 2021

9:31 a.m. EST

Remote Videotaped Deposition of DAVID REGNERY, held at the location of the witness, taken by the Committee of Asbestos Personal Injury Claimants, before Sara S. Clark, a Registered Professional Reporter, Registered Merit Reporter, Certified Realtime Reporter, and Notary Public.

agreements at a high level, correct?

A. Very high level.

Q. Okay. But one of the payers under the funding agreement is Trane Technologies, correct, if you know?

A. I don't know the answer to that, Jonathan.

Q. Do you know if there's any cap on the funding agreements, the amount that they have to pay?

A. I don't know, Jonathan.

Q. That's okay. It's perfectly okay not to know, because we've got plenty of depositions coming up. Someone will know the answer to that question.

From the conversations that you've had with your colleagues leading up to the filing for the prepetition restructuring, did anyone ever say to you, "The goal of this restructuring is to suppress our asbestos liability"?

A. No.

Q. And is it your understanding --

A. The goal was -- the goal was to always -- if someone was harmed, we had every

intention of making sure they were fairly compensated.

Q. And the goal is not to pay the asbestos claims less than they would be paid in the tort system, correct?

A. No, not to my knowledge.

MR. GUY: I have no further questions. Thank you.

THE WITNESS: Okay. Thanks, Jonathan.

MR. MASCITTI: I guess why don't we go off the record, then, until Mr. Mastoris is back.

THE WITNESS: Sure. Do you want to pick a time, or -- it doesn't matter, I guess.

VIDEOGRAPHER: The time is 3:28 p.m. We're going off the record.

(Recess taken.)

VIDEOGRAPHER: The time is 3:34 p.m. We are back on the record.

MR. MASTORIS: Thanks again, Mr. Regnery. I only have a few more minutes of questions left. And I appreciate you giving me the time to collect my documents

Amy Roeder March 16, 2021 Excerpted Deposition Transcript

AMY ROEDER

UNITED STATES BANKRUPTCY COURT
FOR THE WESTERN DISTRICT OF NORTH CAROLINA
CHARLOTTE DIVISION

IN RE: Chapter 11
No. 20-30608 (JCW)
(Jointly Administered)

ALDRICH PUMP LLC, et al.,

Debtors.

ALDRICH PUMP LLC and

MURRAY BOILER LLC,

Plaintiffs,

v. Adversary Proceeding
No. 20-03041 (JCW)

THOSE PARTIES TO ACTIONS

LISTED ON APPENDIX A

TO COMPLAINT and

JOHN and JANE DOES 1-1000,

Defendants.

REMOTE VIDEOTAPED DEPOSITION OF

AMY ROEDER

Reported by:
Sara S. Clark, RPR/RMR/CRR/CRC
JOB No. 191083

AMY ROEDER

MARCH 16, 2021

10:01 a.m. EST

Remote Videotaped Deposition of AMY ROEDER, held at the location of the witness, taken by the Committee of Asbestos Personal Injury Claimants, before Sara S. Clark, a Registered Professional Reporter, Registered Merit Reporter, Certified Realtime Reporter, and Notary Public.

11:15 a.m.

BY MR. LIESEMER:

Q. Ms. Roeder, do you have Exhibit 128 in front of you?

A. I do.

Q. Do you recognize Exhibit 128?

A. Not necessarily, no.

Q. Are you aware that Aldrich and Murray are asking the bankruptcy court to issue a preliminary injunction?

A. I am.

Q. Aldrich and Murray are taking the position in the motion that's in front of you that if the bankruptcy court does not grant the requested injunction and allows its asbestos lawsuits to continue, you and others will be diverted from the debtors' reorganization efforts?

Do you understand that that is the debtors' position?

A. Yes.

Q. Do you have any understanding or expectation of how you would be diverted from the reorganization if the bankruptcy court does

not grant the injunction?

A. My only understanding would be that if -- and I'm -- this is where I have to leave things up to lawyers when it comes to what the injunction actually means -- but if I were to go back to dealing with any type of claims -- asbestos-related claims, that significantly increases my workload.

Q. Do you have any understanding of how it would significantly increase your workload?

A. Well, it would go back to a point of managing the claims reporting, metrics around claims. And there's certainly fewer people now to do that than there were, you know, previously.

Q. When you say "fewer people," do you mean people who were assisting you?

A. Prior to the restructuring, there was a litigation team. And within that team, there were -- there was a gentleman who had a role that was an operational excellence-type role over process. And he did -- helped with a lot of the tracking and management and certainly assisted me with that.

Q. And you don't remember this gentleman's name?

A. I do. His name was Mike Russell.

Q. You said he was part of the legal team, but was he a lawyer?

A. I don't think so, no.

Q. When was the first time you heard about Project Omega?

A. 20- -- let's say sometime late 2019.

Q. Do you know when Project Omega started?

A. Again, I would have to say late 2019.

Q. Who first told you about Project Omega?

A. Evan Turtz.

Q. When were you invited to join Project Omega?

A. I don't recall the dates. Late 2019.

Q. Did you have to sign a non-disclosure agreement, or NDA, to participate in Project Omega?

A. Yes. At some point, yes.

Q. Why did you have to sign an NDA to be a part of Project Omega?

MR. HIRST: Objection; form -- hold on.

Objection to the form and foundation.

Go ahead, Amy.

A. Signing NDAs for any of the projects that we work on is just a typical process that we do, because we -- regardless of the project or the subject matter or the content, as a company, typically these projects have some level of confidentiality. And so most of the time people that join a project sign an NDA, just by normal course of business.

Q. So you were heading in this direction, but -- so others had to sign an NDA to be a part of Project Omega, correct?

A. Yes.

Q. Okay. Do you know how many people were asked to sign an NDA?

A. I do not.

Q. Who decided who would be invited to join Project Omega?

MR. HIRST: Object to the form.

Go ahead.

A. I really don't know.

Bankruptcy Code, Mr. Tananbaum then reviewed the other strategic options for addressing current and future asbestos liabilities that were presented at the May 15 joint meeting."

Do you see that?

A. I do.

Q. Do you recall a lengthy and robust discussion at the meeting?

A. I do.

Q. In what way was the discussion robust?

A. I just recall a lot of involvement from all participants asking questions, obviously, the board members asking questions. I don't remember what questions they were asking, but certainly very interested in understanding everything that had really been presented and really wanted to kind of do a thorough deep dive of everything.

Q. At the meeting, was there disagreement among the board members over which options to choose?

A. No, not that I recall.

Q. The next sentence says "During his review, Mr. Tananbaum, with the assistance of

A. I can only speak to my vote, but I think I mentioned this earlier, but -- once all of the options were presented, I found bankruptcy to be the best option for Aldrich to get to the resolution that we were seeking.

Q. And what is that resolution?

A. As I mentioned earlier, the -- a fair and equitable resolution for, ultimately, the claimants. Making sure that they're compensated for any losses.

Q. That ties into my next question.

Why was it desirable and in the best interests of the company's creditors that the company seek relief under the Bankruptcy Code?

A. Again, I think in my view, it was the best way to ensure claimants were compensated, to ensure that -- how do I say this?

We didn't -- we wanted to make sure that everyone -- we weren't trying to not pay someone. We wanted to make sure everyone was paid appropriately as they should be. But to get to a resolution, there had to be some certainty in the end, and that's where bankruptcy provided that.

The other two options, they didn't really make sense to me. I didn't find them plausible. And the tort system could go on and on and on forever. And so this gave some type of certainty to everyone involved. And so I felt that was in the best interest of the claimants, the company, and, in this, the creditors.

Q. What do you mean by "everyone paid appropriately"?

A. Well, making sure that it was not in our interest to avoid paying anyone. It was -- we wanted to ensure that we're paying whoever we owe money to, whoever our creditors are, ensuring that they're paid. But this was more about finding that certainty in the end.

Q. Do you know who the other interested parties are in that resolved clause?

A. No.

MR. LIESEMER: Jessica, could you kindly send the witness Tab 31, please.

Ms. Roeder, we will be sending you now through the chat a document that is marked -- previously marked as

Aldrich to make any changes.

Q. And what changes are you referring to specifically?

A. Anything that would have changed from the first document to the second.

Q. Do you remember what those changes were?

A. Without reading this in detail, no.

Q. Do you remember asking for any changes to be made to the original funding agreement?

A. I do. And it's a very vague recollection, but I believe it had to do with the threshold amount that would trigger funding. So we had to keep a certain amount of cash on Aldrich's books. And I remember vaguely wanting a change to that amount.

Q. Do you recall the reason for that change?

A. I believe I wanted -- if I remember this correctly, I wanted a -- let me think about this for a minute just so I give you the right answer from how I remember it.

I believe the amount was lower originally, and I wanted that amount, that

funding -- I wanted those thresholds raised, because I did not want to get stuck in a position for Aldrich where we were doing any type of last-minute funding, or risking not getting funding for any reason or missing -- like having delays just in the transactional part of this. So I wanted that to be raised so that we could kind of pad ourselves on the industrial -- sorry -- on the Aldrich side, I think. I'm trying to remember. It's been a long time since I did that.

Q. You said you perceived the possibility of Aldrich not getting funding at all. Can you tell me more about that?

A. Yeah. So what I mean there is when you put in a request, and at the time of the original funding agreement, never having executed on a payment request, I did not know how long that request would take to receive approval and then certainly transact the actual funding. And if we had indemnity claims at the time that needed to be processed, defense spend, any type of expenses, I didn't want to get into a position where I'm paying our third parties

late. And so I wanted to make sure that we always were in a position to be able to pay.

Q. Can you think of any other changes that you asked for to the funding agreement?

A. Not that I remember.

Q. What is the purpose of the Aldrich funding agreement?

A. My understanding is to ensure that we have a funding mechanism to continue normal course of operations in Aldrich. As our cash needs run low, we can request that funding from Trane. Trane LLC, Trane Technologies Company, I believe that's the entity. And -- just so that, again, we can continue our normal course operations.

Q. Let me invite your attention to Page 5 of the funding agreement.

And let me know when you're there.

A. I'm there.

Q. Do you see on the page where it says "Permitted Funding Use"?

A. I do.

Q. Are you familiar with that definition?

A. I am.

Q. So there's no third amended funding agreement?

A. I don't think so.

Q. Can we refer to this document as "the Murray funding agreement"?

A. Yes.

Q. Did you read the Murray funding agreement before you signed it?

A. Absolutely.

Q. Did you negotiate the terms of the Murray funding agreement on behalf of Murray?

A. This particular agreement, the second amended, or any funding agreements?

Q. Any funding agreement.

A. So on any funding agreements, it would have been the same negotiation as I had with Aldrich. So it was just around the cash thresholds that I requested a change.

Q. And you don't recall any other further changes that you requested?

A. No, not on top of mind.

Q. What is the purpose of the Murray funding agreement?

A. The same as it is for Aldrich. This

that can resolve asbestos liabilities in one forum and create an asbestos trust other than in bankruptcy?

A. Not that I recall.

Q. Can you tell the Court why Trane PLC and all its subsidiaries didn't file for bankruptcy?

A. I don't know.

Q. That's where you get to say "I don't know." That's perfectly okay.

You're familiar with the funding agreements, correct --

A. Yes.

Q. -- Exhibits 13 and 86?

There's one for each debtor, correct, Aldrich and Murray?

A. Yes.

Q. And on behalf of Aldrich and Murray, as I understand your testimony, you negotiated changes to the funding agreements -- the original funding agreements to address your concerns that monies would be available to -- when and if needed; is that correct?

A. I wanted to make sure I had cash

readily available and didn't want to get too low from a balance standpoint, so I wanted to be able to trigger cash at a time -- just so I could do it timely. Let's put it that way.

Q. And you're familiar with the payers under those two funding agreements, correct?

A. Yes.

Q. So for Aldrich, it's Trane Technologies Company LLC, correct?

A. Correct.

Q. And for Murray, it's Trane U.S. Inc., correct?

A. Correct.

Q. Can you tell me why there are two different payers for the different debtors?

A. That gets to the legal entity structure and outside my realm of expertise.

Q. The funding agreements are the vehicles whereby Aldrich and Murray will have assurances that there will be enough money to pay the asbestos liabilities that are being assigned to them, correct?

A. I'm sorry. Can you repeat that?

Q. Yes.

Q. Correct.

A. Okay. So for 200 Park, they manufacture modular and process chillers for the commercial HVAC industry.

And on Climate Labs, they do chemical analysis, so oil analysis, basically, to look for any type of contaminants -- that was the word I was looking for earlier today -- contaminants in the oil that can be predictive of any type of potential failure.

Q. And these companies have customers?

A. Customers? Sorry. Did you say "customers"?

Q. Yes.

A. Yes.

Q. And they generate revenue, correct?

A. They do.

Q. They're not fake companies, are they?

A. They are not.

Q. So I just want to summarize.

If I understand your testimony correctly, the goal of the Trane family of companies in this bankruptcy is to ensure that all individuals who were harmed by

asbestos-containing products, either manufactured or sold by those companies, will be paid in full by an asbestos trust as soon as possible, correct?

A. Yes.

Q. And that's existing and future claims in the tort system, correct?

A. Correct.

Q. Did you ever hear anyone say at any point in all of the discussions concerning the restructuring that the goal was to delay paying asbestos claimants?

A. No.

Q. Did you ever hear anyone say at any point in all of the discussions concerning the restructuring discussion -- I just repeated that. Sorry. Let me start again. Strike that.

Did you ever hear anyone say at any point in all of the discussions concerning the restructuring that the goal was to artificially suppress the debtors' asbestos liabilities in the tort system?

A. No.

MR. GUY: I have no further questions.

Robert Sands March 11, 2021 Excerpted Deposition Transcript

ROBERT SANDS

UNITED STATES BANKRUPTCY COURT
FOR THE WESTERN DISTRICT OF NORTH CAROLINA
CHARLOTTE DIVISION

IN RE: Chapter 11
No. 20-30608
(Jointly Administered)

ALDRICH PUMP LLC, et al.,

Debtors.

ALDRICH PUMP LLC and

MURRAY BOILER LLC,

Plaintiffs,

v. Adversary Proceeding
No. 20-03041 (JCW)

THOSE PARTIES TO ACTIONS

LISTED ON APPENDIX A

TO COMPLAINT and

JOHN and JANE DOES 1-1000,

Defendants.

REMOTE VIDEOTAPED DEPOSITION OF

ROBERT SANDS

Reported by: Sara S. Clark, RPR/RMR/CRR/CRC
JOB No. 191080

MARCH 11, 2021

9:33 a.m. EST

(Witness reviews document.)

A. Okay. I'm sorry. I've had a chance to review it.

What was your question?

Q. Are you familiar with this document?

A. Honestly, I don't recall. I may have seen it.

Q. Okay. Let's move to Page 3 of this document.

A. Okay.

Q. And if you see the first full paragraph on Page 3, under the numbered list --

A. Okay.

Q. -- could you read that paragraph for me?

A. You want me to read it out loud or to myself?

Q. Out loud, please.

A. Okay.

"In further response to Request 28, which cites excerpts from Paragraph 40 of the declaration of Allan Tananbaum, the," quote, "personnel who Mr. Tananbaum expected will play key roles in the debtors' reorganization," close

quote, who would be -- "who," quote, "would be required to spend substantial time managing and directing the activities and the day-to-day defense of these lawsuits," close quote, "are Mr. Tananbaum and Mr. Sands," period.

Q. Do you agree that you're expected to play a key role in the debtors' reorganization?

A. I believe so, yes.

Q. How so?

A. Well, as we discussed earlier, my job is to provide legal support to Mr. Tananbaum, who is the chief legal officer, and to the debtors throughout the pendency of the -- what do you call it -- the reorganization. Sorry. I wasn't sure if you used the word "bankruptcy."

And that encompasses every aspect of my duties and every aspect of the reorganization process, and we expect that to ultimately culminate in a 524(g) bankruptcy trust.

Q. If the -- strike that.

The second part of this paragraph, which states you're among "the personnel who would be required to spend substantial time managing and directing the activities involved

in the day-to-day defense of these lawsuits," let's assume for the moment that these lawsuits are lawsuits against the nondebtor affiliates if the preliminary injunction is not granted.

With that assumption in place, do you agree that you would be required to spend substantial time managing and directing those activities?

A. Do me a favor. You lost me there for a second. Please restate or reask your question.

Q. Let me ask it this way.

If the preliminary injunction is not granted and asbestos claims are allowed to continue against the nondebtor affiliates, do you expect that you will be involved in the day-to-day defense of those lawsuits?

A. I do.

Q. And would you be involved in those lawsuits as part of your 90 percent of secondment to the debtor or your 10 percent work for the nondebtor affiliates?

A. Well, I think it would have to be both, because if you think about it, these are

projects -- excuse me -- these are products and liabilities that belong to Aldrich and Murray. And if the nondebtor affiliates are being forced to defend those in the tort system while Aldrich and Murray continue in the bankruptcy system, the nondebtor affiliates -- you know, there are liabilities, so there's no one to defend them. The documents are ours. The liabilities are ours. The witnesses are ours, meaning the debtors.

The -- you know, the debtors run the risk of having collateral estoppel issues, res judicata issues, adverse rulings on issues that -- if it proceeds in the tort system -- so take discovery responses as an example -- Aldrich and Murray have a 30-plus-year history of providing discovery -- hundreds of discovery responses in the tort system.

If the nondebtor affiliates are being forced to answer for those liabilities in the tort system and are -- answer in a way that is inconsistent with our prior discovery responses, that creates issues that in this type of mass tort litigation with repeat players, same

plaintiffs' counsel in the same jurisdictions with judges that are, shall we say -- with jurisdictions that are not prone to grant summary judgment, this creates a management nightmare for us, number one, for the debtors, and we owe indemnity back, as I understand it, to those nondebtor affiliates, the new Trane U.S. Inc. and new Trane Technologies, so we're going to be stuck with their handling of those liabilities.

And it's -- you know, to say, well, is it one or the other, I don't think you can draw that line, because it directly impacts the debtors. And, of course, my job as being seconded to the debtors is to support the eventual resolution of this in a 524(g) bankruptcy, as is Mr. Tananbaum's. And if we're distracted having to defend the nondebtors in the tort system and, you know, dealing with counsel issues and dealing with discovery and dealing with trials and then being stuck with the results of that, it's clearly going to impede our ability to manage and achieve resolution of a 524(g) bankruptcy.

I think I answered your question.

Q. You did. Thank you.

Is it also your understanding that the purpose of the bankruptcy filings for Aldrich and Murray is to attempt to resolve all of the historic asbestos liabilities in one place?

A. Yes, absolutely. That is my understanding of the goal.

Q. Do you have an understanding of how current and future asbestos claimants are to be treated in a 524(g) trust process?

A. Well, I'm not an expert, but my understanding is that current and future claimants are to be treated substantially similarly. And that's -- I'm not aware of the nuts and bolts, but to me, they're supposed to be treated essentially the same.

MS. FELDER: Thank you. That was all I had.

THE WITNESS: Thank you.

MR. EVERT: Anybody else?

Then I think we're done.

VIDEOGRAPHER: All right. This concludes today's deposition of

Allan Tananbaum March 22, 2021 Excerpted Deposition Transcript

Exhibit Redacted Per Agreed Protective Order Governing Confidential Information

UNITED STATES BANKRUPTCY COURT
FOR THE WESTERN DISTRICT OF NORTH CAROLINA
CHARLOTTE DIVISION

IN RE:

Chapter 11
No. 20-30608 (JCW)
(Jointly Administered)

ALDRICH PUMP LLC, et al.,

Debtors.

ALDRICH PUMP LLC and

MURRAY BOILERS LLC,

Plaintiffs,

Adversary Proceeding
No. 20-03041 (JCW)

v.

THOSE PARTIES TO ACTIONS

LISTED ON APPENDIX A

TO COMPLAINT AND

JOHN AND JANE DOES 1-1000,

Defendants.

March 22 2021

REMOTE VIDEOTAPED DEPOSITION OF

ALLAN TANANBAUM

Stenographically Reported By:
Mark Richman, CSR, CCR, RPR, CM
Job No. 191087

MONDAY, MARCH 22, 2021
9:30 A.M.

Remote Videotaped Deposition of Allan Tananbaum, before Mark Richman, a Certified Shorthand Reporter, Certified Court Reporter, Registered Professional Reporter and Notary Public within and for the State of New York.

understood the concept.

Q. So as of May 1st, you were seconded as chief legal officer to the two debtors and maintained your role as deputy general counsel products litigation and vice president of compliance -- I'm sorry -- and vice president for Trane Technologies; is that right?

A. Yes. But not -- not -- not the compliance piece. I think you corrected that.

Q. Right. What are your current professional duties and work responsibilities as chief legal officer of the debtors?

A. Well, I'm essentially the in-house client for all of the restructuring lawyers at Jones Day who are assisting our efforts to create a consensual trust that will pay valid asbestos victims.

Q. When you say in-house client, what does that mean? Are you

suggesting, you know, communications with, with your outside counsel?

A. Suggesting the full panoply of activities that client has to engage in, right? We've got a large team of bankruptcy attorneys who were very skilled at what they're doing but obviously they just can't turn around and do things without client approval. And so, you know, there's a large array of activities that I engage in. There are daily conference calls about strategy. There are many draft pleadings and briefs to review. There are myriad of decisions to be made on almost a daily basis. And I should also add, I apologize, there's an entirely separate workstream around finances. I have to approve many invoices for payment from our own set of counsel. I've got to approve ACC counsel payments including your firm's payments and a variety of experts as well. And I have to interact with the CFO of the debtors,

Ms. Roeder, on approval and payment of those things.

Q. You mentioned daily conference calls. Who are those conference calls with?

A. The attorneys representing the debtors in this matter.

Q. Do you have daily conference calls with people in the Trane organization about this matter?

A. Certainly close to daily conference calls with Mr. Sands who is, as I think you know, also a Trane Technologies employee who is seconded to the debtors, although his secondment currently stands at 90 percent not a hundred percent.

Certainly discussions with him, certainly several discussions a week with Ms. Roeder and Cathy Bowen who is a Trane Technologies employee who assists Ms. Roeder on financial matters.

Q. Anyone else besides Mr. Sands and Ms. Roeder and Ms. Bowen?

A. On a daily basis, I would say probably not.

Q. What about on a weekly basis or biweekly, bimonthly basis?

A. On a weekly basis I have a standing discussion with Ray Pittard who is the vice president and chief restructuring officer as you know, as I believe you know, for the debtors and who is also the chief transformation officer for Trane Technologies itself. You know, with Mr. Turtz at least on a biweekly basis I'll have a discussion.

Q. And you report to Mr. Turtz, right?

A. I wouldn't say in my seconded role I report to Mr. Turtz. I think technically I report to the boards of the debtors, and I know that there's also reference in some of the key agreements that I technically report to Mr. Valdes. But I certainly administratively report to Mr. Turtz.

Q. And those phone calls, those

biweekly phone calls with Mr. Turtz, those have to do with your administrative reporting function to him?

A. If you're asking whether the discussions are about administrative functions, the answer is no, they're about substantive issues, they're about, you know, touching base on what I've been doing and where the cases stand.

I think as you know the services agreement provides that the debtors get additional, or are entitled to additional legal support. And throughout the process of these bankruptcies we've had steady legal services provided to the debtors by both Mr. Turtz and Sara Brown.

Q. You mentioned draft pleadings and briefs. Do you look at all the pleadings and briefs that your counsel produces in these matters?

A. That's correct.

Q. Are you a bankruptcy attorney?

A. No. And in fact I'm glad you mention that. Because I'm not a bankruptcy attorney, it probably takes me much longer to review some of these pleadings and briefs and it makes some of the conversations that I have with Jones Day last much longer. Because again, I'm a client representative and I need to understand what's happening before it can be signed off on.

So you're right, I actually spend more time with my counsel because I'm not a bankruptcy attorney to make sure I get it.

Q. I think you mentioned a myriad of decisions made on a daily basis.

A. That's correct.

Q. What is that?

A. Decisions about which arguments to push and which not, arguments not to push, decisions about which motions to make and not to make, decisions about which motions to oppose and which motions not to oppose, decisions about

how Jones Day will staff various matters.

I mean I could go on and on, a lot of decisions.

Q. Do you participate in board meetings?

A. I participate in all of the debtors board meetings, that's correct.

Q. I've seen documents referring to you as the secretary in these board meetings. What does that term mean?

A. My understanding -- so, yes, I'm the chief legal officer for the debtors as well as the secretary. I believe in my role as the secretary, I'm responsible for maintaining the books and records of the debtors, and I believe I have authorization, I believe, that came from a combination of some of the orienting documents and perhaps the unanimous consents dated May 1st of 2020.

I believe I've got authorization to help open and maintain bank accounts

and the like.

Q. You mentioned your daily tasks earlier, running the full panoply I think is the, is the phrase you used.

Have those tasks evolved since the debtors filed for bankruptcy?

A. I don't know if they've evolved so much as they might be different at different points in time, depending on what is actively happening in the case at a given moment in time.

Q. So if there aren't a lot of pleadings you're not reviewing pleadings obviously, is that --

A. If there's no pleading being drafted or contemplated, that's correct, I wouldn't be reviewing pleadings.

Q. Have you been participating in discovery related to the preliminary injunction matter?

A. What do you mean by participating?

Q. Have you overseen collection of documents, have you prepared witnesses

for depositions, things of that nature?

A. So let me separate the two. On the collection of documents, I put Rob Sands in charge of that. And because Trane's production of documents was going to come from the same set last fall, we changed his secondment so that he could simultaneously support the debtors and the Trane affiliates. But Rob has, in general, been on the spot on the document productions.

Now when there are tricky issues that require counsel caucusing pertaining to a subset of the documents, you can be sure that I'm involved in those discussions but, in general, Rob's taken the lead on the documents.

With regard to testimony, I've been involved in the preparation of witnesses that Jones Day has presented in deposition on behalf of the debtors. I have not been involved in the preparation of witnesses that the Trane entities have presented as Trane

witnesses.

Q. Okay. So you participate with the debtors witnesses but not with the Trane witnesses; is that right?

A. That's correct.

Q. And what does that, what does that participation entail with respect to the debtors witnesses?

A. I participated in the teams sessions, in the team's prep sessions with the debtor witnesses and Jones Day.

Q. And why were you involved with those team sessions and preparation of the witnesses?

A. I'm the chief legal officer for the debtors, and so I think I have a right to be at -- to have a seat at the table.

Q. Have you participated in preparing all the debtors witnesses that have been deposed to date?

A. Yes, except I wasn't as involved in Mr. Sands' preparation, and I can't recall, I may have been at an initial

session but I wasn't at all of the sessions.

Q. You went through what your kind of daily tasks and typical routine is I think with respect to your current position.

Before the corporate restructuring, if I say the 2020 corporate restructuring, will you know what I'm talking about?

A. Yes.

Q. Before the 2020 corporate restructuring, what did a typical day at work look like for you?

A. Which time period are you referring to?

Q. Directly before the corporate restructuring?

A. So in the, fair to say the April 2020 time frame?

Q. Sure.

A. Okay. Because prior to April I would have had a whole other set of duties and compliance and I just wanted

Q. Okay. You also write the facts and statements set forth in this declaration are based on your review of relevant documents. Do you see that, it's C?

A. I do see that, yes.

Q. What are the relevant documents that you reviewed, do you recall?

A. I don't recall right now.

Q. Let's look at paragraph 40 of your declaration. You see, it's the paragraph that starts with personnel who I expect will play key roles, you see that?

A. That's correct.

Q. That first, that first really two sentences?

A. Right.

Q. I anticipate these activities would consume my and possible others' time?

A. Right.

Q. It ends with parties, you see that?

A. I do.

Q. What role would these personnel that you're referring to in those first two sentences play in the debtors' reorganization?

A. Well I think the only way to answer this is to talk about specific people, right.

Q. Who are the personnel that you are referring to in those first two sentences?

A. Well on the one hand principally myself and Mr. Sands in the legal function. And then on the other hand principally Ms. Roeder and I would say Cathy Bowen as well in the finance organization.

Q. Okay. Let me ask you this. What is the basis for your statement in those two sentences that personnel would be required to spend substantial time managing and directing the activities and these activities would consume my and possible others' time, what's the

basis for those two sentences?

A. Well again I'd like to divide them between the legal and the finance folks.

For Mr. Sands and myself on the legal side, as I mentioned earlier, when asbestos is -- when asbestos is unleashed and fully operating in the tort system, it's a daily barrage of settlement demands and negotiations and mediations and discovery that needs to be responded to. And sometimes, you know, obstreperous judges in wonderful places such as Madison County calling you to bring a senior corporate witness to appear at a hearing or deposition on next to no notice.

I mean there's always some emergency going on and it's all consuming.

In the past, when we ran the team with a full panoply of litigation unleashed against both Aldrich and Murray's predecessors, we took care of

that with a much larger staff than just Mr. Sands and myself. In addition to Mr. Sands, there was -- there were at least two other full-time attorneys handling asbestos. There was a full time paralegal assisting asbestos. There was a vendor who assisted in invoice review, and there was, as well, a para-technologist, a paralegal who specialized in lien process who helped do a lot of the reporting that we had.

So that was a full-time job for that entire team. If we were going to be back in the tort system which I believe failure to secure a PI would essentially bring about, and we would have that full array of activity and just Mr. Sands and myself on the legal side to handle it.

I think if that's all we were doing, that would be an overwhelming task for the two of us. But if we were also simultaneously tasked with working with bankruptcy counsel to help

effectuate a resolution in the bankruptcy case, that would be a bridge too far.

Q. Why did you reduce your staff to the current level of just you and Mr. Sands?

A. We lost several individuals in the summer, I would say July of 2020.

Q. When you say you lost them, what does that mean?

A. Their positions were eliminated.

Q. And why were their positions eliminated in July 2020?

A. So I think there are -- I think there were two components to that. The first component was that in wake of the Reverse Morris Trust transaction that closed in the end of February 2020, the entirety of Trane Technologies began a restructuring effort led by Mr. Pittard an effort that I understand continues to this day.

And given the one focus of that corporate restructuring was the need

given the smaller size of the company to restructure the corporate functions to make them leaner.

And so I think what Mr. -- what Mr. Turtz was confronted with was a need to bring his staffing levels -- to rationalize his staffing levels. And while I can't recall the number of lawyers who were asked to leave the legal function as a result of the restructuring, there were a number as well as a number of other professionals in the legal department.

And I think no corner of the legal department went unscathed. And my understanding was that given the pendency of the restructuring and the review of asbestos being undertaken by the debtors' boards, that the staffing decisions in the litigation team including the asbestos litigation team were extended until further notice.

So while a number of lawyers lost their job in the April time frame, we

were given dispensation to extend a bit before the other shoe was going to drop so to speak.

So that's sort of issue number 1.

Issue number 2, I think, was our expectation, once the bankruptcies were filed, that we'd be the beneficiaries of the automatic stay and that would not have the need for that type of staffing in the aftermath of the filing.

Q. Is there any expectation of replacing those people that were let go during the summer?

A. There was no expectation at that point in time, and I don't have that expectation now.

If the PI were not granted, I suppose we'd have to revisit how to make things work.

Q. Okay.

A. And frankly, apologize, I was just going to add that frankly we would need additional resources to be able to get the job done.

Q. I think that's what you referred to as the legal function, and then what about with respect to Ms. Roeder and Ms. Bowen?

A. Well, yes, what I would say with respect to them is that right now they have workstreams relating to the bankruptcy. Ms. Roeder, for instance, supervises the -- works with a financial consultant and supervises the filing of required monthly reports that go to the bankruptcy administrator. Ms. Roeder also ensures that -- that we book payments to various -- and pay payments to various professionals both those and those of the -- as well as those associated with both the ACC and FCR in this matter, and, and Ms. Roeder also ensures that the debtors are adequately funded at all times and on a quarterly basis will review the consolidated financial statements provided by the nondebtor sister affiliates New Trane US Inc. and Trane Technologies LLC.

A. TANANBAUM

So there's some standing workstreams that they're involved in.

Should, should the PI not be granted and should tort cases begin again against any of the protected parties, inevitably Ms. Roeder would be drawn back into some of the workstreams that she previously engaged in prior to the restructuring, things around looking at the payments of professionals, looking into the reserving of liabilities and assets and the like.

And so I think there would be a strain on both Ms. Roeder and Ms. Bowen who unlike Mr. Sands and I are not seconded and have day jobs as well.

So I think you'd just be adding to the tasks that are already on their plates and strangle them.

Q. Just so I understand it, Ms. Roeder, you said she handles the MORs or monthly operating reports, she handles payments to bankruptcy professionals, and she ensures that the

debtors are adequately funded; is that right?

A. Those are the things that came to mind, yes. I'm sure she's doing other things as well that perhaps I'm not as privy to.

Q. Are you personally aware of any other bankruptcy related activity she engages in?

A. I think those are the main ones.

Q. How much of her time is spent on those three functions?

A. Well I think --

MR. HIRST: Object to form. Go ahead.

A. I think that question would be better asked of her than of me. But -- sorry?

Q. Do you understand my question?

A. I do.

Q. Let me rephrase it just to be sure. How much time does Ms. Roeder, to your knowledge, spend on the monthly operating reports, the payments to

professionals and making sure the debtors are adequately funded?

A. I couldn't say.

Q. How about with respect to Ms. Bowen, what bankruptcy activities does she engage in?

A. Ms. Bowen supports Ms. Roeder on all of the above. She's more on the spot in the initial instance around the payment of various invoices once they've been reviewed and approved by Ms. Roeder and myself.

Q. Can you tell me, do you know how much time Ms. Bowen spends on bankruptcy related issues?

A. I couldn't. But what I can say for both her and Ms. Roeder is that from my perspective, given the breadth of their other assignments, you know, it's not an exceedingly high percentage, but whether it's 50 percent or below 50 percent I couldn't say.

Q. And you mentioned that neither of them are seconded, so they both work for

the Trane organization specifically?

A. That's correct. And they've got other ongoing duties.

Q. Besides yourself, Mr. Sands, Ms. Roeder and Ms. Bowen, are you aware of anyone else that may be distracted or averted in your opinion if the preliminary injunction is not granted?

A. Those are the main folks, I would say.

Q. Okay. Are there any others?

A. No one is coming to mind at the moment.

Q. Okay. You said that they were the main folks. Are there others that are, to use a different word, you know, secondary? Is there anyone else that you're aware of that could be distracted if the preliminary injunction is not granted?

MR. HIRST: Object to the form, asked and answered.

A. Nobody that I can think of. I'm trying to be careful, but I can't think

Q. Did any of the Trane affiliates sign-off on the decision to file for bankruptcy?

A. They did not sign-off on it; the decision was made by Aldrich and Murray's boards.

Q. How do the debtors expect to fairly resolve their asbestos claims through this bankruptcy?

A. I think for my -- from my perspective, the fair resolution is principally the product of a trilateral negotiation in which the debtors, the FCR and the ACC align on the size of a trust. I think that's principally the way it should work and I expect and hope that it will.

Q. Have you been engaged in discussions with the debtors or any nondebtor affiliate with respect to contributing to a Section 524 (g) trust?

A. Discussions within the debtor? Absolutely.

Q. Okay.

discussions to amicably resolve this matter.

Q. Mr. Tananbaum, do the debtors expect a contribution to a trust -- I'm sorry, let me rephrase that.

Do the debtors anticipate that they will pay less than they were paying in the tort system with Section 524 (g) plan?

MR. HIRST: Same objections and caution the witness if your only answer is the product of -- would reveal confidential privileged legal advice, I'll instruct you not to answer. If you have any other basis to answer, you can go ahead and do so.

A. Well since the question is couched in terms of expectations, I guess I can answer it. I would say that we don't have an expectation because we don't control the outcome of discussions, right. I don't have a present expectation because where we

land will be the result of three-way discussions.

Q. Have any of the protected parties committed to contributing to an eventual 524 (g) trust?

A. Well let me take them one by one. You've got the affiliate protected parties, and I don't think that -- I'm not aware of any expectation on the part of the non -- of the affiliates who are not the direct sister entities of Trane Technologies -- of Aldrich and Murray.

So that is to say the only affiliates who I think are expecting to be potentially funding a 524 (g) trust are New Trane and New Trane Technologies LLC.

Beyond that, you know, you've got a long list of affiliates. I wouldn't imagine there's an expectation on the part of any of those other affiliates that they're going to be needing to pay out. So that's with respect to the affiliates.

concede there's some delay that needs to be weighed. I'm not going to say otherwise. But I think in the scheme of things it's not as bad as it may look at first blush and it's clearly outweighed by the harms on our side of the -- on our side of the fence.

Q. Have you formed any opinions, sir, as to whether a successful reorganization is likely?

A. I'm optimistic and I believe it is likely.

Q. And what documents or information do you rely on to formulate that view that it is likely?

A. I'm just reminded that while these cases are hard fought, the previous cases that have all eventually gotten over the finish line. I also understand that, and I don't question that in these preliminary skirmishes the parties have to signal hard. And, you know, I understand that the ACC, for instance, is trying to signal hard right

now that there will never be a deal.

But I say to myself that that's kind of what, that's kind of what the ACC has to say right now. But I don't think it's a -- I don't think it's a barometer of what's to come later on and so I'm optimistic that we will be successful in getting this case done.

I wish we could do it a lot faster. I know the ACC likes to complain that we're all about delay but it's actually just the opposite. We would love to sit down tomorrow and negotiate a plan.

This is not some vacation from the tort system where we're rubbing our hands saying how wonderful to be out of the tort system another year. It's -- that's not it at all.

This bankruptcy filing was driven for the desire for finality, not for a desire to save a buck. And we stand ready, willing and able to sit down immediately to commence and deepen those

discussions.

Q. Are you aware that current asbestos claimants would vote on any potential 524 (g) plan, sir?

A. That's my understanding. That comports with my understanding, yes.

Q. Are you aware that 524 (g) requires a 75 percent supermajority vote by current asbestos claimants?

A. I am aware of that, yes.

Q. Are you aware of anyone working on a plan of reorganization on behalf of the debtors at this point?

MR. HIRST: Object to form. I will caution the witness not to reveal anything that's the result of confidential legal advice. If you can otherwise answer, go ahead.

A. Well, what I would say is that I've had extensive discussions with the legal team at Jones Day since these cases were filed and it's my understanding through those discussions that a plan will need to be arrived at,

22nd board meeting?

A. No reason.

Q. And your signature is at the bottom of page 5; is that right?

A. I do see that, yes, that's my signature.

Q. Did you draft this process or same process as the other ones?

A. Same process as the other ones.

Q. On page 3 it says there is an update regarding activities in connection with current asbestos related lawsuits.

A. I see that.

Q. Again points to Mr. Evert. Do you recall what those updates were?

A. Again, the same constellation of updates that I previously testified to, just updating the board as to what happened in the tort system the previous week and in discussions and communications with our defense counsel network and insurers.

Q. On page 4 the minutes say that

following a lengthy and robust discussion of the benefits and challenges associated with the use of Section 524 (g), Mr. Tananbaum then reviewed the other strategic options. Do you see that?

A. I did -- do.

Q. Do you recall a lengthy and robust discussion at this meeting?

A. I recall that this discussion went on at some length. I think it was, as many of the board meetings during this period of time were quite a long discussion and some of the board meetings, perhaps this one, went on long, lasting, you know, for upwards of three or four hours.

So I recall in general a robust discussion, yes.

Q. In what way was the discussion robust?

A. Robust in the sense that the board seemed very concerned that it understand how the options work, what

the potential benefits of each option were, what the potential limitations of each option were, what the risks of each option were, what the implementation costs of pursuing each option might be, and what the ultimate cost if you could reach the -- reach the end of the process and see it through successfully.

So kind of lots of questions around all of those angles.

MR. PHILLIPS: Let's turn to tab 42. This is the Aldrich board meeting minutes previously marked as Committee Exhibit 36.

(Committee Exhibit 36, Aldrich Pump minutes from June 17th, 2020 Bates number Debtors 50812 was previously marked for identification.)

MR. PHILLIPS: So this is Murray -- I'm sorry. This is the Aldrich Pump minutes from June 17th, 2020 it has a Bates number at the bottom starting with 50812. And I believe

Object to form only.

Q. Looking back at that time that Chapter 11 filing it says now, therefore, be it resolved, it says in the best interest of the company, its creditors and other interested parties?

A. That's correct.

Q. So why was it in the best interest of the creditors?

A. Well again I think I testified to this before, at least I hope I did, the boards were certainly focused on what was in the best interest of the debtors, that's a given. But the boards were also fairly focused on what was in the best interest of the creditors and particularly the asbestos claimants. And I think the board was sensitive to the delays, the significant transaction costs and the inefficiencies of the tort system. And I do believe that one of the board's motivators in authorizing the filing of the Chapter 11 case was that there had to be a better way, a

more efficient way, a more humane way, if you will, of cutting out as many of the long legal processes as possible and, you know, permitting claimants to get to a point where they can easily fill out a form and get just compensation where it's fairly due and owing.

So I think the creditor perspective was one we did express in the presentations and that the board members really asked a lot about.

I recall that the topic came up.

Q. At some point during that meeting did you ask the board to vote on the resolution?

A. That's correct.

Q. And how did the board vote?

A. The vote -- the board voted unanimously to proceed with the filing.

MR. PHILLIPS: Let's go to tab 43, Cecelia.

Q. We're going to send to you through the Chat function, Mr.

exhibit, Committee Exhibit 191 in front of you, sir.

A. I'm not seeing it pop up on the chat, unless it's going somewhere else. Oh, I see one new message. Let's see. All right, good. Let me save it to my desktop.

Q. This document has a Trane Bates label at the bottom of 7526. And it appears to be an email from Eric Hankins to Eric Hankins containing conversations with, and the subject line conversation with Hankins, Eric, appears to be a chat between Rolf Paeper and Mr. Hankins. Let me know when you've had a chance to look at that?

A. I see it. May I have a moment to review it? I don't think I've seen this before.

Q. Sure. I'd like you to turn to page 2 when you've had a chance to look at this.

A. Okay, just one moment.

Yes, okay, I've had a chance to

review it.

Q. Okay. Page 2. And do you have any reason to believe this isn't an accurate depiction of this chat between Mr. Paeper and Mr. Hankins?

A. No reason. I see it was produced with a Trane Bates stamp.

Q. Thank you. On page 2, about halfway down the page Mr. Hankins message at 7:58 a.m. says "BTW, the only interesting thing that came up in the finance stream meeting yesterday was that it seems like it may be more like mid-June before the BODs for Aldrich and Murray will make a decision about how we proceed going forward."

Do you see that?

A. I do.

[redacted]

A. TANANBAUM

[redacted]

Q. But he did put it in quotes, right?

A. He did. And while I don't know what it means, I look at it and I say well that's potentially unfortunate. But Eric Hankins had it right.

And I forgot to mention Eric. He was definitely part of the Omega project on the finance side assisting particularly on Rolf's workstreams as I recall. But I think Eric got it right, it has to be an independent board of directors' decision and he also pushed back on the notion that this was definitely going to occur in some sort of set timetable.

I think as I testified before, it was, in general, thought to be a good thing to keep pushing and doing -- do this as soon as possible. Particularly, I should add, given all of the claims that started to come in against the protected parties post divisional merger that creates some risk and that's

another reason to proceed with all due haste if you can.

But, you know, Mr. Hankins' statement validates what I was saying, that we had an independent board process and, you know, whatever assumptions about time frames might have been made before the board was on a course and looked like they needed more time.

Q. And Mr. Paeper was part of Project Omega, right?

A. Mr. Paeper was. He was project manager and principally in charge of the licensing workstream, yes.

Q. Okay.

MR. PHILLIPS: Why don't we take a break now, Mr. Hirst.

MR. HIRST: Great, Todd.

MR. PHILLIPS: We'll take ten minutes. Want to come back at about 4:42, give or take.

MR. HIRST: Sounds good.

THE VIDEOGRAPHER: The time is 4:33 p.m., this is the end of media

protected parties as indemnified parties?

A. Well we tried to create a comprehensive list of M&A counterparties, that is to say, in general, companies that had, we had divested and as part of the divestiture had agreed to indemnify and protect from Aldrich and/or Murray asbestos claims as the case may be.

And so this was our attempt through a lot of archeology of old M&A deals and experience in managing tort cases to come up with a comprehensive list.

Q. Is it fair to say that none of the parties on this list are affiliates of the debtors?

A. That is correct.

Q. Do you know which, if any, indemnified parties on this list have been sued for Aldrich or Murray asbestos claims?

A. I would say most, if not all of

them.

Q. Most or all of them have been named on complaints for --

A. I believe so, yes.

Q. Do you know if those entities have sought indemnification from Aldrich or Murray?

A. Yes, and in some cases their successors.

Q. Turning to the insurers, do you know what the criteria was for including a party on the list of the protected parties as insurers? And this starts on page 10 of 27 of the PDF.

A. This list of insurers I believe is a comprehensive list of all the Aldrich and Murray historical insurers that provided comprehensive general liability insurance that would have included asbestos, you know, typically from the mid '50s through on the Murray side I believe it's April of '86 and on the Aldrich side through January 1st, '85.

law?

A. I haven't given that thought so I don't know how to answer that right now definitively. I don't think I can. But I think our motion was predicated on these contractual indemnifications. That's --

Q. Has any party ever tendered a common law indemnification claim to the debtors?

A. I am not aware of any. It's possible, but I'm not aware of any.

Q. Turning to paragraph 38 of your declaration, you state that if allowed to pursue the Aldrich Murray asbestos claims against the protected parties the defendants would litigate the same key facts involving same products, same time period, same alleged injuries. You see that paragraph?

A. I do, yes.

Q. Any rulings or findings could bind the debtors. The debtors could not stand by as liability is potentially

established. Do you see that?

A. I do.

Q. What documents or information do you rely to formulate that view articulated in paragraph 38, sir?

A. Documents? I principally don't rely on documents. I principally rely on my knowledge of the tort system, the fact that only Rob Sands and myself are equipped to defend these products and these cases.

So as a very practical matter, it just is as clear as rain that the only way these cases could be successfully defended is with our intercession.

Q. Let me ask this. How could any rulings or findings regarding the Aldrich/Murray asbestos claims asserted against protected parties bind the debtors with respect to those same claims?

A. Because again as I testified earlier and as our motion makes clear, these claims, any claims that might be

**Allan Tananbaum April 12, 2021 Excerpted Deposition Transcript,
30(b)(6) deposition on behalf of the Debtors**

UNITED STATES BANKRUPTCY COURT
FOR THE WESTERN DISTRICT OF NORTH CAROLINA
CHARLOTTE DIVISION

IN RE:

Chapter 11
No. 20-30608 (JCW)
(Jointly Administered)

ALDRICH PUMP LLC, et al.,

Debtors.

ALDRICH PUMP LLC and

MURRAY BOILERS LLC,

Plaintiffs,

Adversary Proceeding
No. 20-03041 (JCW)

v.

THOSE PARTIES TO ACTIONS

LISTED ON APPENDIX A

TO COMPLAINT AND

JOHN AND JANE DOES 1-1000,

Defendants.

April 12, 2021

REMOTE VIDEOTAPED 30(b)(6) DEPOSITION OF
MURRAY BOILER AND ALDRICH PUMP BY
ALLAN TANANBAUM

Stenographically Reported By:
Mark Richman, CSR, CCR, RPR, CM
Job No. 192003

MONDAY, APRIL 12, 2021
9:30 A.M.

Remote Videotaped 30(b)(6)

Deposition of Murray Boiler and Aldrich Pump by its Corporate Representative Allan Tananbaum, before Mark Richman, a Certified Shorthand Reporter, Certified Court Reporter, Registered Professional Reporter and Notary Public within and for the State of New York.

A. I would say not in drafting it but certainly in reviewing a draft plan, commenting on it, providing input.

Q. Since your deposition on March 22nd, have the debtors entered negotiations with any parties in hopes of drafting a consensual plan of reorganization?

MR. HIRST: I'm just objecting on scope here, Todd.

MR. PHILLIPS: This is topic 19, irreparable harm.

MR. HIRST: All right.

MR. PHILLIPS: And topic 21, successful reorganization.

Q. Let me repeat my question. Have the debtors entered negotiations with any parties in hoping of drafting a consensual plan of reorganization?

A. I would characterize the debtors as being in the beginning, very beginning stages of the negotiation with the FCR.

Q. Okay. To your knowledge, has a

term sheet been drafted or executed?

A. Not executed. A draft term sheet has been shared with the FCR.

Q. And can you give me a general idea of what the terms of that term sheet are?

MR. HIRST: Hold on one second. I don't have an objection, Mr. Tananbaum, giving it at a high level. This is negotiations with another party in this case.

I suspect if we were negotiating with your client, Mr. Phillips, you would not want revealed to other parties in the case. But from a high level perspective I'll let Mr. Tananbaum testify.

MR. GUY: FCR has the same objection.

Q. Let me rephrase my question. So just so I'm clear, a term sheet has been exchanged between the debtors and the FCR; is that your testimony?

A. The debtors shared a draft term

sheet for the FCR's review and comment, yes.

Q. Does that term sheet include a number for asbestos liabilities, such as a contribution to a trust?

A. No, it does not.

Q. Are in-house counsel involved in working on a term sheet with the FCR?

A. I guess I'm not quite sure how to respond to that question. The debtors already shared their proposal for a term sheet, you know, what I would say is that it's in the FCR's court right now.

Q. I'm sorry, let me rephrase my question.

Are you or Mr. Sands or anyone else from the legal department involved in that term sheet exchange and process?

A. I certainly was involved in reviewing the draft term sheet and providing input before it was communicated to counsel for the FCR.

Q. Mr. Tananbaum, what steps specifically have the debtors taken

since the petition date towards successfully reorganizing under Chapter 11 here?

A. Well, I think the communication of the draft term sheet is one tangible step. The discussions that have been proceeding between our counsel, myself, Mr. Grier's counsel and Mr. Grier are all moving in the direction of reaching a consensual plan and the continued discussions that the debtors have with their insurance representatives are also moving in that same direction.

We're basically talking to everybody except the ACC, which again we would love to begin doing as well, and those are all movements that get us closer.

I would also argue that prosecuting this preliminary injunction motion is also getting us there as well because it's clearing out the underbrush of blockers or procedural issues that will in due course I believe get us to

A. So we did review the support agreement and I believe there's similar language in the plan of divisional merger, and it does talk about, to my knowledge, indemnification and there's no explicit reference to defense. Again, if I'm wrong the agreement will control, but that's my recollection.

And so I don't see a formal contractual defense obligation, that's correct.

Q. Okay. Are the debtors aware of any parties that asserted res judicata against either Old IRNJ or Old Trane in asbestos tort litigation prebankruptcy?

A. I'm not aware of such.

Q. Are the debtors aware of any parties that asserted collateral estoppel against Old IRNJ or Old Trane in asbestos tort litigation prebankruptcy?

A. I'm not aware as such. But again, that's in a very different context where the debtors were directly

defending each case and so the risk of same wasn't the same risk that we're identifying here.

Q. Did any parties to the debtors' knowledge assert res judicata against the debtors in asbestos tort litigation prebankruptcy?

A. I believe you asked that --

MR. HIRST: Object to the form. Asked and answered. Go ahead.

A. -- but I'm not aware.

Q. I actually asked about Old IRNJ and Old Trane. This question is prebankruptcy did anyone assert res judicata against the debtors?

A. Yes, thank you for that clarification. But that's prebankruptcy. So in between the divisional merger and bankruptcy, no, not aware. And in fact, I'm sorry, for that period of time I can go beyond not aware. It did not happen, I believe.

Q. Is the answer the same for collateral estoppel prebankruptcy post

restructuring?

A. That's accurate, yes.

Q. To the debtors' knowledge did any parties assert res judicata against any of the debtors' nondebtor affiliates in asbestos tort litigation prebankruptcy?

A. I don't believe so, no.

Q. What about with respect to collateral estoppel?

A. Again, I don't believe so. I would careful during that time not to really be involved in the nondebtor affiliates' defense but I believe I would have heard and I don't believe so.

Q. Did any parties to the debtors' knowledge assert res judicata against any of the indemnified parties in asbestos tort litigation prebankruptcy?

A. No.

Q. What about collateral estoppel against any of the indemnified parties prebankruptcy?

A. No.

Q. Are the debtors aware of any

other examples of res judicata being asserted by an asbestos tort plaintiff against an asbestos tort defendant?

A. I'm not, but again I don't think the test on this motion is past is prologue. I think if there's a risk and it can be militated against then we're duty bound to look after it. That's all this motion seeks to do. And again, the context of collateral estoppel and res judicata being applied in cases where the party in interest is actively defending the case is a far cry from the proposition here where if you would have it, if the ACC would have it, these cases against the affiliates would move forward with no input from the debtors themselves even though the actual liabilities being litigated in the cases are Aldrich and Murray liabilities, so.

Q. So it's fair to say that the debtors are not aware of any examples of res judicata being asserted by an asbestos tort plaintiff against an

asbestos tort defendant?

A. I'm not aware but I don't know that I would be aware. So I don't think my lack of knowledge proves anything on that.

Q. Well I'm asking the debtors' knowledge?

A. Right, but why would the debtors, there are scores of companies involved in the asbestos litigation, I don't see why these two debtors should have awareness of what happened to some, you know, of the scores of additional companies that have been in the tort system for all these many years. I just don't think we would have that knowledge. And so our lack of knowledge just can't be viewed as meaningful.

Q. Are the debtors aware of any examples of collateral estoppel being asserted by an asbestos tort plaintiff against an asbestos tort defendant?

A. I'm not aware and I refer by reference all my previous responses.

A. I do, yes.

Q. How would the continued prosecution of claims against protected parties thwart the debtors' ability to resolve their asbestos liabilities through 524 (g)?

A. Counsel, I specifically was referring to this sentence in the second part of my prior answer, which is that it undermines the goal of resolving the 524 (g) bankruptcy simultaneously to expect continued prosecution of cases in the tort system. It just does not facilitate reaching a landing in the case.

And again it goes back to my theme that the parties need to choose a lane. We either have to slog it out in the tort system one case at a time for the next 20, 30, 40 years, who knows? Or we can all put our heads together, we can all come to the table productively and with open minds to try to resolve something efficiently and fairly.

debtors' reorganization progresses?

A. He'll continue to play a secondary client role to my own.

You know, I believe I testified about all this at great length at my original declaration. I'm not a bankruptcy attorney but I am the client. No decisions can be made, no strategy can be executed without my involvement. And because I'm not a bankruptcy attorney I take more time, not less, understanding the issues.

This insulting notion that I'm not a necessary player here because I'm not a bankruptcy attorney is just ridiculous. The idea that Jones Day can run around run this bankruptcy case with effectively no client, it's just laughable.

Q. On page 2 of Mr. Hirst's letter, exhibit 107, do you still have that open, sir?

A. No, but I'll reopen it. Okay, I reopened it.

pace and she's going to need to continue to be involved in all of those workstreams.

Q. Would the debtors expect Ms. Bowen to be involved in a contested estimation proceeding?

A. I would imagine not directly, although I could also envision that we might need to source some historical data runs from her relating to prior payments. I just don't know.

Q. Would Ms. Bowen's role include formulating a plan of reorganization?

A. No.

Q. What about negotiating a plan of reorganization, would she be involved in that?

A. No.

Q. Would Ms. Bowen be distracted from the reorganization process if asbestos litigation continued against the protected parties or the debtors?

A. I think there would be more work on her plate and she's already pretty

heavily tasked so it would certainly not be a welcome development, right? Because she would continue to do all the things I've outlined around the payment process supporting the bankruptcy and at the same time have to re-up her prior workstreams around processing defense counsel payments, tort settlements, looking at potentially any reserves around same. So she would, just as she had previously been involved I'm sure, she would need to be involved with the nondebtor affiliates named in the tort cases.

So, you know, is it a distraction? Absolutely. It's a certain level of distraction because on top of both those workstreams she's got her day job issues, so.

Q. Okay. Besides those individuals listed in Mr. Hirst's letter, are you aware of anyone else, when I say you I mean the debtors, are the debtors aware of anyone else that would be diverted by

on the project.

Q. And was that option presented as a viable option to the debtors?

A. Certainly. I presented it as a viable option to the debtors. It was viable in the sense that one could pursue it. You know, was it as viable as other options? Was it as effective as other options? I think those are different questions. But certainly it was an option that could be pursued. And Sidley & Austin told us that other companies in fact had successfully pursued it, although they also told us they could not give us the names of any of those companies.

Q. So was it a viable option post corporate restructuring and post divisional merger?

MR. HIRST: Let me just again caution, and I think again you can answer this question, Mr. Tananbaum, but not to reveal any legal advice that either you received or you

provided to the board. But I think you can go ahead and answer.

A. I would contend yes. The boards were charged with reviewing the companies', the debtors' long term asbestos position and seeing if there were a better way, a more efficient way, a fairer way to wrap asbestos up in a bow, if you will, and move past the daily slogging through the tort system.

And they made the most of that opportunity and analyzed the historical problem deeply, both from a liability and asset standpoint analyzed what it would mean to continue soldiering on in the tort system, what it might mean to file a Chapter 11 524 (g) case and what it might mean to take a different path and the structural optimization was one of those different paths.

And so the board certainly looked at it every which way. And frankly, what the prior Trane entities had or had not decided to do about it no longer

mattered. It was understood, indeed it was understood by the Trane entities that created the debtors that the decision was now out of their hands and these boards was going -- were going to make the decision.

And among the options were too revert to something like structural optimization that in the past seemed to have some traction and then maybe seemed to run out of some steam. So it was certainly on the table.

Q. You mentioned discussions with Sidley Austin about it, but you said they were not able to give you any specific examples by name.

Are you aware of any examples of structural optimization taking place after a divisional merger?

A. I'm not aware one way or another. I was disappointed to hear that Sidley & Austin felt that because of confidentiality and/or privilege concerns that it could share with us the

you know, the debtors were forced to, if you will, make dollars and cents calculations that weren't always based on what the true liability was. And so those are another cluster of harms as well.

Q. You said the debtors would have had to use up their own cash if they stayed in the tort system before turning to the Funding Agreement; is that right?

A. Right. We reviewed that portion of the Funding Agreement on several occasions, right? You can't ask for funding until and unless you've used your own assets first, right? That's the big proviso.

Q. How much cash do the debtors have after the corporate restructuring? How much cash were they allocated?

A. Well, show me Mr. Pittard's declaration and I'll give you the exact figures. I think Aldrich was allocated something like $26 million in cash and Murray was allocated I want to say 16.

But the correct and exact figures are enumerated in Mr. Pittard's declaration.

In addition to that, I know that there were I think in early June, prior to the restructuring the, the only cash calls under the Funding Agreement, if you will, occurred then and I think there were a couple for Aldrich and one for Murray and again records included in the MSRs would detail exactly what those numbers were.

But, you know, with balances moving up and down because insurance proceeds are coming in and because payments to vendors are going out the door, I can't tell you exactly as of the 18th how much sat in the accounts. But those are more or less the guard rails.

Q. Just taking those numbers that you threw out, the 26 and 16, do the debtors have to spend 26 and 16 million to access the Funding Agreement and then the Funding Agreement would cover the rest? Would the debtors have been

financially harmed by staying in the tort system?

A. Well the harm would be to the tune of 24 and the 16. That would also include cash disbursements from the operating subs. My understanding is to date no cash disbursements have been made.

To use your hypothetical, if everything was static from the 26 and the 16, the harm would be, I would contend, the 26 and the 16.

To your point, once you get beyond that you've got the Funding Agreement. But to say there's no harm at all is not true.

Q. And how much money were the debtors spending each year before the bankruptcy on the tort system?

A. All in, close to a hundred million in, for both debtors together.

Q. And so if they paid 26 and 16 and then the Funding Agreement took over, you still think that they would have

been harmed by staying in the tort system?

A. To the tune of the 42 million, that's all I'm saying. Once you get past the 42, I grant your point that it's on somebody else's nickel. But 42 million is real money where I come from.

Q. When was the idea of remaining in the tort system rejected or abandoned by the debtors?

MR. HIRST: Object to the form.

A. None of the options was rejected or abandoned until the final vote.

Q. Was remaining in the tort system presented as a viable option to the board?

A. It was certainly viable. We had, the debtors had the funding agreements. It was certainly viable that if that were the decision the debtors could revert to the tort system. You know, whether it was advisable is a separate question, but it was certainly viable.

Q. Besides the options we've

Evan Turtz April 5, 2021 Excerpted Deposition Transcript

Filed Provisionally Under Seal Per Agreed Protective Order Governing Confidential Information

Manlio Valdes March 1, 2021 Excerpted Deposition Transcript

MANLIO VALDES

UNITED STATES BANKRUPTCY COURT
FOR THE WESTERN DISTRICT OF NORTH CAROLINA
CHARLOTTE DIVISION

IN RE: Chapter 11
No. 20-30608 (JCW)
(Jointly Administered)

ALDRICH PUMP LLC, et al.,

Debtors.

ALDRICH PUMP LLC and

MURRAY BOILER LLC,

Plaintiffs,

v. Adversary Proceeding
No. 20-03041 (JCW)

THOSE PARTIES TO ACTIONS

LISTED ON APPENDIX A

TO COMPLAINT and

JOHN and JANE DOES 1-1000,

Defendants.

REVISED

REMOTE VIDEOTAPED DEPOSITION OF

MANLIO VALDES

Reported by:
Sara S. Clark, RPR/RMR/CRR/CRC
JOB No. 190521

MANLIO VALDES

MARCH 1, 2021

8:35 a.m. EST

Remote Videotaped Deposition of MANLIO VALDES, held at the location of the witness, taken by the Committee of Asbestos Personal Injury Claimants, before Sara S. Clark, a Registered Professional Reporter, Registered Merit Reporter, Certified Realtime Reporter, and Notary Public.

Q. And did you sign them and put them in the return envelopes back to Sara Brown?

A. Yes, sir, I believe I did.

Q. Did you carefully review the documents that were attached to this e-mail that we're looking for, April 21, or did you just sign the documents knowing in general what they were about?

MR. HAMILTON: Object to form.

A. No, I --

MR. GOLDMAN: Let me -- I'll reword the question.

Q. Did you review the document sheet -- besides the signature pages, did you review the documents that she had sent to you that were attached in the April 21 --

A. I did. I did, Mr. Goldman.

Q. Okay. Was there anything in those documents that you did not understand?

A. From memory, I don't know what the exact documents were. This is at the beginning, I believe, after I was asked if I would be willing to serve as a board member and president of those businesses. So I believe, but don't

know for certain, that this was some of the incorporations and early documents that needed to be signed.

Your question is if I understood every single word in the document? The simple answer probably would be no. Some of these documents are outside of my general field of expertise. But broadly speaking, with documents like this in our company, I review them. I try to ask questions, if there were some, from legal counsel, and counsel generally tries the best they can to give me comfort. But some of these things may sit very well outside my area of immediate expertise, so...

Q. Do you recall asking any questions about any of the documents that were sent to you on April 21st?

MR. HAMILTON: Again, I'm --

A. I --

MR. HAMILTON: Excuse me, Mr. Valdes.

I'm just going to interpose an objection.

I don't need to instruct you not to answer at this point. It's a yes-or-no

the operating company would be insolvent.

Q. And you said one of the considerations was treating the claimants equitably; is that right?

A. That is correct.

Q. You're talking about the people injured or killed by the asbestos product?

A. Correct. Anybody that had a legitimate claim against us. And we discussed it quite a bit.

Q. And if you kept, I think you said, option 1 was basically keep going the way you had been going with the claims being handled by Navigant and paid by the parent, what reason did you have to believe that those claimants -- if any, that those claimants would not be treated equitably if you had chosen option 1?

A. Well, Mr. Goldman, let me answer the question maybe this way, and then obviously if you have another question, I'll take that one.

But in my mind, my recollection, and just thinking back on it, I wasn't intent on solving a single variable. If I had been trying to solve the problem of a single constituent

Robert Zafari March 2, 2021 Excerpted Deposition Transcript

UNITED STATES BANKRUPTCY COURT

FOR THE WESTERN DISTRICT OF NORTH CAROLINA

CHARLOTTE DIVISION

IN RE:	
ALDRICH PUMP LLC, et al., Debtors,	Chapter 11 No. 20-30608 (JCW) (Jointly Administered)
ALDRICH PUMP LLC and MURRAY BOILER LLC, Plaintiffs, V. THOSE PARTIES TO ACTIONS LISTED ON APPENDIX A TO COMPLAINT and JOHN AND JANE DOES 1-1000, Defendants.	Adversary Proceeding No. 20-03041 (JCW)

REMOTE DEPOSITION OF ROBERT ZAFARI

TUESDAY, MARCH 2, 2021

8:29 A.M.

REPORTED BY: KATHERINE FERGUSON, CSR NO. 12332

JOB NO. 190522

March 2, 2021

8:29 a.m.

Deposition of ROBERT ZAFARI, held remotely, before Katherine Ferguson, Certified Shorthand Reporter.

specific mention of it. I don't think it would have mattered. I don't know. I was not part of what units were created or were to be created or anything.

Q Okay. But you understood it was something in the air conditioning or air --

A Yeah, that's the nature of Trane, yes.

Q And you said -- you said that sometime after this high-level conversation you had a meeting with the team.

When approximately was that?

A It must have been either late March or early April. I don't remember. So around that period.

Q Who was part of that team meeting besides yourself?

A There was Manuel Valdez and I remember Alan Tananbaum, which became part of every meeting after that, and probably Amy Roeder. That's definitely a core in most of our meetings. And then there were a number of lawyers. I could not specifically remember who at every meeting. A lot of the people I only know by name or heard the name or by video, et cetera. So there were people I didn't know. I know there were specialists there to help us.

Q When was -- when was the subject of

bankruptcy or potential bankruptcy filing or possible bankruptcy filing first mentioned, you know, to you or in your presence?

A In an implied way, when I looked at the Bestwall case, you know, it definitely appeared like an option. But we never talked about that subject as -- as a single element. We talked about it as part of, you know, the various alternatives that were discussed in every meeting at various length. So it's never been discussed as one topic. It's been much broader than asbestos or bankruptcy.

Q Is it -- is it still being -- considered one of the options?

A It's one of the options, but there were other options also. We painstakingly reviewed, over the first many, many meetings that we have, understanding all the -- because none of us knows about bankruptcy or asbestos, so none of that had -- we were brought up to speed with a lot of questions, a lot of discussions.

Q Are you familiar with an entity named 200 Park, Inc.?

A Yeah, that's a wholly-owned subsidiary of Aldrich.

Q Are you a -- are you a manager or member of

code as a mechanism to finally resolve current and future asbestos claims against the companies."

As of May 29, 2020, had the decision been made to pursue section 524(g) of the bankruptcy code?

A I don't think so, no.

Q So despite the fact that the other options had been found on May 22nd to be not liable, it still hadn't not been (inaudible) to use 524(g)?

A Yeah. Oh, yeah. I don't think that's when we had made the resolution. It was still work in progress to look at the different options.

Q Okay.

A Still making sure we reviewed them and understood them and all of that.

Q If you could turn to page 3, please.

A Yes.

Q The first section discussion that's outlined in the minutes is an update regarding activities and connection with the current asbestos-related lawsuits.

Could you tell me what was said on that subject?

MR. HAMILTON: Object and instruct not to answer on the grounds it requires disclosure of communications protected by the attorney/client

privilege.
BY MR. GOLDMAN:
Q The second section describes a review and further discussion of strategic options to addressing current and future asbestos claims.
Could you tell me what you recall being said on that subject?
MR. HAMILTON: Object and instruct the witness not to answer that question because it requires disclosure of communications protected by the attorney/client privilege. As we did in the prior meetings, I will not object to questions that ask what were the subject -- or what were the strategic options that were considered, but if the question is what was said, I'm objecting and instructing the witness not to answer.
BY MR. GOLDMAN:
Q In this section, it says, Mr. Tananbaum briefly reviewed the strategic options for addressing current and future asbestos claims presented June 15 -- excuse me, make sure -- at the May 15th joint meeting and further discussed at the May 22 joint meeting noting that it received requests from members of the boards at and after the May 22 joint meeting to prepare for review with the boards a side-by-side

comparison of such options.

Did you make such a request?

A I think we all agreed on those and having a side by side. I don't know if it was specifically me or -- I don't know, but we all agreed that that was the right thing to do.

Q And was a side-by-side review presented at this meeting?

A I don't remember which meeting it was presented.

Q Further down the same paragraph, it says, "Mr. Tananbaum then reviewed a slide presentation which was shared electronically by internet that analyzed such options on a side-by-side basis."

A That would be this meeting.

Q So that would be on May 29?

A Probably if it says so, that's the date, yeah.

Q And do you recall the -- withdrawn.

When we talk about side by side, would that be if we do this, if we do option 1, then this thing will happen; if we do option 2, something else will happen; and so on and so forth, just going point by point? Is that what a side-by-side presentation -- is that what it was structurally?

A It was basically what we discussed before, the headlines were organizational, optimization, insurance and 524(g). And the outcome of possible permanent, efficient, et cetera. I think that's -- those are the discussions. They weren't held only during this meeting. They were held -- this whole thing traveled over time, on the 15th onward. We were digging into each scenario to make sure we're making the right decision. So side by side would definitely look at the credibility, the cost and things of that sort, all of the things we underlined earlier in our conversation and the efficiency, permanency, all of that.

Q Did you have any questions about side by side?

MR. HAMILTON: You can answer that question yes or no.

THE WITNESS: I probably did. I'm sure I did.

BY MR. GOLDMAN:

Q What were those questions?

MR. HAMILTON: Objection, instruct the witness not to answer on the grounds it requires disclosure of communications protected by the attorney/client privilege.

MS. FELDER: This is Debbie Felder from the FCR. I have one question, Mr. Zafari.

EXAMINATION

BY MS. FELDER:

Q Do you have an understanding of how asbestos claimants will be treated in the bankruptcy?

A Current or future?

Q Let's start with current.

A With the current -- well, this is to be determined as -- in the bankruptcy, if this goes through, there's all kinds of conditions we have to meet and my understanding is basically once -- and if we can set a trust, the claimants would manage the claims. So that's, in short, my understanding. And what would help me is to understand that the future claimants are treated as well as the current claimants as much as possible and they're consistent across the geographies or time. So that's how I hope that the claims would be handled.

MR. FELDER: That was all I had. Thank you.

THE WITNESS: Okay.

MR. GOLDMAN: Mr. Zafari, I have one or two followup questions.

Exhibit 2

'Medical Monitoring And Asbestos Litigation' - A Discussion With Richard Scruggs And Victor Schwartz

Mealey's(R) Litigation Report: Asbestos

Online ISSN: 2158-9798, Print ISSN: 0742-4647

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Body

The following panel discussion took place at the Law and Organizational Economics Center's Fourth Annual Judges and Lawyers Symposium held at Chapman University in Orange, California, on October 26, 2001. The title of the symposium was Health Care: Economics, Law, and Public Policy. The LOEC is the nation's preeminent provider of rigorous, high-quality education to state judges.

Texas Supreme Court Justice Craig Enoch:

We have two talented speakers today who are going to address two very interesting topics: medical monitoring and asbestos litigation. Our first speaker is Richard Scruggs from Pascagoula, Mississippi. Mr. Scruggs represents workers suffering from occupational injuries such as asbestosis, noise-induced hearing loss, and hand and arm vibration syndrome. His firm serves as special consultant to the Attorneys General of Mississippi and Louisiana, represents plaintiffs in asbestos litigation, and acts as co-counsel in special litigation involving consolidated personal injury cases. Since May of 1994, Mr. Scruggs' firm has been the lead private counsel to the Attorney General of Mississippi in the state's litigation against the tobacco industry. His firm filed the first complaint of its kind seeking reimbursement of Medicare funds and other health care costs provided by state government. He has also worked with Puerto Rico and states such as Oklahoma, Idaho, Louisiana, Michigan, Kansas, Montana, Ohio, Oregon, Rhode Island, Vermont, and New York. In 1997, his firm was influential in negotiating a Memorandum of Understanding between a number of state attorneys general and the tobacco industry. That Memorandum of Understanding was the model for the Master Settlement Agreement between the state attorneys general and the tobacco industry in 1998.

Our next speaker is Victor Schwartz, a partner in the Washington, D.C. office of Shook, Hardy & Bacon L.L.P., a 575-person law firm based in Kansas City, Missouri. Mr. Schwartz is a former law Professor and Dean of the University of Cincinnati College of Law. Later, as chairman of the Federal Interagency Task Force on Product Liability, he received the Department of Commerce Secretary's Award for professional excellence in government service. Mr. Schwartz assisted in the drafting of both the Model Uniform Product Liability Act and the Risk Retention Act. For over two decades, he has been the senior author of Prosser, Wade and Schwartz's Torts (10th ed. 2000), the most widely used torts casebook in the United States. He is also the author of Comparative Negligence, co-author of Guide to Multistate Litigation, and author of numerous articles. Mr. Schwartz is frequently quoted in The Wall Street Journal, The Washington Post, and The New York Times, and has appeared on "Oprah" and "60 Minutes."

We are very pleased to have both speakers with us today. The first topic they will address is medical monitoring.

Richard Scruggs:

Medical monitoring is a controversial topic that has its foundation in class actions resulting from mass torts. The class action vehicle itself has been controversial as a tool for resolving mass tort cases. Class actions can be efficient in that they allow claimants to aggregate all of their claims and resolve them in a single case. Often a company that is involved in very high stakes mass tort litigation is invited to settle rather than bet the company on one big trial involving tens of thousands, if not millions, of victims.

On the other hand, critics have charged that class actions are subject to abuse, such as coupon settlements where a few class action lawyers cut a sweetheart deal with the defendant's lawyers and, essentially, sell out the rights of the many victims for a pittance. The lawyers make a great deal of money, but the victims get practically nothing, and their rights are barred. Despite those abuses, however, I think the class action vehicle has great potential as an alternative to forcing a company to choose between declaring bankruptcy or trying every case until the company exhausts its insurance coverage in jurisdictions where runaway verdicts are common.

Medical monitoring arose in response to some of the challenges that plaintiffs face in meeting all of the requirements for class certification. Often, class actions are challenged in mass torts because they do not meet the typicality requirement of *Rule 23(a) of the Federal Rules of Civil Procedure* [or similar state rules]. Additionally, class actions may be challenged based upon the predominance requirement of Rule 23(b)(3) because, in many cases, issues of individual exposure or injury can be argued to predominate over issues common to the class.

In medical monitoring cases, those problems are minimized because everyone in the potential class has been exposed to some sort of dangerous or defective product and is entitled the same sort of remedy (i.e., medical monitoring). The real reason that medical monitoring, in my judgment, is preferable to a traditional class action is because it will better satisfy the requirements for maintaining a class, particularly on appellate scrutiny. Medical monitoring also provides a possibility of settling the case, whereas the jurisprudence is uncertain as to whether settlement classes that do not meet the strict requirements of *Rules 23 of the Federal Rules of Civil Procedure* are permitted.

The United States Supreme Court's decisions in *Amchem Prods., Inc. v. Windsor, 521 U.S. 591 (1997),* and *Ortiz v. Fibreboard Corp., 527 U.S. 815 (1999),* as well as some cases by other courts, have created confusion as to when class action settlements will be permitted and when they will not. Medical monitoring seems to be sort of a fiction that both industry and trial lawyers use to satisfy those requirements so that they can craft a settlement that will meet the strict requirements of Rule 23.

In sum, I think that medical monitoring is a valid device. I think that, depending on the type of case, whether it should be used or not can be debated. Generally speaking, however, I think that medical monitoring serves a worthwhile purpose.

Victor Schwartz:

Medical monitoring is a concept that sounds appealing, but when you take a closer look at the issue, there are several reasons to be concerned.

The most troubling issue with medical monitoring is that it allows plaintiffs to recover damages without requiring them to show that they have suffered an injury. If you look at my casebook or any standard tort treatise, you would see that it has been a bedrock principle of tort law for over 200 years that a plaintiff may not recover unless he or she has been injured. In medical monitoring cases, however, the plaintiff is not hurt-there is nothing wrong with him or her; there is no injury.

Of course, tort law has changed over time, and continues to change, but most significant changes to tort law happen gradually, over a long period of time. For example, when some of us went to school the rule in many states was contributory negligence, which meant that if a plaintiff was even a little bit at fault, he or she could not recover at all for an injury. Gradually that was changed into a comparative negligence rule. I agree that comparative negligence is a better rule, but that change took decades. Changing a rule that says somebody who is not harmed can recover damages is a fundamental change to tort law.

The Supreme Court of the United States looked at medical monitoring in *Metro-North Commuter R.R. Co. v. Buckley, 521 U.S. 424 (1997).* Metro-North involved a medical monitoring claim brought by a pipefitter against his employer under the Federal Employers' Liability Act ("FELA") for occupational exposure to asbestos. FELA provides a cause of action for railroad workers against railroads engaged in interstate commerce. Cases involving FELA have generally been construed in favor of plaintiffs since FELA was enacted in 1908.

Metro-North was a case in which the facts were very sympathetic to the plaintiff. Buckley had been exposed to significant levels of asbestos, but he could not demonstrate any present physical injury - nothing was wrong. The Supreme Court decided not to allow medical monitoring under FELA. If you look at the opinion it is interesting what the Court said and observed. The Court expressed concern about many of the same issues that I will discuss today, such as the huge, almost limitless classes of people that could potentially have a claim for medical monitoring, and the difficulty of identifying which medical monitoring costs are necessary and beneficial.

I disagree with Mr. Scruggs in that I do not think that medical monitoring avoids the individualized issues raised in a class action. I think that there are several questions in medical monitoring cases that will vary from plaintiff to plaintiff. These issues include, what type of treatment is needed by each plaintiff? How much exposure is necessary before you allow a man or a woman to make a claim for medical monitoring? Are these questions really best suited for a court? Very recently the Supreme Court of Alabama (see Hinton v. Monsanto Co., 2001 WL 1073699 (Ala. Sept. 14, 2001)) and the Supreme Court of Nevada (see *Badillo v. Am. Brands, Inc., 16 P.3d 435 (Nev. 2001))* both answered that question in the negative. Those two courts reasoned that the legislature may be in a better position to decide whether medical monitoring should be awarded and, if so, when.

Another issue raised by medical monitoring is, how can the courts ensure that the person who receives an award is actually going to use it to obtain medical monitoring? My friend Justice Maynard of the West Virginia Supreme Court of Appeals filed a dissenting opinion in a recent case in which a majority of that court decided to allow medical monitoring (see *Bower v. Westinghouse Elec. Corp., 522 S.E.2d 424 (W.Va. 1999)).* As Justice Maynard noted in his dissent, there is absolutely no way to assure that somebody who receives an award under a medical monitoring claim will actually use it to get a checkup. In contrast, a legislature can establish mechanisms to ensure that medical monitoring awards are used for checkups. Moreover, legislatures can determine what should be done in cases where a plaintiff may already receive medical monitoring under his or her existing health care plan. Under the collateral source rule, courts are generally not permitted to consider funds that a plaintiff may receive from outside sources. In the case of medical monitoring, however, it may be worth letting the legislature decide whether to allow a double recovery.

Another problem with medical monitoring is that it may produce a flood of claims. Let me give you one hypothetical to illustrate the difference between the number of claims that may be filed in a mass tort action alleging actual injury and the avalanche of claims that could result if medical monitoring were allowed. Suppose that exposure to a particular drug or chemical may produce cancer in a small percentage of the people exposed. There may be

several hundred claimants. But, if medical monitoring were allowed, millions of people might have claims. As you can see, there is a very significant difference. The money spent on monitoring may use up assets needed to compensate those with an actual injury. This might occur even if the people exposed had proper monitoring available to them through their health plans.

While I can understand why medical monitoring sounds appealing, the need for medical monitoring is a highly individualized decision. It is extremely difficult for any court to construct a brand new cause of action of this type, which is why many of the courts that have considered this issue have decided not to allow medical monitoring. I will conclude by noting that in New Jersey, the Supreme Court had previously decided to allow medical monitoring with no physical manifestation. (See Ayers v. Township of Jackson, 525 A.29 287 (N.J. 1987)). The Supreme Court of New Jersey has retreated a bit from that decision, and held that for medical monitoring to be allowed in New Jersey, the plaintiff must have an injury before monitoring is appropriate. (See *Theer v. Phillip Carey Co., 628 A.2d 724 (N.J. 1993)).*

Justice Enoch:

In Texas, before a plaintiff can bring a tort claim, there has to be a legal injury. It is not sufficient to have "negligence in the air;" there has to be an injury. It seems to me that the difficulty in toxic tort cases is that once the substance comes into contact with someone, it may or may not cause an illness in that person, and the courts are having difficulty in deciding at what point the legal injury occurred. For example, in the case of asbestos, many more individuals are exposed to asbestos than will actually develop mesothelioma or lung cancer. Perhaps medical monitoring has been developed by courts to deal with the problem that results when someone has been exposed to a toxic substance but there is no way to tell whether the person will develop an injury. Is this part of the reasoning for medical monitoring? Or is medical monitoring simply a way in which to encourage settlement when there is a exposed class of individuals that may not meet the requirements of Rule 23?

Richard Scruggs:

Judge Enoch, I think that you have stated the issues in medical monitoring very well. The question is, does the injury become actionable upon exposure of the body to a toxic substance, or must the plaintiff wait for a physical manifestation of the injury? I would argue the claim should be allowed upon exposure to the substance. A person who was exposed to excessive doses of radiation from a leak in a reactor, and, as a result, has a much higher risk of cancer or leukemia should be entitled to be checked if early detection can save or prolong his life. That is what medical monitoring is all about. Often, with toxic tort injuries, such as asbestos-related diseases, the physical ramifications of the exposure to the substance do not manifest themselves for 20 years or longer. In many cases, mesothelioma does not manifest itself until 30 or 40 years after the exposure has occurred. I think that the question of when the exposure and the risk of the manifestation of the disease ought to entitle a victim to medical monitoring should be a jury issue. I do not think that should be legislated any more than any other cause of action should be legislated. I think it should be a jury issue as to when the risk is sufficient to warrant medical monitoring. The industries that plaintiffs are generally seeking to hold responsible for these sorts of torts or potential torts are usually very well-heeled industries. They have very talented lawyers working for them, arguing that the risk is minimal. I do not think that it is unfair to require an industry that sells a product, which vastly increases the risk of injury to the people exposed to it, to pay for the monitoring that will be required for early detection.

Victor Schwartz:

A very good plaintiffs' firm in New York has stated that 25 million people have been exposed to asbestos, and I believe that number is accurate. Trying to differentiate between which plaintiffs are going to be allowed to bring claims, and which are not, is an issue that has troubled seven justices of the Supreme Court of the United States. To put this issue in front of a jury puts the jurors in an uncharted sea. If there has been some magnification of risk that is very significant, a rule could be established by the legislature or an administrative body that medical monitoring is required. There are several issues, however, that have to be considered in putting together a medical monitoring program. First, will the medical monitoring do any good? The West Virginia Supreme Court of Appeals decided to allow a claim even if the medical monitoring would not help because the potential disease being

monitored is untreatable. Second, how should courts distribute the damages to the plaintiffs? Should the plaintiffs receive lump sum damages, or does there need to be a mechanism in place to ensure that the funds are used for medical monitoring? Third, should claimants who are already receiving medical monitoring through their employer or their insurance be entitled to a double recovery? Can we have a clear trigger to differentiate those who really deserve medical monitoring from those who do not? These are some of the issues that courts need to consider when they are deciding whether to allow medical monitoring.

Audience Member:

Is medical monitoring a new cause of action that is just developing?

Richard Scruggs:

Medical monitoring is not that new; it has been around for a long time. Medical monitoring first arose in the context of asbestos, where people would sue for exposure only, stating that they were at risk because they were exposed to asbestos. Most courts of appeals said that the statute of limitations would begin to run when there was a manifestation of the disease, although in some states, such as Alabama, the statute is triggered by exposure. In some cases, 20 years later, when that person gets cancer, the statute of limitations has run out because he did not sue at the time of exposure. Most courts, however, have taken the position that the statute does not start to run, and the injury is not compensible, until there is a physical manifestation resulting from the exposure.

Audience member:

What would happen if a plaintiff was successful on medical monitoring claim and, then, within the statute of limitations period, the plaintiff develops an injury such as cancer? Would the plaintiff have a new claim? Is the physical injury claim barred by the prior medical monitoring recovery?

Richard Scruggs:

There are separate causes of action, arguably, but I think that most courts would say that the defendant would be entitled to a credit for any amount of money that has been paid to the victim in medical monitoring. I think that if the plaintiff actually develops a disease, he is entitled to compensation for that injury, but the defendant should receive some sort of credit for the amount that it has already paid.

Victor Schwartz:

As I discussed in a recent article, courts in the various states that have looked at medical monitoring have dealt with the issue in several different ways. (See Victor E. Schwartz et al., Medical Monitoring - Should Tort Law Say Yes?, *34 Wake Forest L. Rev. 1057 (1999)).*

Justice Enoch:

Let's move on to asbestos.

Richard Scruggs:

I think Victor may be surprised at some of what I will say regarding asbestos. I think that, as one California Supreme Court Justice has said, asbestos litigation has become the endless search for a solvent bystander. Most of the companies that were culpable in promoting the sale of asbestos-containing products have been held accountable and most of them have gone bankrupt. Now, the companies that are peripherally related to the bankrupt defendants are being seized and held up in what I call the "magic jurisdictions," areas where what happens in court is irrelevant because the jury will return a verdict in the favor of the plaintiff. I think that what has happened in asbestos litigation is that most of the companies that are responsible for producing asbestos-containing products with knowledge of their hazards back in the 1930s and 1940s, companies like Johns-Manville and Owens Corning, have all gone bankrupt.

Some lawyers are attempting to impute the primary defendants' knowledge to the peripheral industries. I think that is the wrong approach. I do not think that trial lawyers are serving either the legal profession or their clients well by seeking to impose liabilities on companies that really should not be liable. These attorneys are actually passing up companies that they ought to be going after, such as some of the foreign companies that dealt with some of the most for deadly forms of asbestos. Those are the people they ought to go after. They were the ones that made substantial profits on asbestos sales, knew the product was dangerous and, nevertheless, sold it. Trial lawyers should pursue those companies, rather than going after companies who may have had some asbestos in their products but do not appear to have had the same level of knowledge as the primary asbestos defendants. I do not think we are serving ourselves well by going after the companies that had marginal liability, and trying to characterize those companies, which clearly are not asbestos companies, as asbestos companies, so that they will suffer the public stigma of being known as an "asbestos company."

Victor Schwartz:

I agree with Mr. Scruggs about this. There are two major changes in asbestos litigation today, and Mr. Scruggs may disagree with me on the second one. The first is that the defendants are no longer the 54 companies who are in bankruptcy, the so-called primary defendants. The defendants today are the companies that did not make asbestos, the peripheral defendants. In some areas, there is a presumption that these peripheral defendants had the same amount of knowledge as those who made asbestos-containing products. The processes and procedures that were set up for defendants who have repeatedly been proven at fault are being applied in some jurisdictions to peripheral defendants. This is not right.

The second major trend is the increase in the number of cases being brought by unimpaired claimants. There is nothing wrong with these individuals, they have no manifestation of injury; they are healthy. How do the courts deal with claims by unimpaired individuals? Massachusetts, which is not known for conservative jurisprudence, has developed a solution that I think is a good one. In Massachusetts, there is a registry for individuals who have been exposed to asbestos. When individuals put their names on the registry, the statute of limitations is prevented from running on their claims. If the individuals do get sick, they can have their claims removed from the registry and placed on the active civil docket.

One of the problems that I have noticed is that many of the mechanisms that were created to deal with the massive number of asbestos cases are not working in the way that the judges who created these mechanisms had intended. For example, many judges, faced with 5,000 or 7,000 asbestos cases were looking for expedient ways to handle the cases, and efficiency became the hallmark of everything they did. In order to deal with the huge number of cases, some judges discouraged discovery or were more lenient with the rules for scientific evidence and x-rays than in other cases. Some attorneys saw that judges were not looking very carefully at the x-rays, were not deposing plaintiffs, and were assuming that the defendants had guilty knowledge, and saw an opportunity. What has happened as a result is that instead of getting rid of cases the goal of promoting efficiency has brought about thousands and thousand of new cases. (See Victor E. Schwartz & Leah Lorber, A Letter to the Nation's Trial Judges: How the Focus on Efficiency Is Hurting You and Innocent Victims in Asbestos Liability Cases, 24 Am. J. Trial Advoc. 247 (2000)).

Conservative estimates by Rand Corporation indicate that unimpaired claimants account for at least half of the new asbestos cases being filed. Courts are going to be flooded with these claims, and the only way to stem the tide will be to apply basic rules of law. I am not talking about tort reform; I am talking about basic rules that are applied to other cases when there is a peripheral defendant involved. First, the best way to protect an unimpaired claimant is to make sure that his or his claim is not extinguished by the statute of limitations. As I said earlier, some estimates indicate that 25 million people have been exposed to asbestos. It is going to be difficult for courts to handle that volume of claims. There are a few people who are seriously injured who need help, and the courts need to be able to address the claims of those people. Flooding the courts with asbestos cases filed by people who are not sick against defendants who have not been shown to be at fault is not sound public policy.

Audience Member:

Perhaps the solution to the problem is to have the state legislatures address the situation, to amend the statute of limitations so that it does not begin to run on exposure, but only runs when there is an actual injury. What do you think of that solution?

Richard Scruggs:

I think that would be a great solution in a perfect world. I think the problem is going to require national legislation, however, because if only a few states do it then the plaintiffs will migrate to states in which the statutes do not run. Asbestos litigation has become a cottage industry. I consider myself to be a first or second generation asbestos lawyer. We are now in the eighth and twelfth generation of asbestos lawyers. Some attorneys are building their practices on these mass production inventory asbestos settlements. If one state passes some sort of asbestos litigation reform law, the attorneys will simply go to another state that has more liberal joinder rules and bring the case over there. There must be national legislation in order to solve this problem. The problem with ATLA (the Association of Trial Lawyers of America) and other organizations like that who are watch dogs for consumer rights and lawyer rights, is that these groups are afraid of any sort of legislation in Congress, because even if the initial proposal looks good, they are afraid of what the end result will be. Victor, with his able skills in the American Tort Reform Association, will try to move the goalposts way down field. Nobody can trust the legislative process. I think that national legislation is needed to address the asbestos litigation problem and it would be great if that could be done.

Victor Schwartz:

I agree with Mr. Scruggs that national legislation is needed and I would pledge, certainly on the behalf of anybody that I represent, not to load up such legislation with tort reform. I think the asbestos registry approach would be very helpful to preserve the claims of people if they get sick. I would not try to load legislation dealing with this very major problem with any tort reform. I would try to reach agreement with people like Mr. Scruggs on something that they considered fair. This is a national problem.

In Congress right now there is an atmosphere of bipartisanship that I have not seen in a very long time. There is an opportunity for people who normally may not be in agreement to try to reach agreement on things that affect us all at this point.

Judge Enoch:

Some people view asbestos litigation as being a "mature mass tort." It has been around for decades and certain rules have been fashioned to address it. Is there an immature mass tort on the horizon? Are there new types of claims that trial court judges will be facing in the very near future?

Victor Schwartz:

Over the next 10 years it is estimated that at least 500,000 new asbestos claims will be filed by the unimpaired if they are allowed to recover. In settlements involving unimpaired claimants, attorneys are combining settlement of impaired claimants with unimpaired claimants. If a plaintiffs' lawyer has 5,000 cases, he may have 10 cases of people with mesothelioma or cancer - people with real and serious injuries who deserve compensation - and 4,990 unimpaired claimants. In settlement negotiations, however, the attorney may agree to take less on the lung cancer and mesothelioma cases if the defendants will settle the claims of the unimpaired at the same time. If this type of resolution of unimpaired claimants' claims with seriously injured individuals is allowed to continue, asbestos will be a self-perpetuating litigation. Asbestos will be "the next asbestos."

There are other things on the horizon. Mr. Scruggs would probably have better vision than I do on this topic, but I think that one area may be in pharmaceuticals. I think that there will be a new style of cases brought against pharmaceutical companies that do not involve personal injury. Chemicals may be another hot area. The EPA has been gathering certain data on some chemicals that have never really had that kind of testing. I also see that on the horizon in the next, I would say, 5 to 10 years. I am not commenting on whether the claims will be successful or not, but these are areas in which I think people are likely to try to bring claims.

Richard Scruggs:

I agree with Victor on the pharmaceutical issue. There are a lot of attorneys that have made an awful lot of money in asbestos litigation over the years. I think the ease with which asbestos companies have been successfully sued has diverted a lot of the trial bar away from exploring new mass torts like cases against the pharmaceutical industry. I do think, though, that there is one mass tort on the horizon which is very similar to asbestos, and that is litigation against the manufacturers of welding supplies for manganese poisoning that causes early Parkinson's Disease.

Most of the trial lawyers today have large asbestos inventories; about 20 to 30 percent of their clients were welders or in welding-affiliated trades. Some very incriminating documents from the 1930s and 1940s have surfaced from the major manufacturers of welding supplies, showing their knowledge. Some of these documents are every bit as damaging as those that have surfaced in the asbestos and tobacco litigations. This is definitely the closest thing to asbestos cases that I think we will see.

Justice Enoch:

We have a little bit of time for a few more questions.

Audience Member:

Could you explain to us how medical monitoring works in terms of insurance coverage issues?

Richard Scruggs:

Generally speaking, the carrier for companies that receive a judgment for medical monitoring will have to pay for medical monitoring. It will be a health care cost which will come off the insurance policies. As a practical matter, I do not think it will raise insurance costs. I think it will simply be more of the same until insurance is exhausted. One of the reasons that a lot of asbestos companies or companies that sold asbestos-containing products are settling is not necessarily because they want to settle, but because their insurers have said that they want to get rid of the claims. Once that happens, whether those claims are paid in injury cases or in medical monitoring cases does not really matter. The claims will be resolved faster with medical monitoring than they will with case-by-case injury claims, but once the insurance is exhausted then the victim will move on to someone else. I really do not think that medical monitoring is going to increase health care costs.

Victor Schwartz:

I think the worst way to handle medical monitoring is through the liability system. I think it should be handled under the health care system, where there is a health care provider to make a judgment as to whether or not an individual needs medical monitoring. If he or she does, the medical provider can see that he or she receives the proper monitoring, as compared to a lump sum damages award that may never be used for medical monitoring.

Justice Enoch:

We have time for one more question.

Audience member:

We have been talking about asbestos defendants and some incriminating evidence that surfaced in a document from the 1930s. How does the concept of a long latency period affect the evidence available to the plaintiffs?

Richard Scruggs:

Well, unfortunately for the plaintiffs, much of the evidence has been lost either intentionally or through some document retention policy where every 10 years a company will cull its files and get rid of documents.

We were fortunate in the asbestos and tobacco litigations that documents were not destroyed. We may be fortunate in the welding liability litigation as well. Some of the documents I have seen are pretty incriminating. I

think the plaintiffs are going to have to prove that there is some evidence of spoliation of documents in order to get a presumption that the evidence would have been incriminating. That is why I think that regardless of how well-funded the plaintiffs are, or are perceived to be, and how aggressive they have been, the companies are still generally holding most of the cards, and they have gotten away with murder. There is a saying that when a worker kills his boss it is murder, but when the boss kills the worker, it is workers' compensation.

Victor Schwartz:

I think that judges will be very harsh in situations where there has been spoliation of evidence. That behavior should be discouraged. Part of my practice is counseling people on how to stay out of court, and I think that document preservation is important.

In closing, I just want to clarify one point. I agree with Mr. Scruggs that the pharmaceutical companies are going to be exposed to new and very serious litigation. On that point we agree. For the record, however, when Mr. Scruggs talked about how the companies deserve it - I did not agree with him there.

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Exhibit 3

THIS IS NOT A SOLICITATION OF ACCEPTANCE OR REJECTION OF THE PLAN. ACCEPTANCES OR REJECTIONS MAY NOT BE SOLICITED UNTIL A DISCLOSURE STATEMENT HAS BEEN APPROVED BY THE BANKRUPTCY COURT. THIS DISCLOSURE STATEMENT IS BEING SUBMITTED FOR APPROVAL BUT HAS NOT YET BEEN APPROVED BY THE BANKRUPTCY COURT.

UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEW JERSEY

In re	:	
	:	**Chapter 11 Case No.**
G-I HOLDINGS INC., et al.,	:	**01-30135 (RG)**
	:	**(Jointly Administered)**
	:	
Debtors.	:	

FIRST AMENDED DISCLOSURE STATEMENT FOR SECOND AMENDED JOINT PLAN OF G-I HOLDINGS INC. AND ACI INC. PURSUANT TO CHAPTER 11 OF THE UNITED STATES BANKRUPTCY CODE

DEWEY & LeBOEUF LLP 1301 Avenue of the Americas New York, New York 10019 (212) 259-8000 Attorneys for Debtors in Possession	RIKER, DANZIG, SCHERER, HYLAND & PERRETTI LLP Headquarters Plaza One Speedwell Avenue Morristown, New Jersey 07962-1981 (973) 538-0800 Attorneys for Debtors in Possession

Dated: December 3, 2008

FIRST AMENDED DISCLOSURE STATEMENT FOR SECOND AMENDED JOINT PLAN OF G-I HOLDINGS INC. AND ACI INC. PURSUANT TO CHAPTER 11 OF THE UNITED STATES BANKRUPTCY CODE

THIS PROPOSED DISCLOSURE STATEMENT HAS NOT BEEN APPROVED BY THE BANKRUPTCY COURT AS CONTAINING ADEQUATE INFORMATION UNDER BANKRUPTCY CODE SECTION 1125(b) FOR USE IN THE SOLICITATION OF ACCEPTANCES OR REJECTIONS OF THE CHAPTER 11 PLAN DESCRIBED HEREIN. ACCORDINGLY, THE FILING AND DISSEMINATION OF THIS DISCLOSURE STATEMENT ARE NOT INTENDED TO BE, AND SHOULD NOT IN ANY WAY BE CONSTRUED AS, A SOLICITATION OF VOTES ON THE PLAN, NOR SHOULD THE INFORMATION CONTAINED IN THE DISCLOSURE STATEMENT BE RELIED ON FOR ANY PURPOSE BEFORE A DETERMINATION BY THE BANKRUPTCY COURT THAT THE PROPOSED DISCLOSURE STATEMENT CONTAINS ADEQUATE INFORMATION.

THE DEBTORS RESERVE THE RIGHT TO AMEND OR SUPPLEMENT THIS PROPOSED DISCLOSURE STATEMENT AT OR BEFORE THE HEARING TO CONSIDER THIS DISCLOSURE STATEMENT.

G-I Holdings Inc. ("G-I") and its affiliate ACI Inc. ("ACI" and, together with G-I, the "Debtors") submit this first amended Disclosure Statement pursuant to section 1125 of title 11 of the United States Code (the "Bankruptcy Code") to the holders of claims against and equity interests in the Debtors in connection with (i) the solicitation of acceptances or rejections of the second amended chapter 11 plan of reorganization (the "Plan"), dated December 3, 2008, proposed by (a) the Debtors, (b) the statutory Official Committee of Asbestos Claimants of G-I Holdings, Inc., consisting of the individuals and entities appointed by the United States Trustee for the District of New Jersey (the "Asbestos Claimants Committee"), and (c) C. Judson Hamlin, the Legal Representative of Present and Future Holders of Asbestos Related Demands appointed by the Bankruptcy Court pursuant to its order dated October 10, 2001 (the "Legal Representative" and, collectively with the Debtors and the Asbestos Claimants Committee, the "Plan Proponents"), and filed with the United States Bankruptcy Court for the District of New Jersey (the "Bankruptcy Court"), and (ii) the hearing on confirmation of the Plan (the "Confirmation Hearing") scheduled for [January 28, 2009].

Unless otherwise defined herein, all capitalized terms contained in this Disclosure Statement shall have the meanings ascribed to them in the Plan. All information about the Debtors in this Disclosure Statement comes from the Debtors and not the other Plan Proponents.

Attached as Exhibits to this Disclosure Statement are the following documents:

- The Plan (Exhibit A);
- Order of the Bankruptcy Court, dated [___], 2008, approving this Disclosure Statement (the "Disclosure Statement Order") (Exhibit B);
- Ballot Tabulation and Solicitation Procedures, as approved by the order of the Bankruptcy Court, dated [___], 2008 (the "Voting Procedures") (Exhibit C);
- Projected Financial Information (Exhibit D); and
- Liquidation Analysis (Exhibit E).

In addition, a Ballot for the acceptance or rejection of the Plan is enclosed with the Disclosure Statement submitted to the holders of Claims that the Debtors believe may be entitled to vote to accept or reject the Plan.

I. OVERVIEW OF THE PLAN

A INTRODUCTION

Chapter 11 is the chapter of the Bankruptcy Code primarily used for business reorganization. Under chapter 11, a company endeavors to restructure its finances to enable the company to continue as a going concern outside bankruptcy. A chapter 11 plan sets forth and governs the treatment and rights to be afforded to creditors and stockholders with respect to their claims against and equity interests in the debtor. According to section 1125 of the Bankruptcy Code, acceptances of a chapter 11 plan may be solicited only after a written disclosure statement has been provided to each creditor or stockholder who is entitled to vote on the plan. This Disclosure Statement is presented by the Debtors to holders of Claims against and Equity Interests in the Debtors to satisfy the disclosure requirements contained in section 1125 of the Bankruptcy Code.

B CHAPTER 11 PLAN

The Plan resolves G-I's liability for Asbestos Claims by channeling them to a trust established by G-I (the "Asbestos Trust"). In exchange for the Plan Consideration to be transferred by the Plan Sponsor or the Reorganized Debtors pursuant to the terms of the Plan (as more fully described herein and in the Plan), which includes cash on the Effective Date in an amount not to exceed $215 million, a Trust Note in the amount of $560 million, and other consideration for the benefit of the Asbestos Trust, the Asbestos Trust will assume and be responsible for all Asbestos Claims.

Holders of Asbestos Personal Injury Claims will be permanently enjoined from pursuing their claims against the Reorganized Debtors, Building Materials Corporation of America ("BMCA"), and certain other parties, and will look solely to the Asbestos Trust for payment of their claims.

The Asbestos Trust will not assume responsibility for any Claims or Demands upon G-I other than the Asbestos Claims. For example, as described more fully herein, the Asbestos Trust will not assume liability for the following claims, whether or not asserted before the conclusion of G-I's Chapter 11 Cases, and whether or not related, directly or indirectly, to asbestos: (i) Workmens' Compensation Claims, (ii) Environmental Claims, (iii) Asbestos Property Damage Claims, (iv) Asbestos Property Damage Contribution Claims, (v) Bonded Claims (other than any deficiency portion of a Bonded Asbestos Personal Injury Claim), (vi) Indirect Trust Claims held by an Affiliate or (vii) the claims of the Center for Claims Resolution, Inc. ("CCR") or its members.

Equity interests in the Debtors existing as of the Commencement Date will be extinguished pursuant to the Plan. The Debtors will issue G-I Class B Shares and ACI Class B Shares prior to the Effective Date, which will remain outstanding.

Specifically, the Plan and the Chapter 11 Cases accomplish the following objectives, which the Debtors believe are essential components of a successful reorganization:

- Fair treatment for all Claims and interests in accordance with the Bankruptcy Code;

- Channeling of Asbestos Personal Injury Claims and Indirect Trust Claims to a trust for processing and resolution under 11 U.S.C. § 524(g), while affording

protection against such Claims to the Debtors and certain related entities by means of a permanent injunction.

- Resolution of the Debtors' liability for Asbestos Property Damage Claims and Environmental Claims; and

- Corporate Reorganization of the Debtors.

1. Plan Settlement Negotiations

On or about March 5, 2007, G-I, the Asbestos Claimants Committee, and the Legal Representative participated in a mediation under the auspices of former United States District Judge Nicholas H. Politan in an effort to resolve these Chapter 11 Cases and litigation related to these Chapter 11 Cases, all as more fully described below in Section IV. Following the mediation, the parties outlined the principal terms of a potential global settlement and agreed to endeavor to complete the global settlement with comprehensive documentation in the form of a proposed chapter 11 plan and its ancillary documents.

In order to preserve the resources of G-I pending the negotiation of the terms of a global settlement, the parties requested a stay of litigation from the Bankruptcy Court and other courts with jurisdiction over litigation related to these Chapter 11 Cases. On March 22, 2007, the Bankruptcy Court entered an order staying certain contested matters and adversary proceedings and shortly thereafter, similar orders were entered by the other courts with jurisdiction over such matters.

Subsequent to the entry of the orders staying litigation, the parties continued to engage in good-faith negotiations regarding a consensual plan of reorganization. Throughout the next several months, the parties exchanged draft term sheets and conducted various negotiations which led to a second mediation session with Judge Politan on December 1-2, 2007. The negotiations were complex. In early 2008, the Asbestos Claimants Committee and Legal Representative exercised their rights to terminate the stays of litigation, but the Bankruptcy Court urged that negotiations continue. Such negotiations ultimately resulted in the settlement described herein and embodied in the Plan.

2. Basis for Global Compromise Embodied in the Plan

The Plan incorporates settlements and compromises designed to achieve a global resolution of these Chapter 11 Cases and litigation related to these Chapter 11 Cases. Thus, the Plan is premised upon a settlement, rather than litigation, of various disputes. The settlements and compromises embodied in the Plan represent, in effect, a linked series of concessions of the Debtors as well as the Asbestos Claimants Committee and the Legal Representative in favor of each other. The agreements are interdependent. The following description of the global compromise is qualified in its entirety by the full text of the Plan.

The Plan incorporates a global settlement of all of the disputes in these Chapter 11 Cases and related litigations among the Debtors and their shareholders and the Asbestos Claimants Committee and the Legal Representative, and third-party defendants. The Asbestos Claimants Committee and the Legal Representative allege that the liability of G-I for Asbestos Claims and Demands exceeds the value of G-I's estate by several billion dollars. In addition, the Asbestos Claimants Committee and the Legal Representative have pursued a number of causes of actions against G-I and certain of its present and former Affiliates in the Bankruptcy Court and the United States District Court. G-I disputes the aggregate liability for Asbestos Claims and Demands alleged by the Asbestos Claimants Committee and the Legal Representative, has asserted that the causes of action and allegations made by such parties are without merit, and has challenged the processes by which asbestos claims are prosecuted. The global settlement negotiated by the Debtors, the Asbestos Claimants Committee, and the Legal Representative is

implemented by the Plan and was arrived at prior to the estimation of G-I's aggregate asbestos liability, but after each party had investigated the issues thoroughly with its own experts.

To reach the global compromise, the Debtors, the Asbestos Claimants Committee, and the Legal Representative considered, among other things, the possible outcome of disputed issues, including the issues of substantive consolidation, successor liability, validity of the Asbestos Personal Injury Claims, and alleged fraudulent conveyances, and the cost and delay that would be occasioned by litigating to conclusion all such issues. In proposing the Plan, the Plan Proponents are offering a non-litigation solution to Creditors. This solution, which the Debtors believe fairly reflects the risks of litigation, will reduce the future duration of these Chapter 11 Cases and the expenses attendant to protracted disputes. While a litigated outcome of each of these issues might differ from the result produced by the Plan itself, the Debtors believe that, if the issues resolved by the Plan were litigated to conclusion, these Chapter 11 Cases would be prolonged for, at a minimum, an additional year,[1] and probably much longer, and the Debtors' estates would incur significant costs in connection therewith.

3. Overall Fairness of the Settlement

The Debtors firmly believe that the global compromise embodied in the Plan is fair to the Debtors and Creditors and falls within the range of reasonableness required for approval by the Bankruptcy Court.

Although the Debtors believe the global compromise can be approved solely on the basis that the settlements contained therein fall within the range of reasonable outcomes, the Debtors also believe that the benefits obtained from avoiding continued litigation with Creditors and others who have conflicting interests cannot be overemphasized. Indeed, if a compromise had not been reached, the Debtors believe that the cost, delay, and uncertainty attendant to litigating the complex issues resolved by the Plan would have resulted in substantially lower recoveries for most, if not all, Creditors.

C DISTRIBUTIONS, CLASSIFICATION AND TREATMENT UNDER THE PLAN

1. Priority of Distributions

In accordance with the Bankruptcy Code, all Allowed Administrative Expense Claims and priority claims are paid in full on the terms allowed by the Bankruptcy Code. Unsecured claims are classified logically into classes based on their origins (*i.e.*, asbestos claims, commercial claims, environmental claims) and are paid from the Debtors' estates or the Asbestos Trust, as the case may be. Equity Interests are paid nothing. Therefore, the Plan is fair and equitable and satisfies the absolute priority rule, even though such rule will not be implicated unless a class of impaired claims rejects the Plan.

The Plan further provides that Administrative Expense Claims may be fixed either before or after the Effective Date.

2. Summary of Classification and Treatment

The table below summarizes the classification, treatment of, and estimated recovery on Allowed Claims and Equity Interests under the Plan. Further, the table identifies those Classes entitled to vote on the Plan based on the rules set forth in the Bankruptcy Code. The summary information reflected

[1] The evidentiary hearing for Phase I of the Estimation Litigation was scheduled for June 8, 2009, but that schedule has been superseded and all deadlines in this proceeding have been suspended by an Agreed Order Staying Certain Matters, which the Bankruptcy Court entered on August 22, 2008. For additional details on the Estimation Litigation, see Section IV(I) below.

in the table is qualified in its entirety by reference to the full text of the Plan. Please refer to Sections II(C) and V(B) hereof, as well as Exhibit A for additional information regarding the Plan and distributions thereunder. The recovery estimates set forth below are preliminary and are generally based upon information available to the Debtors as of December 1, 2008. The preliminary value of assets and amount of claims used to calculate the estimated recoveries may be significantly different than the ultimate values collected and the ultimate claims allowed. Therefore, the actual distributions under the Plan may be substantially higher or lower than the estimated recoveries set forth below.[2] Except with respect to funding the Asbestos Trust, the Reorganized Debtors shall make a payment on account of a Disputed Claim only after, and to the extent that, such Disputed Claim becomes Allowed. All payments to be made in Cash under the Plan shall be made, at the election of the Reorganized Debtors (or the Reorganized Debtors' agent), by check or wire transfer.

Pursuant to the settlement embodied in the Plan, the Debtors pay fixed amounts to the Asbestos Trust to satisfy all pending and future Asbestos Claims resolved in accordance with the Asbestos Trust's procedures. The estimates herein of recoveries to Asbestos Claims are based on estimates provided by the Asbestos Claimants Committee and Legal Representative.

Refer to Section IX, "Risk Factors and Other Factors to Be Considered," for additional information.

- The Effective Date is assumed to occur on or before February 17, 2009.
- The estimated aggregate amount of Allowed G-I Priority Non-Tax Claims and Allowed ACI Priority Non-Tax Claims against the Debtors is $0.
- The estimated aggregate amount of Allowed G-I Secured Claims and Allowed ACI Secured Claims against the Debtors is $0.
- The estimated aggregate amount of Allowed G-I Unsecured Claims against the Debtors is $1,110,629.
- The estimated aggregate amount of Allowed ACI Unsecured Claims against the Debtors is $0.
- The estimated aggregate amount of Asbestos Personal Injury Claims and demands against the Debtors is in excess of $7,000,000,000.
- The estimated aggregate amount of Allowed Asbestos Property Damage Claims and Allowed Asbestos Property Damage Contribution Claims against the Debtors is $0.
- The estimated aggregate CCR Payment Amount is $9,900,000.
- The estimated aggregate amount of Allowed Bonded Claims against the Debtors is $10,068,790.
- The estimated aggregate amount of Allowed ACI Affiliate Claims against the Debtors is $0.

[2] The estimated recoveries set forth below represent the estimated recovery of each Class under the Plan. Consequently, to the extent that a Creditor is entitled to satisfy all or a portion of such Creditor's Claim through setoff, offset or recoupment, such Creditor's recovery may be higher than reflected herein.

SUMMARY OF CLASSIFICATION AND TREATMENT OF CLAIMS AND EQUITY INTERESTS UNDER THE PLAN

Class	Type of Claim or Equity Interest	Treatment	Estimated Recovery
--	Administrative Expense Claims	Unimpaired. Except to the extent that any entity entitled to payment of any Allowed Administrative Expense Claim agrees to a less favorable treatment with the applicable Debtor, each holder of an Allowed Administrative Expense Claim shall receive Cash in an amount equal to such Allowed Administrative Expense Claim on the later of the Effective Date and the date on which such Administrative Expense Claim becomes an Allowed Administrative Expense Claim, or as soon thereafter as is reasonably practicable; *provided, however*, that Allowed Administrative Expense Claims representing liabilities incurred in the ordinary course of business by the applicable Debtor-in-Possession shall be paid in full and performed by the applicable Reorganized Debtor in the ordinary course of business in accordance with the terms and subject to the conditions of any agreements governing, instruments evidencing, or other documents relating to such transactions.	100%
--	Priority Tax Claims	Unimpaired. Except to the extent that a holder of an Allowed Priority Tax Claim has been paid by the applicable Debtor prior to the Effective Date or agrees to a different treatment, each holder of an Allowed Priority Tax Claim shall receive, at the sole option of the applicable Reorganized Debtor and in full and complete satisfaction of any and all liability attributable to such Priority Tax Claim on the latest of (i) the Effective Date, (ii) the date on which such Priority Tax Claim becomes an Allowed Priority Tax Claim, and (iii) the date such Allowed Priority Tax Claim is payable under applicable nonbankruptcy law, or as soon thereafter as is reasonably practicable, (a) Cash in an amount equal to such Allowed Priority Tax Claim, (b) a transferable note that provides for a Cash payment in an amount equal to such Allowed Priority Tax Claim, together with interest at four percent (4%), on the sixth (6th) anniversary from the date of the final determination of the assessment of such Allowed Priority Tax Claim, or (c) any combination of Cash and a note, on the terms provided in subsections (a) and (b) hereof, in an aggregate Cash and principal amount equal to such Allowed Priority Tax Claim; *provided*, that the Debtors reserve the right to prepay any such note in part or in whole at any time without premium or	100%

Class	Type of Claim or Equity Interest	Treatment	Estimated Recovery
		penalty; and provided, further, that no holder of an Allowed Priority Tax Claim shall be entitled to any payments on account of any pre-Effective Date interest accrued on or penalty arising after the Commencement Date with respect to or in connection with such Allowed Priority Tax Claim.	
Class 1A	G-I Priority Non-Tax Claims	Unimpaired. The legal, equitable, and contractual rights of the holders of Allowed G-I Priority Non-Tax Claims are unaltered by the Plan, or such Allowed G-I Priority Non-Tax Claims shall otherwise be rendered unimpaired pursuant to section 1124 of the Bankruptcy Code.	100%
Class 1B	ACI Priority Non-Tax Claims	Unimpaired. The legal, equitable, and contractual rights of the holders of Allowed ACI Priority Non-Tax Claims are unaltered by the Plan, or such Allowed ACI Priority Non-Tax Claims shall otherwise be rendered unimpaired pursuant to section 1124 of the Bankruptcy Code.	100%
Class 2A	G-I Secured Claims	Unimpaired. The legal, equitable, and contractual rights of the holders of Allowed G-I Secured Claims are unaltered by the Plan, or such Allowed G-I Secured Claims shall otherwise be rendered unimpaired pursuant to section 1124 of the Bankruptcy Code.	100%
Class 2B	ACI Secured Claims	Unimpaired. The legal, equitable, and contractual rights of the holders of Allowed ACI Secured Claims are unaltered by the Plan, or such Allowed ACI Secured Claims shall otherwise be rendered unimpaired pursuant to section 1124 of the Bankruptcy Code.	100%
Class 3A	G-I Unsecured Claims	Impaired. On the later of (i) the Effective Date and (ii) the date on which a G-I Unsecured Claim becomes an Allowed G-I Unsecured Claim, or as soon thereafter as is reasonably practicable, each holder of an Allowed G-I Unsecured Claim shall receive Cash in an amount equal to 8.6% of such Allowed Claim.	8.6%
Class 3B	ACI Unsecured Claims	Unimpaired. The legal, equitable, and contractual rights of the holders of Allowed ACI Unsecured Claims are unaltered by the Plan, or such Allowed ACI Unsecured Claims shall otherwise be rendered unimpaired pursuant to section 1124 of the Bankruptcy Code.	100%

Class	Type of Claim or Equity Interest	Treatment	Estimated Recovery
Class 4	Environmental Claims for Remedial Relief	Unimpaired. The legal, equitable, and contractual rights of the holders of Allowed Environmental Claims for Remedial Relief are unaltered by the Plan, or such Allowed Environmental Claims for Remedial Relief shall otherwise be rendered unimpaired pursuant to section 1124 of the Bankruptcy Code.	100%
Class 5	Other Environmental Claims	Impaired. On the later of (i) the Effective Date and (ii) the date on which an Other Environmental Claim becomes an Allowed Other Environmental Claim, or as soon thereafter as is reasonably practicable, each holder of an Allowed Other Environmental Claim shall receive Cash in an amount equal to 8.6% of such Allowed Claim.	8.6%
Class 6	Asbestos Claims	Impaired. All Class 6 Claims shall be resolved, determined, and paid pursuant to section 524(g) of the Bankruptcy Code and the terms, provisions, and procedures of the Asbestos Trust Agreement and the Asbestos Trust Distribution Procedures. The Asbestos Trust will be funded in accordance with the provisions of Section 4.4 of the Plan. The sole recourse of the holder of a Class 6 Claim shall be to the Asbestos Trust, and such holder shall have no right whatsoever at any time to assert its Class 6 Claim against any Protected Party. ***Without limiting the foregoing, on the Effective Date, all holders of Asbestos Claims shall be subject to the Asbestos Permanent Channeling Injunction.*** Asbestos Claims will be temporarily allowed for the limited purpose of voting on the Plan, but the ultimate resolution of Asbestos Claims will be made pursuant to the Asbestos Trust Distribution Procedures rather than by means of an allowance proceeding in the Bankruptcy Court.	8.6%
Class 7	Asbestos Property Damage Claims and Asbestos Property Damage Contribution Claims	Impaired. On the later of (i) the Effective Date and (ii) the date on which an (A) Asbestos Property Damage Claim becomes an Allowed Asbestos Property Damage Claim or (B) Asbestos Property Damage Contribution Claim becomes an Allowed Asbestos Property Damage Contribution Claim, or as soon thereafter as is reasonably practicable, each holder of an Allowed Asbestos Property Damage Claim or Allowed Asbestos Property Damage Contribution Claim shall receive Cash in an amount equal to 8.6%[*] of such Allowed Claim; *provided,*	8.6%

[*] The percentage will match the Asbestos Trust Initial Payment Percentage.

Class	Type of Claim or Equity Interest	Treatment	Estimated Recovery
		however, that (i) all Allowed Asbestos Property Damage Claims or Allowed Asbestos Property Damage Contribution Claims shall be paid solely from the PD Existing Insurance and shall receive no Cash distribution from G-I, and (ii) such Allowed Property Damage Claims and Allowed Property Damage Contribution Claims shall be subject to the terms and provisions of Section 6.5 of the Plan.	
Class 8	CCR Claim	Unimpaired if the CCR Settlement is Approved.	100%
		Impaired if the CCR Claim is litigated.	8.6%
		If, by the Effective Date, the CCR Claim has been Allowed pursuant to a CCR Settlement Agreement approved by the Bankruptcy Court and executed and delivered by the parties thereto, then on the Effective Date or as soon thereafter as is reasonably practicable, and in accordance with such CCR Settlement Agreement, the Reorganized Debtors shall pay to CCR the CCR Payment Amount as specified in clause (a) of the definition thereof. If no such CCR Settlement Agreement is approved, executed and delivered, then the Allowed amount, if any, of the CCR Claim shall be determined in a CCR Allowance Proceeding. If, before the Effective Date, the CCR Claim is Allowed pursuant to a Final Order in a CCR Allowance Proceeding, the Reorganized Debtors shall pay to CCR, on the Effective Date or as soon thereafter as is reasonably practicable, the CCR Payment Amount as specified in clause (b) of the definition thereof. The Plan may be consummated notwithstanding the pendency of a CCR Allowance Proceeding if, but only if, the Asbestos Claimants Committee and the Legal Representative, in their sole discretion, have provided the written consents described in Section 12.2(c) of the Plan. Upon the delivery of such written consents, the Reorganized Debtors shall create the CCR Escrow on the Effective Date as provided in Section 4.4(c)(i)(C) of the Plan, in the amount required by that Section, and thereafter, upon the entry of a Final Order in such CCR Proceeding, shall cause a sum equal to the CCR Payment Amount to be disbursed to CCR from the CCR Escrow. Once the CCR Escrow is created, the Debtors and Reorganized Debtors shall have no liability in respect of the CCR Claim beyond having	

Class	Type of Claim or Equity Interest	Treatment	Estimated Recovery
		the escrow agent turn over the appropriate amount from the CCR Escrow.	
Class 9	Bonded Claims	Unimpaired. On the later of (i) the Effective Date and (ii) the date on which a Bonded Claim becomes an Allowed Bonded Claim, or as soon thereafter as is reasonably practicable, each holder of an Allowed Bonded Claim shall receive Cash in an amount equal to such Allowed Bonded Claim; *provided, however*, that (i) in no event shall such Cash distribution exceed the amount of the bond securing such Allowed Bonded Claim and (ii) each such holder of an Allowed Bonded Claim shall look solely to the bond securing its Claim for such Cash distribution, and shall receive no Cash distribution from G-I. If the holder of the Bonded Claim and G-I do not agree on the Allowed amount of the Bonded Claim, the Bankruptcy Court shall determine the amount of such holder's Allowed Bonded Claim, which amount shall then be paid to such holder from the bond securing such holder's Allowed Bonded Claim.	100%
Class 10A	G-I Affiliate Claims	Impaired. On the Effective Date, each holder of a G-I Affiliate Claim shall receive no distribution of Cash or property in respect of such Claim.	0%
Class 10 B	ACI Affiliate Claims	Unimpaired. The legal, equitable, and contractual rights of the holders of Allowed ACI Affiliate Claims are unaltered by the Plan, or such Allowed ACI Affiliate Claims shall otherwise be rendered unimpaired pursuant to section 1124 of the Bankruptcy Code.	100%
Class 11	G-I Equity Interest Redemption Claims	Impaired. On the Effective Date, each holder of a G-I Equity Interest Redemption Claim shall receive no distribution of Cash or property in respect of such Claim.	0%
Class 12A	G-I Equity Interests	Impaired. On the Effective Date, all instruments evidencing a G-I Equity Interest (but not the G-I Class B Shares) shall be canceled without further action under any applicable agreement, law, regulation, or rule. The G-I Equity Interests shall be extinguished and holders of G-I Equity Interests shall neither receive nor retain any property under the Plan.	0%
Class 12B	ACI Equity Interests	Impaired. On the Effective Date, all instruments evidencing an ACI Equity Interest (but not the ACI Class B Shares) shall be canceled without further	0%

Class	Type of Claim or Equity Interest	Treatment	Estimated Recovery
		action under any applicable agreement, law, regulation, or rule. The ACI Equity Interests shall be extinguished and holders of ACI Equity Interests shall neither receive nor retain any property under the Plan.	

For confirmation of the Plan to occur, the Confirmation Order must contain findings that are consistent with and required by section 524(g) of the Bankruptcy Code. Section 524(g) contains requirements for a "channeling injunction" of the type that is provided under the Plan. Only the Debtors, together with the Asbestos Claimants Committee and the Legal Representative may waive the satisfaction of these conditions to confirmation of the Plan. In addition, in order for confirmation of the Plan to occur, Class 6 (Asbestos Claims) must vote, by at least 75 percent (75%) of those voting, in favor of the Plan.

Following confirmation of the Plan, the Plan will not become effective until the Effective Date, which will be a Business Day selected by the Debtors that is on or after the date by which the conditions precedent to the effectiveness of the Plan specified in Section 10.1(b) of the Plan have been satisfied. The satisfaction of many of the conditions to the occurrence of the Effective Date is beyond the control of the Debtors. The Plan Proponents may jointly waive, in whole or in part, the conditions to the Effective Date to the extent practicable and legally permissible.

All Asbestos Claims will be resolved, determined, and paid pursuant to section 524(g) of the Bankruptcy Code and the terms, provisions, and procedures of the Asbestos Trust Agreement and the Asbestos Trust Distribution Procedures. The Asbestos Trust will be funded in accordance with the provisions of Section 4.4 of the Plan. The sole recourse of the holder of an Asbestos Claim will be to the Asbestos Trust, and such holder shall have no right whatsoever at any time to assert its Class 6 Claim against any Protected Party. ***Without limiting the foregoing, on the Effective Date and irrevocably thereafter, all holders of Asbestos Claims shall be subject to the Asbestos Permanent Channeling Injunction.***

II. INTRODUCTION TO DISCLOSURE STATEMENT

The Debtors submit this Disclosure Statement pursuant to section 1125 of the Bankruptcy Code to holders of Claims against the Debtors in connection with (i) the solicitation of acceptances of the Debtors' First Amended Joint Plan of Reorganization Pursuant to Chapter 11 of the United States Bankruptcy Code, dated October 30, 2008, filed by the Plan Proponents with the United States Bankruptcy Court for the District of New Jersey and (ii) the confirmation Hearing scheduled for [January 28, 2009], commencing at 10:00 a.m., prevailing Eastern Time.

On [___], 2008, the Bankruptcy Court, under section 1125 of the Bankruptcy Code, approved this Disclosure Statement as containing information of a kind, and in sufficient detail, adequate to enable a hypothetical, reasonable investor typical of the solicited classes of Claims of the Debtors to make an informed judgment with respect to the acceptance or rejection of the Plan. APPROVAL OF THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE A DETERMINATION BY THE BANKRUPTCY COURT EITHER OF THE FAIRNESS OR THE MERITS OF THE PLAN OR OF THE ACCURACY OR COMPLETENESS OF INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT.

The Disclosure Statement Order, a copy of which is annexed hereto as Exhibit B, sets forth in detail, among other things, the deadlines, procedures and instructions for voting to accept or reject

the Plan and for filing objections to confirmation of the Plan, the record date for voting purposes, and the applicable standards for tabulating Ballots. In addition, detailed voting instructions accompany each Ballot. Each holder of a Claim entitled to vote on the Plan should read this Disclosure Statement, the Plan, the Disclosure Statement Order, the Ballot, and the instructions accompanying the Ballot in their entirety before voting on the Plan. These documents contain important information concerning the classification of Claims and Equity Interests for voting purposes and the tabulation of votes. No solicitation of votes to accept the Plan may be made except pursuant to section 1125 of the Bankruptcy Code.

A PURPOSE OF THIS DISCLOSURE STATEMENT

The purpose of this Disclosure Statement is to provide the holders of Claims against the Debtors with adequate information to make an informed judgment about the Plan. This information includes, among other things, a brief history of the Debtors, a description of the Debtors' prepetition businesses, a description of the Debtors' prepetition assets and liabilities, a summary of the Debtors' Chapter 11 Cases, a summary of the distributions to be made under the Plan, and an explanation of the Plan mechanics.

B REPRESENTATIONS

This Disclosure Statement is intended for the sole use of Creditors and other parties in interest, and for the sole purpose of assisting those parties in making an informed decision about the Plan. Each Creditor is urged to review the Plan in full prior to voting on the Plan to ensure a complete understanding of the Plan and this Disclosure Statement.

No representations or other statements concerning the Debtors (particularly as to their future business operations or the value of their assets) or other Plan Proponents are authorized by the Debtors other than those expressly set forth in this Disclosure Statement. Creditors should not rely upon any representations or inducements made to secure acceptance of the Plan other than those set forth in this Disclosure Statement.

Except as otherwise expressly indicated, the portions of this Disclosure Statement describing the Debtors, their businesses and properties, and related financial information were prepared by the Debtors, or taken from publicly available information.

This Disclosure Statement has not been approved or disapproved by the SEC; neither has the SEC passed upon the accuracy or adequacy of the statements contained herein.

This Disclosure Statement contains statements that are forward-looking. Forward-looking statements are statements of expectations, beliefs, plans, objectives, assumptions, projections, and future events or performance. Among other things, this Disclosure Statement contains forward-looking statements with respect to anticipated future performance of BMCA, as well as anticipated future determination of claims and distributions on claims. These statements, estimates, and projections may or may not prove to be correct. Actual results could differ materially from those reflected in the forward-looking statements contained herein. Forward-looking statements are not guarantees of future performance and involve risks and uncertainties that could cause actual results or outcomes to differ materially from those expressed. Such risks and uncertainties, include, without limitation: risks inherent in the Chapter 11 process, such as the non-confirmation of the Plan, non-occurrence or delayed occurrence of the Effective Date; the effects of the departure of past and present employees of the Debtors; the preliminary and uncertain nature of valuations and estimates contained in the Plan; potential environmental liabilities; economic, political, regulatory, and legal risks affecting the finances and operations of the Debtors; and the uncertain timing, costs, and recovery values involved in the Debtors' efforts to recover accounts receivable. The Debtors undertake no obligation to update any forward-

looking statement to reflect the occurrence of unanticipated events. New factors emerge from time to time and it is not possible to predict all such factors, nor can the impact of any such factor be assessed.

This Disclosure Statement summarizes the terms of the Plan, which summary is qualified in its entirety by reference to the full text of the Plan, and if any inconsistency exists between the terms and provisions of the Plan and this Disclosure Statement, then the terms and provisions of the Plan are controlling.

Unless otherwise specified, the statements contained in this Disclosure Statement are made as of the date of the Disclosure Statement and the delivery of this Disclosure Statement does not imply that there have been no changes in the information set forth herein after such date. The Debtors undertake no duty to update this information.

This Disclosure Statement may not be relied on for any purpose other than to determine whether to vote to accept or reject the Plan, and nothing stated herein shall constitute an admission of any fact or liability by any party, or be admissible in any proceeding involving the Debtors or any other party, or be deemed conclusive evidence of the tax or other legal effects of the plan on the Debtors or holders of Claims or Equity Interests.

All holders of Claims entitled to vote should carefully read and consider fully the risk factors set forth in Section IX hereof, before voting to accept or reject the Plan.

Summaries of certain provisions of agreements referred to in this Disclosure Statement are not complete and are subject to, and are qualified in their entirety by reference to, the full text of the applicable agreement, including the definitions of terms contained in such agreement.

Holders of Claims entitled to vote should read this Disclosure Statement and the Plan carefully and in their entirety and may wish to consult with counsel prior to voting on the Plan.

C HOLDERS OF CLAIMS ENTITLED TO VOTE

Pursuant to the provisions of the Bankruptcy Code, only holders of allowed claims or equity interests in classes of claims or equity interests that are impaired and that are not deemed to have rejected a proposed plan are entitled to vote to accept or reject a proposed plan. Classes of claims or equity interests in which the holders of claims or equity interests are unimpaired under a chapter 11 plan are presumed to have accepted the plan and are not entitled to vote to accept or reject the plan. Classes of claims or equity interests in which the holders of claims or equity interests will receive no recovery under a chapter 11 plan are deemed to have rejected the plan and are not entitled to vote to accept or reject the plan. For a detailed description of the treatment of Claims and Equity Interests under the Plan, refer to Section V(B).

Classes 1A, 1B, 2A, 2B, 3B, 4, 8, 9 and 10B are unimpaired. As a result, holders of Claims in those Classes are conclusively presumed to have accepted the Plan and are not entitled to vote; *provided, however*, that Class 8 is impaired and is entitled to vote if the CCR Settlement is not approved prior to the voting deadline.

Classes 3A, 5, 6 and 7 of the Plan are impaired and, to the extent Claims in such Classes are Allowed Claims, the holders of such Claims will receive distributions under the Plan. Claims in Class 6 will be allowed for the limited purpose of voting on the Plan but, if the Plan is confirmed and consummated, will be channeled to the Asbestos Trust for resolution, rather than determined by the Bankruptcy Court in an allowance proceeding. As a result, holders of Claims in those Classes are entitled

to vote to accept or reject the Plan. As described more fully herein, while Class 5 is entitled to vote, the Debtors will conclusively deem Class 5 to have rejected the Plan.

Classes 10A, 11, 12A, and 12B of the Plan, consisting of all G-I Affiliate Claims, G-I Equity Interest Redemption Claims, G-I Equity Interests and ACI Equity Interests, are impaired. Holders of G-I Affiliate Claims and holders of G-I Equity Interest Redemption Claims shall receive no distribution of Cash or property in respect of such Claims. On the Effective Date, all instruments evidencing a G-I Equity Interest or an ACI Equity Interest (but not the G-I Class B Shares and the ACI Class B Shares) shall be canceled without further action under any applicable agreement, law, regulation, or rule. The G-I Equity Interests and ACI Equity Interests (but not the G-I Class B Shares and the ACI Class B Shares) shall be extinguished and holders of such interests shall not receive nor retain any property under the Plan. As a result, holders of Claims in Classes 10A and 11 and holders of Equity Interests in Classes 12A and 12B are conclusively deemed to have rejected the Plan and are not entitled to vote.

Section 1126 of the Bankruptcy Code defines "acceptance" of a plan by a class of claims as acceptance by creditors in that class that hold at least two-thirds in dollar amount and more than one-half in number of the claims that cast ballots for acceptance or rejection of the plan. Thus, acceptance of the Plan by Classes 3A, 6 and 7 will occur only if at least two-thirds in dollar amount and a majority in number of the holders of such Claims in each Class that cast their Ballots vote in favor of acceptance of the Plan. The confirmation of the Plan is also subject to the further condition that the Plan be accepted by at least 75% of the holders of Class 6 Claims who vote on the Plan. As noted above, Class 5 is conclusively deemed to have rejected the Plan. A vote may be disregarded if the Bankruptcy Court determines, after notice and a hearing, that such acceptance or rejection was not solicited or procured in good faith or in accordance with the provisions of the Bankruptcy Code. For a more detailed description of the requirements for confirmation of the Plan, refer to Section X for further information.

It is important that Creditors exercise their right to vote to accept or reject the Plan. **Even if you do not vote to accept the Plan, you may be bound by it, if it is accepted by the requisite holders of Claims**. The amount and number of votes required for confirmation of the Plan are computed on the basis of the total amount of Claims actually voting to accept or reject the Plan. Refer to Section X for further information.

If a Class of Claims entitled to vote on the Plan rejects the Plan, the Plan Proponents reserve the right to amend the Plan or request confirmation of the Plan pursuant to section 1129(b) of the Bankruptcy Code or both. Section 1129(b) permits the confirmation of a chapter 11 plan notwithstanding the nonacceptance of a plan by one or more impaired classes of claims or equity interests. Under that section, a plan may be confirmed by a bankruptcy court if the plan does not "discriminate unfairly" and is "fair and equitable" with respect to each nonaccepting class. For a more detailed description of the requirements for confirmation of a nonconsensual plan, refer to Section V(C).

In the event that a Class of Claims entitled to vote does not vote to accept the Plan, the determination whether to request confirmation of the Plan pursuant to section 1129(b) of the Bankruptcy Code will be announced prior to or at the Confirmation Hearing.

D SUBMITTING A BALLOT

To determine whether you are entitled to vote on the Plan, refer to Section I(C)(2). If you are entitled to vote, you should carefully review this Disclosure Statement, including the attached exhibits and the instructions accompanying the Ballot. Then, indicate your acceptance or rejection of the Plan by voting for or against the Plan on the enclosed Ballot or Ballots and return the Ballot(s) in the postage-paid envelope provided. If you hold Claims in more than one Class and you are entitled to vote Claims in

more than one Class, you will receive separate Ballots, which must be used for each separate Class of Claims. Refer to Exhibit C for further information.

Please vote and return your Ballot(s) to:

G-I Holdings Inc., *et al*. Ballot Processing
c/o Epiq Bankruptcy Solutions LLC
757 Third Avenue
New York, New York 10017
Attn: G-I Holdings Inc.

TO BE COUNTED, YOUR BALLOT INDICATING ACCEPTANCE OR REJECTION OF THE PLAN MUST BE RECEIVED BY NO LATER THAN 4:00 P.M. (PREVAILING EASTERN TIME) ON [JANUARY 23, 2009]. YOUR BALLOT WILL NOT BE COUNTED IF RECEIVED AFTER THIS DEADLINE. ANY EXECUTED BALLOT RECEIVED THAT DOES NOT INDICATE EITHER AN ACCEPTANCE OR A REJECTION OF THE PLAN WILL NOT BE COUNTED.

If the return envelope provided with your Ballot was addressed to your bank or brokerage firm, please allow sufficient time for that firm to process your vote on a Master Ballot before the Voting Deadline (4:00 p.m., prevailing Eastern Time, [January 23, 2009]).

Any Claim in an impaired Class as to which an objection or request for estimation is pending or that is listed on the Schedules as unliquidated, disputed, or contingent is not entitled to vote unless the holder of such Claim has obtained an order of the Bankruptcy Court temporarily allowing such Claim for the purpose of voting on the Plan.

The Legal Representative has no vote on the Plan.

Pursuant to the Disclosure Statement Order, the Bankruptcy Court set [__], 2008 as the record date for voting on the Plan. Accordingly, only holders of record as of [___], 2008 that otherwise are entitled to vote under the Plan will receive a Ballot and may vote on the Plan.

If you are a holder of a Claim entitled to vote on the Plan and you did not receive a Ballot, received a damaged Ballot, or lost your Ballot, or if you have any questions concerning the Disclosure Statement, the Plan, or the procedures for voting on the Plan, please call or contact Epiq Bankruptcy Solutions LLC at (866) 258-8898 or their website: http://chapter11.epiqsystems.com/GIH.

DO NOT RETURN YOUR SECURITIES OR ANY OTHER DOCUMENTS WITH YOUR BALLOT.

THE DEBTORS BELIEVE THAT THE PLAN PROVIDES THE BEST POSSIBLE RECOVERIES TO THE DEBTORS' CREDITORS. THE DEBTORS THEREFORE BELIEVE THAT ACCEPTANCE OF THE PLAN IS IN THE BEST INTERESTS OF EACH AND EVERY CLASS OF CREDITORS AND URGE ALL HOLDERS OF IMPAIRED CLAIMS ENTITLED TO VOTE ON THE PLAN TO ACCEPT THE PLAN.

E CONFIRMATION HEARING

Under section 1128 of the Bankruptcy Code, the Bankruptcy Court has scheduled the Confirmation Hearing on [January 28, 2009 at 10:00 a.m.], prevailing Eastern Time, in the United States Bankruptcy Court for the District of New Jersey, Martin Luther King Jr. Federal Building, 50 Walnut Street, Third Floor, Newark, New Jersey, 67101. The Confirmation Hearing may be adjourned from time to time without notice except as given at the Confirmation Hearing or at any subsequent adjourned Confirmation Hearing. The Bankruptcy Court has directed that objections, if any, to confirmation of the

Plan be filed and served on or before [January 8, 2009 at 4:00 p.m.], prevailing Eastern Time. Refer to Section X(A) for further information.

III. GENERAL INFORMATION

A OVERVIEW OF CHAPTER 11

Chapter 11 is the principal business reorganization chapter of the Bankruptcy Code. Under chapter 11 of the Bankruptcy Code, a debtor is authorized to reorganize its business for the benefit of its creditors, equity interest holders, employees, customers, and investors. In addition to permitting the rehabilitation of a debtor, another goal of chapter 11 is to promote fair treatment for similarly situated creditors and similarly situated equity interest holders with respect to the distribution of a debtor's value.

The commencement of a chapter 11 case creates an estate that is comprised of all of the legal and equitable interests of the debtor as of the commencement date. The Bankruptcy Code provides that the debtor may continue to operate its business and remain in possession of its property as a "Debtor-in-Possession."

The consummation of a plan of reorganization is the principal objective of a chapter 11 reorganization case. A plan of reorganization sets forth the means for satisfying claims against and interests in a debtor. Confirmation of a plan of reorganization by the bankruptcy court binds the debtor, any issuer of securities under the plan, any person acquiring property under the plan and any creditor or equity interest holder of a debtor. Subject to certain limited exceptions, the order confirming a plan discharges a debtor from any debt that arose prior to the date of confirmation of the plan and substitutes therefore the obligations specified under the confirmed plan.

Holders of claims against and interests in a debtor are permitted to vote to accept or reject the plan. Prior to soliciting acceptances of the proposed plan, however, section 1125 of the Bankruptcy Code requires a debtor to prepare a disclosure statement containing adequate information of a kind, and in sufficient detail, to enable a hypothetical reasonable investor to make an informed judgment regarding the plan. The Debtors are submitting this Disclosure Statement to holders of Claims against the Debtors to satisfy the requirements of section 1125 of the Bankruptcy Code.

B EVENTS LEADING TO THE COMMENCEMENT OF THE CHAPTER 11 CASES

G-I is a privately-held holding company with BMCA as its primary operating subsidiary. BMCA operates as a non-debtor and is not itself in chapter 11. Prior to 1967, G-I's predecessor, General Aniline & Film Corporation, was engaged in the development, manufacturing and sale of photographic and chemical products. In 1967, General Aniline & Film Corporation merged (the "1967 Merger") with the Ruberoid Company ("Ruberoid"), an industrial and building products company, and later changed its name to GAF Corporation. As GAF Corporation, the Company continued its historic business and the business of Ruberoid.

To facilitate administrative efficiency, effective October 31, 2000, GAF Corporation, merged into its direct subsidiary, G-I Holdings Inc. G-I Holdings Inc. then merged into its direct subsidiary, G Industries Corp., which in turn merged into its direct subsidiary, GAF Fiberglas Corporation. In that merger, GAF Fiberglass Corporation changed its name to GAF Corporation. Effective November 13, 2000, GAF Corporation merged into its direct subsidiary, GAF Building Materials Corporation, whose name was changed in the merger to G-I Holdings, Inc. G-I Holdings Inc. is a wholly-owned subsidiary of G Holdings Inc. ("G Holdings"). Samuel J. Heyman beneficially owns (as defined in Rule 13d-3 of the Securities Exchange Act) approximately 99% of G Holdings Inc.

G-I's asbestos liabilities arise primarily from Ruberoid's manufacture of an asbestos-containing thermal insulation product known as Calsilite®. Ruberoid began as a manufacturer of rubber-like roofing and coating products that did not contain asbestos. At the request of the United States Navy during World War II, however, Ruberoid produced Calsilite® – a thermal insulation product used on the United States' naval and other ships. Ruberoid supplied this product, manufactured in accordance with government specifications, to naval shipyards around the country. After the 1967 Merger, GAF Corporation designed an asbestos free product similar to Calsilite® which was rejected by the Navy. The Company ceased production of Calsilite® in 1971. In addition to Calsilite®, Ruberoid (until the 1967 Merger) and then GAF Corporation (after the 1967 Merger) produced a variety of other products that may have contained asbestos including asbestos fiber, asbestos paper, rollboard and millboard, coatings, felt, asbestos-cement boards, sheets and siding, shingles and roll roofing, flooring, and pipe covering,cement and block products. No GAF Corporation product contained asbestos as part of its formulation after 1981.

ACI, formerly known as Alkaril Chemicals, Inc. ("Alkaril"), was formed in 1978. Alkaril manufactured surfactants and other specialty chemicals. On August 18, 1992, Alkaril changed its name to ACI Inc. In November 1987, Alkaril and its Canadian affiliate Alkaril Chemicals Ltd. were acquired by GAF Corporation and its subsidiary GAF Chemicals Corporation through a series of stock purchase transactions. Alkaril and GAF Corporation are collectively referred to as "GAF" in the following discussion.

On February 12, 1990, pursuant to an Asset Sale Agreement, GAF sold the assets (the "Surfactants Assets") of the GAF surfactants business to two newly formed Grantor Trusts (the "Purchaser Trusts"), of which Alkaril and GAF were the sole beneficiaries. The Purchaser Trusts then contributed the Surfactants Assets to a limited partnership (the "Partnership") in exchange for limited partnership interests and, in turn, contributed such interests to a third trust which became a successor limited partner of the Partnership (the "Limited Partner Trust"). The Limited Partner Trust was entitled to priority distributions from the Partnership. The total consideration for the transferred Surfactants Assets was valued at approximately $480 million, including the assumption and payment of certain liabilities relating to the Surfactants Assets. After the formation of the Partnership, the Limited Partner Trust borrowed $450 million pursuant to a non-recourse loan which was secured by its interest in the Partnership.

GAF's investment in the Partnership was represented by an asset reflecting its investment in the Partnership and $450 million long-term indebtedness reflecting the related non-recourse loan. Although non-recourse to GAF, repayment of the debt was secured by a pledge of GAF's interest in the Partnership. On April 26, 1994, GAF settled outstanding disputes relating to GAF's interest in the Partnership. Under the terms of the settlement agreement, GAF agreed to terminate pending litigation and received a partnership distribution of a portion of its interest in the Partnership of approximately $25.5 million in April 1994. The settlement resulted in pre-tax income of $23 million. The settlement also provided that GAF would receive fixed monthly distributions until 1999 as well as a fixed final distribution in 1999.

On September 15, 1997, G-I Holdings Inc. received a notice from the Internal Revenue Service (the "IRS") of a deficiency in the amount of $84.4 million (after taking into account the use of net operating losses and foreign tax credits otherwise available for use in later years) in connection with the formation of the Partnership. On or about February 9, 1999, GAF transferred via an Amended and Restated Agreement of Trust its ownership interests in the Partnership to a Delaware Business Trust, the GA Trust. The Partnership then retired GAF's interest in the Partnership through a distribution of cash and United States Treasury bonds.

GAF was forced to seek chapter 11 protection in January 2001. G-I sought chapter 11 protection in 2001 due to the significant increase in both the number of asbestos claims filed against GAF Corporation and the amounts demanded by asbestos plaintiffs' lawyers to settle their cases. The

bankruptcies of four major asbestos defendants occurring immediately prior to the Commencement Date further increased the financial pressure on G-I to unanticipated levels. The result was an inability to continue funding the resolution of rising asbestos claims.

C PREPETITION BUSINESS ACTIVITIES

1. BMCA

G-I's principal asset is BMCA, a wholly-owned subsidiary of BMCA Holdings Corporation, which is a wholly-owned subsidiary of G-I, that was created in 1994 upon the transfer by G-I of substantially all of its operating assets relating to its roofing and building materials business to the newly-formed entity. The following is a more detailed description of this transaction as well as another significant transaction involving G-I and BMCA.

a. *The 1994 Transaction*

BMCA was incorporated under the laws of Delaware in 1994 and is a wholly-owned subsidiary of BMCA Holdings Corporation, which is a wholly-owned subsidiary of G-I Holdings Inc. In 1994, BMCA acquired the operating assets and certain liabilities of GAF Building Materials Corporation, whose name has been changed to G-I Holdings Inc. G-I Holdings Inc. is a wholly-owned subsidiary of G Holdings Inc. ("G Holdings"). As noted above, Samuel J. Heyman beneficially owns (as defined in Rule 13d-3 of the Securities Exchange Act) approximately 99% of G Holdings Inc.

In 1994, GAF BMC, the predecessor to G-I, was a major manufacturer of roofing and building materials and a well-recognized defendant in asbestos litigation (typically sued as "GAF Corporation"). Despite the efforts of GAF BMC's management to grow the company, the capital markets were not open to GAF BMC (except perhaps on a secured basis) because of the asbestos overhang on the company and, therefore, capital could not be raised to grow the business. Rather than encumber all its assets, GAF BMC's management determined the most beneficial option for all parties in interest was to transfer its operating assets to a new, wholly-owned subsidiary.

Pursuant to the Reorganization Agreement, dated as of January 31, 1994, GAF BMC transferred substantially all its operating assets relating to its roofing and building materials business to BMCA, a newly-formed, wholly-owned subsidiary, in exchange for all issued shares of BMCA's common stock and its assumption of GAF BMC's related liabilities. BMCA also assumed the first $204 million of asbestos liabilities payable in respect of claims for bodily injury pending against GAF BMC as of January 31, 1994, or settled prior to January 31, 1994, whether for indemnity or defense.

As a result of the separation of the BMCA assets from GAF BMC, BMCA's access to the capital markets was greatly enhanced. Specifically, over the next six years, BMCA issued five different series of public bonds and entered into two credit facilities totaling approximately $700 million – all of which provided BMCA with capital to grow its roofing and building materials business.

b. *The 2000 Transaction*

Faced with an escalating volume of asbestos claims filed against GAF Corporation and the bankruptcy filings of other major asbestos defendants, in late 2000 it became clear G-I had no choice but to seek protection under chapter 11 of the Bankruptcy Code. To increase its liquidity in anticipation of its parent company's filing, in December 2000 BMCA obtained an additional $100 million secured credit facility with its existing lenders secured by first liens on substantially all BMCA's assets and amended its credit agreement. BMCA sought and obtained consents from the holders of its outstanding unsecured notes to amend its existing indentures to permit the proposed refinancing. In exchange for

such consents, BMCA granted the senior noteholders a second priority lien on BMCA's assets (the refinancing and related lien grants are referred to collectively below as the "2000 Transaction").

2. Description of the Business

Financial and other information about BMCA and its subsidiaries can be found in (i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2007, filed by BMCA with the Securities and Exchange Commission (the "SEC") on March 28, 2008, a copy of which is annexed hereto as Exhibit F, and (ii) the Quarterly Report on Form 10-Q for the period ended September 28, 2008, filed by BMCA with the SEC on November 12, 2008. You may read and copy documents BMCA has filed with the SEC at the SEC's Public Reading Room located at 450 Fifth Street, N.W., Washington D.C. 20549. You may obtain information on the operation of the Public Reading Room by calling the SEC at 1-800-SEC-0300. The SEC also maintains an Internet site (www.sec.gov) through which you can access reports, proxy and information statements and other information regarding BMCA. The Debtors' monthly operating reports are available on the Bankruptcy Court's Electronic Case Filing System which can be found at www.njb.uscourts.gov, the official website for the Bankruptcy Court. See Section IX for important information that should be considered when reviewing G-I and BMCA's financial information. When applicable, references to BMCA include BMCA's subsidiaries.

a. *Residential Roofing Products*

BMCA is a leading national manufacturer and marketer of a broad line of asphalt and polymer-based roofing products and accessories for the residential and commercial roofing markets. BMCA also manufactures specialty building products and accessories for the professional and do-it-yourself remodeling and residential construction industries. BMCA does business under the name "GAF Materials Corporation."

Residential roofing product sales represented approximately 75%, 74% and 75% of BMCA's net sales in 2007, 2006 and 2005, respectively. BMCA's principal residential roofing products consist of laminated and strip asphalt shingles. BMCA has improved its sales mix of residential roofing products in recent years by increasing emphasis on laminated shingles and accessory products, which generally are sold at higher prices with more attractive profit margins than standard strip shingle products. Based on unit sales, BMCA believes it is the largest manufacturer of residential roofing shingles in the United States.

BMCA's two principal lines are the Timberline® series and the Sovereign® series. The Timberline Series offers a premium laminated product that adds dramatic shadow lines and substantially improves the appearance of a roof. The Sovereign Series is designed to capitalize on the middle market for quality shingles. BMCA also has a line of premium designer shingles which include the Slateline, Grand Slate, Grand Sequoia, Grand Canyon, Country Mansion, Capstone, and Camelot brands. In addition to shingles, the Residential Roofing lines offer the components necessary to install a complete roofing system. BMCA's Weather Stopper® Integrated Roofing System™ begins with Weather Watch® and Stormguard® waterproof underlayments for eaves, valleys and flashings to protect against water seepage between the roof deck and the shingles caused by ice build-up and wind-driven rain. BMCA's Weather Stopper® Integrated Roofing System™ also includes Shingle-Mate®, Leatherback®, and Deck-Armor™ underlayments; Timbertex®, Ridglass™, Seal-A-Ridge® and Z® Ridge Hip and Ridge shingles, which are thicker and typically larger than standard hip and ridge shingles and provide dramatic accents to the slopes and planes of a finished roof; and the Cobra® and Master Flow® Vent series, which provide attic ventilation.

b. *Commercial Roofing Products*

BMCA manufactures a full line of commercial roofing products, including modified bitumen and asphalt built-up roofing products, thermoplastic polyolefin products, liquid applied membrane systems and roofing accessories for use in the application of commercial roofing systems. Commercial roofing represented approximately 19%, 22% and 21% of BMCA's net sales in 2007, 2006 and 2005, respectively.

BMCA markets thermoplastic single-ply commercial roofing products under the EverGuard® trademark. The EverGuard® products address the important and growing single-ply segment of the commercial roofing market. The thermoplastic products offer building owners the reliability of heat-welded seams and ENERGY STAR® qualified systems. The EverGuard® brand also includes Freedom™ self-adhered TPO membranes, which feature faster installation without the need for hot asphalt, solvent-based adhesives, or open-flamed torches. Based on unit sales, BMCA believes it is the largest manufacturer of both asphalt built-up roofing products and modified bitumen products in the United States.

BMCA also manufactures fiberglass-based felts, which are made from asphalt impregnated glass fiber mat for use as a component in asphalt built-up roofing systems under the GAFGLAS® trademark. Most of BMCA's fiberglass-based roofing systems are assembled on the roof by applying successive layers of roofing with asphalt and topped, in some applications, with gravel or mineral surfaced sheets. Thermal insulation may be applied beneath the membrane. BMCA also manufactures base sheets, flashings and other roofing accessories for use in these systems; BMCA's TOPCOAT® roofing system, a liquid-applied membrane system designed to protect and waterproof existing roofing systems; and roof maintenance products. In addition, BMCA markets insulation products under the EnergyGuard™ brandname, which includes perlite and isocyanurate foam in addition to accessories, such as vent stacks, fasteners, and cements and coatings. These products allow BMCA to provide customers with a complete roofing system and the ability to market and sell extended guarantees.

BMCA also sells modified bitumen products under the Ruberoid® trademark. Modified bitumen products are used in new and re-roofing applications or in combination with glass membranes in GAF CompositeRoof™ systems. Modified bitumen systems provide an alternative to conventional built-up roofing systems, including ease of installation and maintenance.

c. *Other Products*

BMCA also manufactures and markets a variety of specialty building products and accessories for the professional and do-it-yourself remodeling and residential construction industries. Specialty products and accessories represented approximately 6%, 4% and 4% of BMCA's net sales in 2007, 2006, and 2005, respectively. These products primarily consist of metal and fiberglass air distribution products for the HVAC (heating, ventilating and air conditioning) industry, decking and railing products, manufactured decorative stone products, and specialty fiber products. BMCA also manufactures a line of specialty coatings for various industrial applications.

d. *Marketing and Sales*

BMCA's sales and marketing functions are designed to help customers grow their businesses and provide better service while offering property owners the best and safest choice from product offerings. BMCA believes it has one of the industry's largest roofing sales forces. BMCA has a staff of technical professionals who work directly with architects, consultants, contractors, and building owners and provide support to BMCA's sales force, distributors, lumberyards, and retailers. A major portion of BMCA's roofing product sales are to wholesale distributors and retailers, who resell BMCA's products to roofing contractors, builders, and property owners. BMCA believes the wholesale

distribution channel represents the principal distribution channel for professionally-installed asphalt roofing products.

BMCA's certified contractor programs offer marketing and support services to nationwide networks of roofing and decorative stone installers, as well as residential homebuilders. BMCA views these certified contractors and builders as an effective extension of its sales force, which promotes BMCA's products and support services (including enhanced warranty protection) directly to property owners, construction specifiers and architects.

e. *Significant Customers*

No single customer accounted for over 10% of BMCA's net sales in 2007, 2006 and 2005, except for The Home Depot, Inc. and American Builders & Contractors Supply Company, Inc.

f. *Raw Materials*

The major raw materials required for the manufacture of BMCA's roofing products are asphalt, mineral stabilizer, glass fiber, glass fiber mat, polyester mat, and granules. Asphalt and mineral stabilizer are available from a large number of suppliers on substantially similar terms. BMCA currently has contracts with several of these suppliers, and others are available as substitutes.

The major raw materials required for the manufacture of BMCA's specialty building products and accessories are steel tubes, sheet metal products, aluminum, motors, and cartons. The major raw materials for the manufacture of BMCA's specialty decking and mat product lines are polypropylene, filler, fiberglass, and binder. These raw materials are commodity-type products, the pricing for which is driven by supply and demand. Prices of other raw materials used in the manufacture of specialty building products and accessories are more closely tied to movements in inflation rates. All of these raw materials are available from a large number of suppliers on substantially similar terms.

Three of BMCA's roofing plants have easy access to deep water ports thereby permitting delivery of asphalt by ship, which BMCA believes is the most economical means of asphalt transport. BMCA's Nashville, Tennessee plant manufactures a portion of BMCA's glass fiber requirements for use in its Chester, South Carolina; Shafter, California and Ennis, Texas plants, which manufacture glass fiber mat substrate.

BMCA and its subsidiaries purchase a substantial portion of its headlap roofing granules, colored roofing granules, and algae-resistant granules, on a purchase order basis, from ISP Minerals, an Affiliate of the Debtors. The amount of mineral products purchased each year on this basis is based on current demand and is not subject to minimum purchase requirements. For the second quarter ended June 29, 2008, BMCA purchased $12.3 million of roofing granules, and for the six-month period ended June 29, 2008, BMCA purchased $19.5 million of roofing granules under this arrangement.

In addition to the granules products purchased by BMCA under the above-mentioned purchase order basis, the substantial balance of BMCA's granules requirements is purchased under a contract expiring in 2013. The amount of mineral products purchased each year under the contract is based on current demand and is not subject to minimum purchase requirements. Under the contract, for the second quarter ended June 29, 2008, BMCA purchased $22.8 million of roofing granules, and for the six-month period ended June 29, 2008, BMCA purchased $41.9 million of roofing granules.

g. *Seasonal Variations and Working Capital*

Sales of roofing and specialty building products and accessories in the northern regions of the United States generally decline during the winter months due to adverse weather conditions.

Generally, BMCA's inventory practice includes increasing inventory levels in the first and second quarters of each year in order to meet peak season demand from June through November.

h. *Warranty Claims*

BMCA provides certain limited warranties covering most of its residential roofing products for periods generally ranging from 20 to 40 years, although certain of its product lines provide for a lifetime limited warranty. Although terms of warranties vary, BMCA believes its warranties generally are consistent with those offered by its competitors, with the exception of BMCA's unique "Golden Pledge™," "Peace of Mind™" and "Peak Performance®" warranties. BMCA also offers certain limited warranties of varying duration covering most of its commercial roofing products. Most of its specialty building products and accessories carry limited warranties for periods generally ranging from 5 to 20 years, with lifetime limited warranties on certain products.

i. *Competition*

The roofing products industry is highly competitive and includes a number of national competitors. These competitors in the residential roofing and accessories markets are Owens Corning, Tamko, and CertainTeed Corporation, and in the commercial roofing market are Johns Manville, Firestone Building Products, Carlisle Companies, Inc., Tamko, and CertainTeed Corporation. In addition, there are numerous regional competitors, principally in the commercial roofing market.

Competition is based largely upon products and service quality, distribution capability, price and credit terms. BMCA believes it is well-positioned in the marketplace as a result of its broad product lines in the residential and commercial markets, consistently high product quality, strong sales force, and national distribution capabilities.

BMCA's specialty building products and accessories business is highly competitive with numerous competitors due to the breadth of the product lines it markets. Major competitors include Gibraltar, Southwark Metal Manufacturing Co., Lomanco Inc., Standex International Corp. and Hart & Cooley, Inc.

j. *Research and Development*

BMCA primarily focuses its research and development activities on the development of new products and process improvements and the testing of alternative raw materials and supplies. BMCA's research and development activities, which are dedicated to residential, commercial and fiberglass products, are located at technical centers in Ennis, Texas; Wayne, New Jersey; Chester, South Carolina and Walpole, Massachusetts. Research and development expenditures were approximately $8.7, $8.0 and $9.4 million in 2007, 2006 and 2005, respectively.

k. *Intellectual Property*

BMCA holds a number of patents, trademarks and licenses obtained over a number of years and expiring at various times consistent with our business needs. Generally, BMCA seeks statutory protection for strategic or financially important intellectual property, including patents, trademarks and licenses developed in connection with BMCA's businesses. Certain intellectual property, where appropriate, is protected by contracts, licenses, confidentiality, or other similar agreements.

BMCA owns numerous United States and foreign patents (and their respective counterparts), the more important of which cover those technologies and inventions embodied in current products, or which are used in the manufacture of those products. While BMCA believes its patent portfolio is important to its business operations and in the aggregate constitutes a valuable asset, no single

patent, or group of patents, is critical to the success of BMCA's businesses. From time to time, BMCA grants licenses under its patents and technology and obtains licenses under the patents and technology of others.

In addition, BMCA owns numerous registered trademarks in the United States and in many foreign countries.

l. *Environmental Matters*

Since 1970, federal, state and local authorities have adopted and amended a wide variety of federal, state and local environmental laws and regulations relating to environmental matters. The environmental laws and regulations deal with air and water emissions or discharges into the environment, as well as the generation, storage, treatment, transportation, and disposal of solid and hazardous waste and the remediation of any releases of hazardous substances and materials to the environment. These laws and regulations affect BMCA because of the nature of the manufacturing processes employed by plants owned, operated, or acquired by BMCA. BMCA made capital expenditures of approximately $0.4, $1.0 and $0.6 million in 2007, 2006 and 2005, respectively, relating to environmental compliance. These expenditures are included in additions to property, plant, and equipment.

BMCA believes that its manufacturing facilities comply in all material respects with applicable environmental laws and regulations, and, while BMCA cannot predict whether more burdensome requirements will be adopted by governmental authorities in the future, nor can it predict with certainty future capital expenditures or operating costs for environmental compliance, BMCA does not believe they will have a material effect on its business, liquidity, results of operations, cash flows, financial position, or competitive position.

m. *Intercompany Transactions*

BMCA makes loans to, and borrows from, its parent corporations from time to time at prevailing market rates. As of June 29, 2008 and July 1, 2007, BMCA Holdings Corporation owed BMCA $56.3 and $56.1 million, including interest of $1.0 and $0.8 million, respectively, and BMCA owed BMCA Holdings Corporation $52.8 and $52.8 million, with no unpaid interest, respectively.

Interest income on BMCA's loans to BMCA Holdings Corporation amounted to $0.8 and $1.2 million during the second quarter ended June 29, 2008 and July 1, 2007, respectively, and $1.8 and $2.5 million during the six-month periods ended June 29, 2008 and July 1, 2007, respectively. Interest expense on BMCA's loans from BMCA Holdings Corporation amounted to $0.8 and $1.2 million during the second quarter ended June 29, 2008 and July 1, 2007, respectively, and $1.8 and $2.4 million during the six-month periods ended June 29, 2008 and July 1, 2007, respectively.

BMCA's loans payable to/receivable from its parent corporations are due on demand and provide each party with the right of offset of its related obligation to the other party and are subject to limitations as outlined in the Senior Secured Revolving Credit Facility, the Term Loan, the Junior Lien Term Loan and the Senior Notes. Under the terms of the Senior Secured Revolving Credit Facility and the indentures governing BMCA's Senior Notes, at June 29, 2008, BMCA could repay demand loans to its parent corporation amounting to $52.8 million, subject to certain conditions. BMCA also makes non-interest bearing advances to affiliates, of which no balance was outstanding as of June 29, 2008 and July 1, 2007. In addition, as of June 29, 2008 and July 1, 2007, BMCA did not owe any loans or enter into any lending activities with other affiliates.

BMCA has a management agreement (the "Management Agreement"), with ISP Management Company, Inc., a subsidiary of International Specialty Products Inc. to provide BMCA with certain management services. International Specialty Products Inc. and its subsidiaries are referred to as

"ISP". ISP is an affiliate of G-I and was an indirect subsidiary of G-I's predecessor, GAF. The transaction by which ISP ceased to be a subsidiary of GAF has given rise to litigation described in Section III G of this Disclosure Statement. Based on services provided to BMCA in 2008 under the Management Agreement, the aggregate amount payable to ISP Management Company, Inc. under the Management Agreement for 2008, inclusive of the services provided to G-I Holdings, is estimated to be similar to the $6.7 million paid in 2007. BMCA does not expect any changes to the Management Agreement to have a material impact on its results of operations.

BMCA and its subsidiaries purchase a substantial portion of its headlap roofing granules, colored roofing granules, and algae-resistant granules, on a purchase order basis, from ISP Minerals. The amount of mineral products purchased each year on this basis is based on current demand and is not subject to minimum purchase requirements. For the second quarter ended June 29, 2008, BMCA purchased $12.3 million of roofing granules, and for the six-month period ended June 29, 2008, BMCA purchased $19.5 million of roofing granules under this arrangement.

In addition to the granules products purchased by BMCA under the above-mentioned purchase order basis, the balance of BMCA's granules purchases from ISP is purchased under a contract expiring in 2013. The amount of mineral products purchased each year under the contract is based on current demand and is not subject to minimum purchase requirements. Under the contract, for the second quarter ended June 29, 2008, BMCA purchased $22.8 million of roofing granules, and for the six-month period ended June 29, 2008, BMCA purchased $41.9 million of roofing granules.

The buildings in which BMCA operates its corporate headquarters, located at 1361 Alps Road in Wayne New Jersey, are leased from ISP Management Company, Inc. pursuant to a lease (at the time a sublease) dated January 1, 1998, as amended. The lease was originally scheduled to expire on December 31, 1998 but has been extended by various amendments thereto. Since April 1, 2001, the lease has been automatically extended for successive calendar quarters. Such quarterly extensions can be terminated by either ISP Management Company, Inc. or BMCA upon the giving of notice to the other party not less than 30 days prior to the expiration of the then current calendar quarter.

n. *Employees*

At December 31, 2007, BMCA employed approximately 4,200 people worldwide, approximately 900 of whom were subject to 14 union contracts. The contracts are effective for one to five year periods. During 2007 and the first quarter of 2008, three labor contracts expired and were renegotiated.

D PREPETITION CAPITAL STRUCTURE

1. Prepetition Bank Debt and Other Indebtedness

As of the Commencement Date, the Debtors had no outstanding bank debt or other institutional indebtedness. ACI has certain liabilities in favor of G-I Holdings in connection with the creation of the Partnership.

2. Equity

As of the Commencement Date, G-I had 1,711,545 shares of common and preferred stock outstanding, all owned by G Holdings, Inc. G Holdings, Inc. had 342,309 shares of common stock outstanding. Of that number, approximately 340,220 or 99.4% of the total outstanding number of shares, were owned either directly or indirectly by Samuel J. Heyman. The remaining 0.6% of outstanding shares were largely held by current or former employees.

E PREPETITION LITIGATION

1. Asbestos Bodily Injury Claims

In an effort to efficiently process, defend, and settle asbestos claims, G-I became a member of the CCR, a non-profit organization established in 1988 to act as a claims handling facility originally for twenty companies named as defendants in asbestos personal injury suits. In 1993, the CCR and representatives of the asbestos plaintiffs' bar reached a global settlement affecting all current and future asbestos claims asserted against its members (the "Georgine Settlement"). The Georgine Settlement was approved by the United States District Court for the Eastern District of Pennsylvania which had before it at the time the then pending federal asbestos cases. The Georgine Settlement was designed to assure prompt payment with reduced transaction costs to sick individuals and to defer payment of the claims of non-sick individuals until such time, if ever, that they became sick.

In 1993, the CCR reached a proposed global settlement with a class of persons who alleged exposure to its members' asbestos products but had not yet filed suit (the "Georgine Settlement"). Under the proposed settlement, future asbestos claims of persons who did not validly opt out of the Georgine Settlement would have been processed and resolved under an alternative dispute resolution system with agreed medical criteria and compensation standards for a period of ten years. The Georgine Settlement was designed to assure prompt payment with reduced transaction costs to individuals demonstrating measurable impairment from asbestos-related disease and to defer payment of the claims of other persons unless and until their symptoms satisfied the agreed medical criteria. However, the courts ultimately refused to certify the class and the Georgine Settlement did not take effect.

As the Georgine Settlement worked its way through the courts, the CCR also entered into separate agreements with certain asbestos plaintiffs' lawyers for the processing and resolution of future asbestos claims ("Futures Agreements"). The Futures Agreements provided an alternative dispute mechanism, embodied medical criteria that were generally consistent with the Georgine Settlement, and tolled the statute of limitations for individuals who did not currently meet the agreed medical criteria. CCR also agreed with certain asbestos plaintiffs' lawyers to settle some 50,000 pending asbestos cases for approximately $750 million. G-I (then still known as GAF) contributed approximately $200 million towards the $750 million.

Prepetition, GAF faced a continuous and escalating stream of asbestos claims which were processed through the CCR. Although it disputed the merits of most of these claims, G-I found it appropriate to settle large numbers of the claims based on economic imperatives.

As of January 17, 2000, CCR terminated G-I's membership in the CCR. As of October 1, 2000, G-I was defending against approximately 148,800 pending asbestos claims. During the first nine months before the Commencement Date, G-I received notice of filing of approximately 41,700 new asbestos claims.

Certain disputes between G-I and CCR are the subject of a proposed settlement, made with the participation of Samuel J. Heyman and related entities, the Asbestos Claimants Committee, and the Legal Representative. That proposed settlement is being submitted to the Bankruptcy Court for its approval under Federal Rule of Bankruptcy Procedure 9019(a) and is incorporated into the Plan.

2. Asbestos Property Damage Claims

G-I has been named as a co-defendant in asbestos-in-buildings cases for economic and property damage or other injuries based upon an alleged present or future need to remove asbestos-containing materials from public and private buildings. Most Asbestos Property Damage Claims do not seek to recover an amount of specific damages. Since these actions were first initiated approximately

20 years ago, G-I has successfully disposed of approximately 145 of these cases and remains a co-defendant in three lawsuits. These actions have been stayed as to G-I as a result of the Chapter 11 Cases.

3. Insurance Matters

Before the onset of its Chapter 11 case, G-I and its predecessor used substantial amounts of insurance to fund their defense and indemnity costs pertaining to asbestos personal injury litigation. The Debtors are not aware that any additional amounts are available for that purpose under their insurance policies.

In October 1983, G-I filed a lawsuit in Los Angeles, California Superior Court against its past insurance carriers to obtain a judicial determination that those carriers were obligated to defend and indemnify it for Asbestos Property Damage Claims. G-I is seeking declaratory relief as well as compensatory damages. This action is presently in the pre-trial pleading stage. The parties have agreed to hold this action in abeyance pending developments in the Asbestos Property Damage Claims. Because this litigation is in early stages and evidence and interpretations of important legal questions are presently unavailable, it is not possible to predict the future of this litigation.

In all the Asbestos Property Damage Claims, G-I's defense costs have been paid by one of its primary insurance carriers. While G-I expects that this primary carrier will continue to be obligated to defend and indemnify G-I, this primary carrier has reserved its rights to later refuse to defend and indemnify G-I and to seek reimbursement for some or all of the fees paid to defend and resolve the Asbestos Property Damage Claims.

4. Environmental Litigation

The Debtors and BMCA, together with other companies, are a party to a variety of proceedings and lawsuits involving environmental matters under the Comprehensive Environmental Response Compensation and Liability Act, and similar state laws, in which recovery is sought for the cost of cleanup of contaminated sites or remedial obligations are imposed, a number of which are in the early stages or have been dormant for protracted periods. Most of these Environmental Claims do not seek to recover an amount of specific damages.

In connection with BMCA's formation, it contractually assumed all environmental liabilities relating to existing plant sites. The environmental liabilities that BMCA did not assume relate primarily to closed manufacturing facilities. G-I estimates that, as of December 31, 2007, its liability in respect of the environmental liabilities of G-I not assumed by BMCA was approximately $11.5 million, not accounting for any possible reduction of liability as a result of the Chapter 11 Cases, before insurance recoveries reflected on its balance sheet of $3.7 million. BMCA estimates its liability as of December 31, 2007, in respect of assumed and other environmental liabilities is $2.6 million, and expects insurance recoveries of $1.7 million.

In June 1997, G-I commenced litigation on behalf of itself and its predecessors, successors, subsidiaries and related corporate entities in the Superior Court of New Jersey, Somerset County, seeking insurance recovery amounts substantially in excess of the estimated recoveries. This action was removed to the United States Bankruptcy Court for the District of New Jersey in February 2001, in conjunction with the Chapter 11 Cases. In November 2002, the parties agreed to have the action remanded to the Superior Court of New Jersey, Somerset County where it is pending. While the Debtors believe that their claims are meritorious, there can be no assurance that the Debtors will prevail in their efforts to obtain amounts equal to, or in excess of, the estimated recoveries.

On October 14, 2008, the United States filed a proof of claim against G-I, on behalf of the Environmental Protection Agency ("EPA") and the United States Department of the Interior, Fish and Wildlife Service ("FWS"), relating to the Vermont Asbestos Group Site ("VAG Site") in Eden and

Lowell, Vermont. The United States asserts a general unsecured claim under the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA") on behalf of EPA for $241,420,370 for past and future cleanup costs; and on behalf of the FWS for $12,628,622 in natural resource damages. EPA also alleged in its proof of claim and by adversary complaint the right to issue injunctive orders to G-I compelling the completion of six remedial items under the Clean Air Act ("CAA") and/or the Resource Conservation and Recovery Act ("RCRA").

On October 20, 2008, G-I filed a motion seeking a determination that all of its obligations to the United States relating to the VAG site give rise to claims which will be discharged upon confirmation of G-I's plan of reorganization. On November 5, 2008, the United States opposed this motion which remains pending.

G-I intends to object further to the VAG claims and vigorously defend against these claims.

5. Other Prepetition Litigation

On or about April 29, 1996, an action was commenced in the Circuit Court of Mobile County, Alabama against G-I on behalf of a purported nationwide class of purchasers of, or current owners of, buildings with certain asphalt shingles manufactured by G-I and certain of its affiliated entities. The action alleged, among other things, that those shingles were defective and sought unspecified damages on behalf of the purported class. On September 25, 1998, the parties agreed to settle this litigation on a national, class-wide basis for asphalt shingles manufactured between January 1, 1973 and December 31, 1997. Following a fairness hearing, the court granted final approval of the class-wide settlement in April 1999. Under the terms of the settlement, property owners whose shingles were manufactured during this period and suffered certain damages during the term of their original warranty period, and who file a qualifying claim, were provided with an opportunity to receive certain limited benefits from BMCA beyond those already provided in their existing warranty. BMCA will continue to honor that settlement after the Effective Date.

In October 1998, G-I brought suit in the Superior Court of New Jersey—Middlesex County, on BMCA's behalf, against certain of G-I's insurers for recovery of the defense costs in connection with the Mobile County, Alabama class action and a declaration that the insurers are obligated to provide indemnification for all damages paid pursuant to the settlement of this class action and for other damages. This action is pending.

6. Tax Claim Against G-I Holdings

On September 15, 1997, G-I received a notice from the IRS of a deficiency in the amount of $84.4 million (after taking into account the use of net operating losses and foreign tax credits otherwise available for use in later years) in connection with the formation in 1990 of Rhône-Poulenc Surfactants and Specialties, L.P., or the surfactants partnership, a partnership in which G-I held an interest.

The Debtors filed petitions in the United States Tax Court challenging the IRS's notice of deficiency. The filing of Debtors' bankruptcy petitions automatically stayed proceedings in the Tax Court, and the IRS thereafter filed proofs of claim in the Bankruptcy Court. The IRS seeks, on a priority basis on which it would be paid over time, alleged back taxes of $84.4 million, plus interest and penalties. The Debtors have objected to the IRS's claims and are litigating these matters in an adversary proceeding described in Section IV(M).

IV. DEBTORS' CHAPTER 11 CASES

On January 5, 2001, G-I filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code. On the same date, the Bankruptcy Court approved certain orders designed to minimize the disruption of the Debtors' business operations and to facilitate their reorganization. On August 3, 2001, ACI filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code.

A FIRST DAY ORDERS AND OTHER POSTPETITION ORDERS

1. Case Administration Orders

Upon the commencement of these Chapter 11 Cases, the Bankruptcy Court entered certain orders with respect to the administration of these Chapter 11 Cases. These orders: (i) established interim compensation procedures for professionals; (ii) granted an extension of the time to file the Debtors' schedules and statements; and (iii) approved notice procedures limiting notice on various matters to only affected parties and authorizing the Debtors or their agent, to act as agent for the clerk of the Bankruptcy Court in noticing all matters customarily noticed by the clerk pursuant to the Bankruptcy Code.

2. Business Operations

The Bankruptcy Court authorized the Debtors to: (i) maintain existing bank accounts and business forms; (ii) maintain existing investment practices with financial institutions; (iii) maintain existing business forms; and (iv) provide adequate assurance to utility companies and establish procedures for determining requests for additional adequate assurance.

3. Claims Process and Bar Date

a. *Schedules and Statements*

On April 2, 2001, G-I filed with the Bankruptcy Court its statement of financial affairs, schedules of assets and liabilities and schedules of executory contracts and unexpired leases and a schedule of equity security holders. On August 3, 2001, ACI filed its statement of financial affairs, schedules of assets and liabilities and schedules of executory contracts and unexpired leases and a schedule of equity security holders.

On September 17, 2008, the Debtors filed amended schedules of liabilities, executory contracts, unexpired leases, and equity security holders.

b. *Bar Date*

On June 25, 2001, the Debtors filed a motion pursuant to Bankruptcy Rule 3003(c)(3) for an order fixing a final date for filing Proofs of Claim against the Estates of G-I and ACI and approving notices and publication procedures related thereto (the "Bar Date Motion"). The Asbestos Claimants Committee and the Legal Representative both objected to any form of bar date being imposed on holders of Asbestos Claims prior to estimation of G-I's asbestos liabilities. On September 10, 2004, the Debtors filed a letter to the Court stating that, in order to expedite the cases and avoid unnecessary expense should a consensual deal be reached, G-I did not object and agreed to an estimation hearing prior to any bar date that could determine both the allowable amount of each type of asbestos claim and the aggregate liability of the G-I estate for both claims and demands. Accordingly, the Bankruptcy Court did not conduct a hearing with respect to the Bar Date Motion pending resolution of the issues related to estimation of Asbestos Personal Injury Claims. For a description of the estimation process please see Section IV(I).

As a result of the global settlement reached with the Legal Representative and the Asbestos Claimants Committee, the Debtors filed an Amended Bar Date Motion requesting that the Bankruptcy Court establish a date by which proofs of claim (excluding Asbestos Claims) against and proofs of interest in the Debtors must be filed, and the notice procedures related thereto. The hearing for the Bar Date Motion and Amended Bar Date Motion occurred on September 5, 2008. By order, dated September 5, 2008 (the "Bar Date Order"), the Bankruptcy Court fixed October 15, 2008 (the "Bar Date") as the date by which all proofs of claim against and interests in the Debtors must be filed other than certain Excluded Claims defined in the Bar Date Order to which the Bar Date will not apply. In particular, the Bar Date will not apply to any Asbestos Personal Injury Claim, any Indirect Trust Claim, or the deficiency portion of any Bonded Asbestos Personal Injury Claim remaining after crediting the proceeds of any supersedeas bond or other payment assurances to which the holder of such a Bonded Asbestos Personal Injury Claim is determined by Final Order or agreement of the parties to be entitled.

4. Joint Administration

On August 9, 2001, the Debtors filed an Application for Order Directing Joint Administration of the Chapter 11 Cases Pursuant to Fed. R. Bankr. P. 1015(b). On October 10, 2001, the Bankruptcy Court entered an order directing the procedural consolidation and joint administration of the chapter 11 cases of G-I and ACI.

5. Executory Contracts and Unexpired Leases

As part of the efforts to reduce their operating expenses, the Debtors engaged in an analysis of their owned and leased real property and their contracts related to satellite manufacturing and services (collectively, the "Executory Contracts").

6. Employee Matters

a. *Wages, Compensation and Employee Benefits*

The Debtors currently have no employees.

Starting in the early 1980s, G-I established various employee benefit plans for certain of its employees and certain employees of its direct and indirect subsidiaries (collectively, the "401K Plans"). Each of the 401K Plans were amended and restated effective January 1, 1998. Since its formation and pursuant to various agreements between ISP and G-I, ISP performed, directly or indirectly, all services required to administer G-I's employee benefits plans, including the 401K Plans. Despite this, G-I remains a named party in the 401K Plans. On December 26, 2001, G-I filed a Motion to Assume and Assign Certain Employee Benefit Plans and Related Agreements to ISP. The requested assignment was a ministerial application meant to correctly reflect ISP's administration of the 401K Plans, which ISP had performed since 1991. However, by letter dated January 24, 2002, the Debtors withdrew this motion in light of objections by the Asbestos Claimants Committee, which Debtors believe would have required their estates and the Bankruptcy Court to become unnecessarily involved in the administration of the 401K Plans and unnecessarily complicate their administration.

b. *Key Employee Retention Program*

The Debtors have not instituted a key employee retention program in connection with their Chapter 11 Cases. During the course of the Debtors' Chapter 11 Cases, BMCA established a key employee retention program and certain bonuses were paid to a limited number of executives of BMCA, in their capacities as BMCA executives.

Following the filing of G-I's bankruptcy petition, BMCA entered into Employment Security Agreements with certain key employees, seven of whom are currently employed by BMCA. The

Employment Security Agreements provide for, among other things, the payment of certain salary and bonus amounts to those employees in the event of a termination of their employment by BMCA within a 36-month period following a "change in control" of BMCA. The Employment Security Agreements also provide for vesting of stock options, continuation of coverage under Welfare Plans and other matters relating to severance.

7. Retention of Professionals

The Bankruptcy Court authorized the interim retention of the following Debtors' professionals (all of which were subsequently approved by entry of a final order authorizing their retention): (i) Weil, Gotshal & Manges LLP, (ii) Riker Danzig Scherer, Hyland & Peretti, (iii) Sedgwick, Detert, Moran & Arnold, (iv) Friedman Wang & Bleiberg, P.C., (v) The Law Offices of Joseph D. Pope, (vi) McCarter & English LLP, (vii) Skadden, Arps, Slate, Meagher & Flom LLP, (viii) McKee Nelson LLP (f/k/a/ McKee, Nelson, Ernst & Young), (ix) Cahill Gordon & Reindel LLP, (x) Perkins Coie LLP, (xi) Akin, Gump, Straus, Hauer & Feld LLP, (xii) DeWitt & Roberts LLP, and (xiii) Ober, Kaler, Grimes & Shriver.

By order dated February 14, 2008, the Bankruptcy Court approved the retention of Dewey & LeBoeuf LLP and the substitution of Dewey & LeBoeuf LLP for Weil, Gotshal & Manges LLP as the Debtors' primary bankruptcy attorneys.

8. Exclusivity

Pursuant to sections 1121(b) and 1121(c)(3) of the Bankruptcy Code, G-I's initial period during which it held the exclusive right to file a plan of reorganization was set to expire on May 5, 2001 and the period by which G-I could solicit votes in favor of such plan was set to expire on July 5, 2001 (together, the "Exclusive Periods"). On April 24, 2001, the Debtors filed their first application to extend the Exclusive Periods. The relief requested in that application was granted, and subsequent orders have extended the Debtors' Exclusive Periods. Upon consideration of the Debtors' Tenth Application for an Order Extending Exclusive Periods, the Bankruptcy Court found cause to extend the Debtors' Exclusive Periods to through and including April 30, 2008 and June 30, 2008, respectively. Prior to the expiration of the Exclusive Periods, by application dated April 25, 2008, the Debtors requested a further extension of the Exclusive Periods. In connection with the global compromise, the Plan Proponents agreed to enter into a stipulation extending the Exclusive Periods while the parties work towards confirmation of the co-proposed Plan. By stipulation and order entered August 20, 2008, the Court ordered that the co-proponency of the Plan will not impair exclusivity if confirmation does not occur. The Plan Proponents subsequently proposed the Plan.

As set forth in the Plan, the Plan Proponents means G-I, ACI, the Asbestos Claimants Committee, and the Legal Representative.

B APPOINTMENT OF ASBESTOS CLAIMANTS COMMITTEE AND LEGAL REPRESENTATIVE

1. Asbestos Claimants Committee

a. **Appointment.** On January 22, 2001, the United States Trustee for the District of New Jersey (the "U.S. Trustee"), pursuant to its authority under section 1102 of the Bankruptcy Code, appointed a Statutory Committee of Creditors (the "Asbestos Claimants Committee") in these Chapter 11 Cases.

b. **Original Composition.** As originally appointed, the Asbestos Claimants Committee consisted of the following members:

Marjorie Anderson, Executrix
for the Estate of Harold Anderson
c/o Steven J. Kherkher, Esq.
Williams Bailey Law Firm, LLP
8441 Gulf Freeway, #600
Houston, TX 77017-5001
Tel: (713) 230-2314
Fax: (713) 643-6226

Robert Carlson, Executor for the
Estate of Gertrude Carlson
c/o Jonathan R. Sennett, Esq.
Levy, Phillips et al.
520 Madison Ave. 4th Floor
New York, NY 10022
Tel: (212) 605-6200
Fax: (212) 605-6290

Mary LaPointe, Individually and
as Personal Representative of the
Estate of Daniel LaPointe
c/o Matthew P. Bergman, Esq.
Bergman & Pageler
1201 Third Avenue, Ste. 5300
Seattle, WA 98101-3000
Tel: (206) 583-2190
Fax: (206) 583-2191

Elmer L. Richardson
c/o Michelle Ward, Esq.
Cumbust, Cumbust, Hunter
& McCormick
P.O. Box 1287
Pascagoula, MS 39568-1287
Tel: (228) 762-5422
Fax: (228) 762-4864

Marjorie Oscasek, Special
Administrator for Roy White
c/o John D. Cooney, Esq.
Cooney & Conway
120 LaSalle Street, 30th Fl
Chicago, IL 60602
Tel: (312) 236-6166
Fax: (312) 236-3029

Ronald A. Bailey
c/o Mark H. Iola, Esq.
Stanley, Mandel & Iola, LLP
3100 Monticello Avenue, Ste. 750
Dallas, TX 75205
Tel: (214) 443-4303
Fax: (214) 443-0358

Peter Velemirovich
Mark C. Meyer, Esq.
Goldberg, Persky et al.
1030 Fifth Avenue, 3rd Fl.
Pittsburgh, PA 15219-6205
Tel: (412) 471-3980
Fax: (412) 471-8308

Ralph L. Pilgrim
c/o Baron & Budd, PC
3102 Oak Lawn Ave., Ste 1100
Dallas, TX 75219
Tel: (214)
Fax: (214) 520-1181

Roy Grimm
c/o Kelly & Ferraro, LLP
1300 East Ninth Street, Ste. 1901
Cleveland, OH 44114
Tel: (216) 575-0777
Fax: (216) 575-0799

Denise Collette, Estate
Representative of Jose A. Pilon
c/o Ness, Motley, et al.
28 Bridgeside Boulevard
P.O. Box 1792
Mt. Pleasant, SC 29465
Tel: (843) 216-9545
Fax: (843) 216-9450

David Harkey, Sr.
c/o Wise & Julian
3555 College Avenue
P.O. Box 1108
Alton, IL 62002
Tel: (618) 462-2600
Fax: (618) 462-2622

c. **Retention of Professionals.** The Asbestos Claimants Committee has retained the following advisors:

Attorneys	Financial Advisors
Caplin & Drysdale, Chartered One Thomas Circle, N.W. Washington, D.C. 20005	Charter Oak Financial Consultants, LLC 430 Center Avenue Mamaroneck, NY 10543
Lowenstein Sandler PC 65 Livingston Avenue Roseland, NJ 07068	L. Tersigni Consulting, P.C. 2001 West Main Street Suite #220 Stamford, CT 06902
	Legal Analysis Systems, Inc. 970 Calle Arroyo Thousand Oaks, CA 90361

By order dated July 24, 2007, the Bankruptcy Court approved the substitution of Charter Oak Financial Consultants, LLC for L. Tersigni Consulting, P.C.

2. Legal Representative

On October 10, 2001, the Bankruptcy Court appointed Mr. Judson Hamlin as the representative of present and future persons holding asbestos-related legal demands in G-I's chapter 11 case (the "Legal Representative"). The Legal Representative has retained the following advisors:

Attorneys	Financial Advisors
Keating Muething & Klekamp PLL 1400 Provident Tower One East Fourth Street Cincinnati, Ohio 45202	Bederson & Company LLP 405 Northfield Avenue West Orange, NJ 07052
Saiber LLC Gateway 1, 13th Floor Newark, NJ 07102-5311	Decipher 17644 Ravens Rock Road Bluemont, VA 20135

The Debtors have kept the Asbestos Claimants Committee and the Legal Representative apprised of G-I and BMCA's business operations and both the Asbestos Claimants Committee and Legal Representative have actively participated during the pendency of these chapter 11 cases.

3. Requests for Additional Committees

Counsel for the Unofficial Committee of Select Asbestos Claimants filed a notice of appearance before the Bankruptcy Court on December 6, 2001. Subsequent to that appearance, the Unofficial Committee filed only one pleading related to the Debtors' chapter 11 cases commenting on the

position taken by the Committee with regard to Debtors' Application for an Order Establishing a Method for Liquidating Asbestos Claims and Motion for Order for Fixing Final Date for Filing Proofs of Claim. No motion was made during the course of these chapter 11 cases seeking court appointment of any other committees – official or unofficial.

C PRELIMINARY INJUNCTION

On January 9, 2001, G-I filed a complaint seeking a preliminary injunction enjoining the assertion of present and future asbestos claims against BMCA. G-I Holdings Inc. v. Those Parties Listed on Exhibit A to Complaint et al., Adv. Proc. No. 01-3013 (Bankr. D. N. J.). A hearing on G-I's request for a preliminary injunction was held before the Bankruptcy Court on June 9, 2001 and on June 22, 2001. The Bankruptcy Court rendered an oral decision granting the preliminary injunction on certain terms and conditions, which were incorporated into the order entered February 22, 2002 (hereinafter, as subsequently amended, the "Preliminary Injunction Order").

The Preliminary Injunction Order authorizes BMCA to continue to operate its business in the ordinary course as a non-debtor, but requires BMCA to make certain disclosures to the Asbestos Claimants Committee and provide notice to the Asbestos Claimants Committee of its intent to carry out certain specified transactions. Specifically, the order requires BMCA to give the Committee 30 days written notice before engaging in certain actions such as (i) the refinancing or replacement of the Credit Agreement (as defined in the Preliminary Injunction Order); (ii) making prepayments on senior notes or indentures; (iii) making any transfer or incurring any obligation to any affiliate other than payments to G-I; (iv) amending or replacing the restated Management Agreement (as defined in the Preliminary Injunction Order); (v) making transfers to any insider except payments in the ordinary course of business; (vi) granting over 100,000 Incentive Units under the BMCA Long Term Incentive Plan (as defined in the Preliminary Injunction Order) in any calendar year; and (vii) paying any claim out of the proceeds of any insurance that may be applicable for indemnity or defense costs with respect to asbestos related personal injuries or property damages.

The Preliminary Injunction Order does not prevent the repayment of debt, nor does it prevent BMCA from proceeding with normal, ordinary business transactions. The Preliminary Injunction Order further provides for the tolling of certain statutes of limitations and repose in connection with "asbestos-related" causes of action against BMCA "that had not expired as of January 5, 2001." If the Plan is confirmed and consummated, the Preliminary Injunction will terminate but BMCA will become a Protected Party.

D THE RICO ACTION

On January 10, 2001, G-I filed a RICO action in the United States District Court for the Southern District of New York to recover damages from attorneys and law firms alleged to have engaged in a scheme, through a pattern of corrupt and unethical conduct, to abuse the American civil justice system. G-I Holdings Inc. v. Baron & Budd et al., 01 Civ. 0216 (RWS) (S.D.N.Y.). The complaint, as amended, asserts thirteen claims for relief against defendants Baron & Budd P.C., Frederick M. Baron, Russell Budd, Ness, Motley, Loadhold, Richardson & Poole, Ronald Motley, Joseph Rice, Weitz & Luxenberg P.C., Perry Weitz, and Robert Gordon alleging prima facie tort, tortious interference with economic advantage, tortious interference with contract, antitrust violations, RICO violations, breach of contract, fraudulent inducement and common law fraud.

The Debtors' claims for prima facie tort, anti-trust violations, certain RICO violations and fraudulent inducement were dismissed by District Court Judge Robert W. Sweet in two opinions, the first dated December 11, 2001 and the second dated July 17, 2002. The Debtors' claim for common law fraud against defendant Weitz & Luxenberg, P.C. was dismissed pursuant to Rule 41(a)(2) in an opinion dated February 27, 2004. Judge Sweet also denied the Debtors' motion to leave to file a Fifth Amended

Complaint, as well as its subsequent motion for reconsideration. In addition, Judge Sweet has made other rulings, both oral and written, adverse to G-I.

The claims asserting common law fraud against Baron & Budd, P.C. and the remaining RICO claims were recently dismissed pursuant to the Baron & Budd Defendants' Motion for Partial Summary Judgment. G-I submitted a letter to Judge Sweet stating that based on the existing record (which was created through a discovery process G-I believes to have been improperly limited by court rulings), G-I was unable to oppose the summary judgment motion. G-I's claims for tortious interference with economic advantage, tortious interference with contract and breach of contract have been dismissed pursuant to a stipulation of dismissal (with prejudice). The RICO Action is currently pending on G-I's appeal before the United States Court of Appeals for the Second Circuit, which appeal has been fully briefed but has not yet been argued orally. The action had been stayed pending final documentation of a global settlement of this and various other actions described in this Disclosure Statement pursuant to the agreed-upon Order Staying Certain Contested Matters and Adversary Proceedings, entered by the Bankruptcy Court on March 22, 2007. The stay was terminated shortly before the parties reached the global compromise embodied in the Plan, but on September 3, 2008, the Court of Appeals entered a second consensual stay order at the parties' request in view of the filing of the Plan. If the Plan is confirmed and consummated, the RICO Action will be dismissed with prejudice.

E THE SUCCESSOR LIABILITY ACTION

On February 7, 2001, G-I and BMCA filed a complaint against certain named asbestos claimants seeking a declaratory judgment that BMCA does not have liability for pending or future asbestos claims against G-I under theories of successor liability or "alter ego" (the "Successor Liability Action") and requesting the certification of a defendant class consisting of all individuals having asbestos claims against G-I. G-I Holdings Inc. v. Bennet et al., 02 Civ. 3626 (SRC) (D.N.J.). The Asbestos Claimants Committee intervened as a defendant and filed a counterclaim, and its motion to withdraw the reference was granted by the District Court on May 13, 2003. The Bank of New York intervened in opposition to the counterclaim. G-I and BMCA amended their complaint so as to eliminate their class action allegations and joined the Legal Representative as a defendant. On July 6, 2005, the District Court dismissed the Legal Representative as a party upon granting his motion for judgment on the pleadings. After discovery, the remaining parties stipulated to the dismissal of the individual defendants, and on May 30, 2008, the District Court granted the Committee's motion for judgment on the pleadings and dismissed the action. There has been no appeal from that decision. The District Court did not decide the merits of G-I and BMCA's position with respect to successor liability.

F THE SUBSTANTIVE CONSOLIDATION ACTION

On February 8, 2001, the Asbestos Claimants Committee filed a complaint requesting substantive consolidation (retroactive to the January 5, 2001 Commencement Date) of BMCA with G-I, or an order compelling G-I to cause BMCA to commence a chapter 11 case of its own (hereinafter the "Substantive Consolidation Complaint"). Official Committee of Asbestos Claimants v. G-I Holdings Inc. et al., Adv. No. 01-3065 (Bankr. D.N.J.). The Asbestos Claimants Committee moved for an interim decree of substantive consolidation by way of preliminary injunctive relief. Massachusetts Mutual Life Insurance Company, a creditor of BMCA, moved to intervene and opposed the request for preliminary relief, as did Pacific Investment Life Management Company, LLC and Caywood-Scholl Capital Management in their capacity as investment advisors on behalf of various clients.

After certain discovery and a three day evidentiary hearing, on April 6, 2001, the Bankruptcy Court issued an opinion denying the request for interim substantive consolidation. The Bankruptcy Court found that, based on the record before it, the claims and defenses asserted were subject to disputes of fact and law and that the Asbestos Claimants Committee had not met its burden of establishing the elements for interim relief. In view of the preliminary nature of the proceeding, the

Bankruptcy Court also held that its decision did not determine the issue of BMCA's alleged successor liability, which was to be litigated in the Successor Liability Action. Official Committee of Asbestos Claimants v. G-I Holdings Inc. et al, 2001 W.L. 159178 * 14 (Bankr. D.N.J., Apr. 6, 2001). By order dated April 9, 2001, the Bankruptcy Court denied G-I's motion to dismiss the Substantive Consolidation Complaint. In view of the denial of preliminary relief, however, the Asbestos Claimants Committee held in abeyance any further proceedings on that complaint, pending the outcome of the Successor Liability Action. If the Plan is confirmed and consummated, the Substantive Consolidation Complaint will be dismissed with prejudice.

G THE ISP FRAUDULENT TRANSFER ACTION

On May 14, 2001, the Bankruptcy Court granted the Asbestos Claimants Committee authority to prosecute claims against Mr. Heyman and related entities to avoid the January 1, 1997 transfer by which ISP ceased to be a subsidiary of GAF and to recover the transferred property or the value thereof for the benefit of G-I's estate. Official Committee of Asbestos Claimants et al. v. Samuel J. Heyman et al., 01 Civ. 8539 (RWS) (S.D.N.Y.). On September 20, 2001, the Asbestos Claimants Committee filed suit on such claims in the United States District Court for the Southern District of New York (the "ISP Fraudulent Transfer Action"), alleging, among other things, that GAF's transfer of ISP to GAF's shareholders prejudiced the rights of GAF's creditors. By subsequent orders, the Bankruptcy Court authorized the Legal Representative to serve as co-representative of the bankruptcy estate in the ISP Fraudulent Transfer Action, and the District Court allowed the Legal Representative to intervene. The complaint has been twice amended, and certain entities related to Mr. Heyman have been joined as defendants. The ISP Fraudulent Transfer Action remains in the discovery stage. No discovery cut-off is in effect, and no trial date has been set.

The ISP Fraudulent Transfer Action was stayed by order entered on April 5, 2007, with the consent of the parties in view of their efforts to make a global settlement of G-I's Chapter 11 Case and related disputes among them. The Committee and Legal Representative terminated the consensual stay on February 1, 2008, but on September 9, 2008, the District Court entered a second consensual stay order at the request of all parties in view of the filing of the Plan. If the Plan is confirmed and consummated, the actions against Mr. Heyman and his related entities will be dismissed with prejudice.

H THE ASBESTOS CLAIMANTS COMMITTEE'S MOTION TO APPOINT A CHAPTER 11 TRUSTEE

On November 11, 2002, the Asbestos Claimants Committee filed a second motion for appointment of a chapter 11 trustee (the "Trustee Motion"). G-I filed an objection to the Asbestos Claimants Committee's Trustee Motion on December 10, 2002. A hearing on the Trustee Motion was held before the Bankruptcy Court on December 13, 2002. By order dated January 16, 2003, the Bankruptcy Court denied the Asbestos Claimants Committee's request for the appointment of a Chapter 11 Trustee.

On January 28, 2003, the Asbestos Claimants Committee filed a notice of appeal of the Bankruptcy Court's order denying the Trustee Motion to the District Court. On June 30, 2003, the District Court affirmed. The Asbestos Claimants Committee appealed to the Court of Appeals for the Third Circuit, which on September 24, 2004, affirmed the District Court's decision.

I ESTIMATION OF ASBESTOS LIABILITY

Seeking to implement an efficient, inexpensive method to liquidate asbestos claims, on June 19, 2002, G-I filed a motion to liquidate individual asbestos claims by use of a medical matrix and without a jury trial (the "Estimation Motion"). On May 23, 2002, the Asbestos Claimants Committee filed a motion seeking to estimate G-I's asbestos claims in the aggregate for chapter 11 plan confirmation

purposes. The District Court denied motions by the Legal Representative and the Asbestos Claimants Committee to withdraw the reference of these motions. After extensive briefing by all parties, the Bankruptcy Court held a hearing on January 15, 2004, on the threshold legal issues pertaining to G-I's Estimation Motion. By order dated February 1, 2005, the Bankruptcy Court denied G-I's Estimation Motion and granted, in part, the Asbestos Claimants Committee's motion seeking an aggregate estimation of G-I's asbestos claims. G-I appealed the denial of its Estimation Motion. Its appeal was dismissed as premature and the dismissal is on appeal to the Third Circuit where it has been argued and is *sub judice*.

The estimation of G-I's asbestos liability is a central issue in G-I's Chapter 11 Case. The Bankruptcy Court has made a series of rulings concerning the nature and scope of the asbestos personal-injury claims estimation proceeding and proposed discovery therein, and has authorized G-I to issue a detailed questionnaire to a sample of asbestos personal injury claimants. The Bankruptcy Court also established a schedule for discovery and trial, and bifurcated the trial, with claims for present and future mesothelioma and asbestos-related lung cancer to be estimated in "Phase I" and claims for present and future asbestos-related non-malignant conditions to be estimated, if necessary, in "Phase II." After several amendments, the schedule contemplated that trial of Phase I would commence on June 10, 2010. Upon the filing of the Plan, the Bankruptcy Court entered an order dated August 22, 2008, agreed to by G-I, the Asbestos Claimants Committee, and the Legal Representative, that, among other things, stayed the claims estimation proceeding and suspended all deadlines previously established therein. The estimation proceeding, including G-I's Third Circuit appeal, will be rendered moot if the Plan is confirmed and consummated. By letter dated September 22, 2008, counsel to G-I informed the Clerk of the Third Circuit of the pending Plan and the likelihood that confirmation of the Plan would resolve the issues on appeal.

J REFINANCING OF THE PREPETITION BMCA BANK FACILITY

On March 18, 2003, BMCA provided the Asbestos Claimants Committee and the Legal Representative with notice, pursuant to the Preliminary Injunction Order, of its intention to enter into a new senior secured revolving credit facility (the "Citibank Facility"), the proceeds of which would be used to refinance BMCA's then-existing prepetition credit agreement with the Bank of New York ("BNY"), as agent, and to fund the payment, when due, of BMCA's then-existing 10.5% Senior Notes due September 2003. Following the Bankruptcy Court's entry of an order modifying the Preliminary Injunction Order, BMCA, the Asbestos Claimants Committee and the Legal Representative entered into a stipulation (the "Refinancing Stipulation"), which provided, among other things, that BMCA's entry into the Citibank Facility and repayment of the BNY credit facility and other BMCA public debt would not prejudice the rights, if any, that the Asbestos Claimants Committee, the Legal Representative, or the G-I estate may have against BNY or BMCA's public noteholders (the "Noteholders"). The proposed Refinancing Stipulation also provided that BMCA would not commence a repurchase program with respect to BMCA's public notes without first providing the Asbestos Claimants Committee 30 days notice.

BNY and Mass Mutual Life Insurance Company, on behalf of the Noteholders, filed limited objections to the Refinancing Stipulation, challenging the Bankruptcy Court's jurisdiction to prejudice their rights without their consent to the stipulation. The Asbestos Claimants Committee then responded by objecting to BMCA's entry into the Citibank Facility, absent a ruling that BNY or the Noteholders could not use repayment as a defense to a future action.

On June 18, 2003, the Bankruptcy Court overruled the Asbestos Claimants Committee's objection, holding that the issue of BNY's and the Noteholders' future defenses or rights was not ripe for judicial review and that the Bankruptcy Court lacked subject matter jurisdiction pursuant to 28 U.S.C. § 1334(b). Consistent therewith, the Bankruptcy Court entered an order (the "Refinancing Order") modifying the Preliminary Injunction Order to (i) allow BMCA to enter into the Citibank Facility and (ii)

preserve any rights or defenses of BNY. On appeal by the Asbestos Claimants Committee, the District Court and the Third Circuit affirmed the Bankruptcy Court's order on the same grounds.

K THE 2004 REFINANCING OF THE 8 5/8% SENIOR NOTES DUE 2006

On January 9, 2004, in accordance with the terms of the Refinancing Stipulation, G-I provided notice to the Asbestos Claimants Committee of BMCA's intent to issue up to $150,000,000 of new senior secured notes and to use the proceeds to redeem the 8 5/8% Senior Notes due 2006 under the applicable optional redemption provision (the "2004 Refinancing"). It also announced the possibility of using its funds for an opportunistic open market purchase of BMCA's outstanding Senior Notes. The Asbestos Claimants Committee filed an objection.

On June 8, 2004 the Bankruptcy Court issued a decision, as modified on July 7, 2004, permitting the 2004 Refinancing.

L THE MOTION FOR DERIVATIVE STANDING TO PROSECUTE ALLEGED AVOIDANCE CLAIMS

On or about February 27, 2004, the Asbestos Claimants Committee filed a Motion for Authorization to Prosecute Claims on Behalf of the Debtor's Estate (the "Motion to Prosecute"). Among other things, the Motion to Prosecute requested that the Bankruptcy Court modify the Preliminary Injunction Order to permit the Asbestos Claimants Committee to commence an adversary proceeding for avoidance of the 1994 Transaction and certain subsequent transactions involving BMCA and recovery for the benefit of G-I's estate of certain payments made by BMCA to certain of its former lenders and to holders of notes publicly issued by BMCA before the commencement of G-I's Chapter 11 Case.

On June 8, 2004 the Bankruptcy Court issued its opinion denying in part and granting in part the Motion to Prosecute. The Bankruptcy Court authorized the Asbestos Claimants Committee to file an adversary proceeding on behalf of G-I's estate challenging the 1994 Transaction as a fraudulent transfer pursuant to sections 544(b) and 550 of the Bankruptcy Code. The Bankruptcy Court denied other relief requested in the Motion to Prosecute. The Asbestos Claimants Committee proceeded to file a complaint in the Bankruptcy Court, naming as defendants BMCA, certain of its Affiliates, certain former lenders to BMCA, and numerous entities alleged to be or to have been holders of notes issued by BMCA before the commencement of G-I's Chapter 11 Case. Official Committee of Asbestos Claimants v. Building Materials Corp. of America et al., Adv. Proc. No. 04-2192 (Bankr. D.N.J.). The Committee also initiated discovery for the purpose of identifying other Entities that are or were holders of such notes.

On July 20, 2004, the Asbestos Claimants Committee filed with the District Court an appeal of the Bankruptcy Court's decision, insofar as it refused authorization to raise certain claims and theories. G-I, BMCA, and the Bank of New York then cross-appealed the Bankruptcy Court's decision insofar as it granted leave for the Asbestos Claimants Committee to prosecute claims to avoid the 1994 Transaction.

By order and opinion issued on June 21, 2006, the District Court granted the cross-appeal and vacated and remanded the Bankruptcy Court's decision with directions to set forth a cost-benefit analysis with respect to the Asbestos Claimants Committee's proposed prosecution of an action to avoid the 1994 Transaction. The District Court affirmed the other rulings of the Bankruptcy Court.

On June 30, 2006, the Asbestos Claimants Committee filed with the District Court a motion for reconsideration (the "Motion for Reconsideration") of the District Court's June 21, 2006 order and opinion. By order dated August 7, 2006, the District Court granted the Motion for Reconsideration and remanded the matters raised in the Asbestos Claimants Committee's appeal to the Bankruptcy Court with directions to include those matters in the cost-benefit analysis.

On March 22, 2007, the Bankruptcy Court stayed the proceeding on remand with the consent of the parties as they attempted to complete negotiations on a proposed global settlement. The consensual stay was terminated on February 1, 2008, but, in view of the filing of the Plan, the remanded proceeding was again stayed on consent of the parties pursuant to an order entered by the Bankruptcy Court on August 22, 2008. If the Plan is confirmed and consummated, the Asbestos Claimants' Committee's Motion to Prosecute avoidance claims pertaining to the 1994 Transaction and subsequent transactions involving BMCA will be dismissed with prejudice.

M THE IRS ACTION

On September 21, 2001, the IRS filed a proof of claim with respect to such deficiency against G-I in the chapter 11 cases. G-I filed an objection to the proof of claim, which is the subject of an adversary proceeding pending in the United States District Court for the District of New Jersey. United States v. G-I Holdings Inc., 02 Civ. 3082 (SRC). By opinion and order dated September 8, 2006, the District Court ruled on the parties' respective motions for Partial Summary Judgment, granting the government summary judgment on the issue of "adequate disclosure" for statute of limitations purposes and denying G-I summary judgment on its other statute of limitations defense (finding material issues of fact that must be tried). In an opinion dated June 8, 2007, the District Court decided that G-I cannot avail itself of the "binding contract" transitional relief with respect to the 1999 distribution of U.S. Treasury Bonds to G-I. This IRS claim is not part of the global settlement. If the Plan is confirmed, the IRS and G-I will continue to litigate the allowance of the claim and the Plan provides whatever allowed claim, if any, is ultimately granted will be paid in accordance with the Bankruptcy Code.

V. THE PLAN OF REORGANIZATION

The Debtors believe that (i) through the Plan, holders of Allowed Claims will obtain a greater recovery from the estates of the Debtors than the recovery that they would receive if the assets of the Debtors were liquidated under chapter 7 of the Bankruptcy Code and (ii) the Plan will afford the Debtors the opportunity and ability to continue in business as a viable going concern and preserve ongoing employment for the Debtors' employees.

The Plan is annexed hereto as Exhibit A and forms a part of this Disclosure Statement. The summary of the Plan set forth below is qualified in its entirety by reference to the provisions of the Plan.

Statements as to the rationale underlying the treatment of Claims and Equity Interests under the Plan are not intended to, and shall not, waive, compromise or limit any rights, claims or causes of action in the event the Plan is not confirmed.

A STRUCTURE OF THE REORGANIZED DEBTORS

It is contemplated that, on the Effective Date, the management, control, and operation of the Reorganized Debtors shall become the general responsibility of the Boards of Directors of the Reorganized Debtors.

The Boards of Directors of each of the Debtors immediately prior to the Effective Date will serve as the initial Boards of Directors of the Reorganized Debtors on and after the Effective Date and are identified in Schedule 8.2 of the Plan Supplement. Each of the members of such Boards of Directors will serve in accordance with applicable non-bankruptcy law and each Debtors' certificate or articles of incorporation and by-laws, as each of the same may be amended from time to time. The officers of the Debtors immediately prior to the Effective Date will serve as the initial officers of the Reorganized Debtors on and after the Effective Date. Such officers shall serve in accordance with

applicable non-bankruptcy law and any employment agreement with the Debtors, if assumed, or with the Reorganized Debtors.

The articles or certificate of incorporation and by-laws of the Debtors will be amended as of the Effective Date to provide substantially as set forth in the Reorganized Debtors' Certificate of Incorporation and the Reorganized Debtors' By-Laws. The articles or certificate of incorporation and by-laws shall contain provisions (i) prohibiting the issuance of non-voting equity securities, as required by section 1123(a)(6) of the Bankruptcy Code (subject to further amendment of such certificates of incorporation and by-laws as permitted by applicable law), and (ii) effectuating the provisions of the Plan, in such case without further action by the stockholders or directors of the Debtors, the Debtors-in-Possession, or the Reorganized Debtors.

On the Effective Date, the adoption of the Reorganized Debtors' Certificate of Incorporation and the Reorganized Debtors' By-Laws shall be authorized and approved in all respects, in each case without further action under applicable law, regulation, order, or rule, including, without limitation, any action by the stockholders of the Debtors or the Reorganized Debtors. All other matters provided under the Plan involving the corporate structure of the Reorganized Debtors or corporate action by the Reorganized Debtors shall be deemed to have occurred, be authorized, and shall be in effect without requiring further action under applicable law, regulation, order, or rule, including, without limitation, any action by the stockholders of the Debtors or the Reorganized Debtors. Without limiting the foregoing, from and after the Confirmation Date, the Debtors or the Reorganized Debtors shall take any and all actions deemed appropriate to consummate the transactions contemplated herein.

As set forth in the Plan, the Plan Sponsor and Reorganized Debtors (as applicable) and only the Plan Sponsor and Reorganized Debtors shall be responsible for Distributions required by the Plan. The Asbestos Trust and only the Asbestos Trust shall be responsible for resolving and paying Class 6 Claims and Demands in accordance with the Asbestos Trust Agreement and the Asbestos Trust Distribution Procedures.

B CLASSIFICATION AND TREATMENT OF CLAIMS AND EQUITY INTERESTS

The Plan governs the treatment of Claims against and Equity Interests in the Debtors in these chapter 11 cases. The table in Section I(C)(2) summarizes the treatment under the Plan for each class.

Unless otherwise indicated, the characteristics and amount of the Claims or Equity Interests in the following classes are based on the Debtors' books and records. Each subclass is treated as a separate class for purposes of the Plan and the Bankruptcy Code. Except for Asbestos Claims, which will be resolved by the Asbestos Trust in accordance with the Asbestos Trust Agreement and the Asbestos Trust Distribution Procedures, only Claims that are "allowed" under the Bankruptcy Code or by the Bankruptcy Court will receive any distribution under the Plan.

The Plan classifies Claims and Equity Interests separately and provides different treatment for different Classes of Claims and Equity Interests in accordance with the Bankruptcy Code. As described more fully below, the Plan provides, separately for each Class, that holders of certain Claims will receive various amounts and types of consideration, thereby giving effect to the different rights of holders of Claims and Equity Interests in each Class.

1. Administrative Expense Claims.

In order to confirm the Plan, Allowed Administrative Expense Claims and Allowed Priority Tax Claims must be paid in full or in a manner otherwise agreeable to the holders of such Claims.

Administrative expenses are the actual and necessary costs and expenses of the Debtors' Chapter 11 Cases. Administrative Expense Claims are Claims constituting a cost or expense of administration of the Chapter 11 Cases allowed under sections 503(b) and 507(a)(1) of the Bankruptcy Code. Such Claims include all actual and necessary costs and expenses of preserving the estates of the Debtors, all actual and necessary costs and expenses of operating the business of the Debtors-in-Possession, any indebtedness or obligations incurred or assumed by the Debtors-in-Possession in connection with the conduct of their business, the actual, reasonable, and necessary professional fees and expenses of the professionals retained by the Debtors, the Asbestos Claimants Committee and the Legal Representative, and all cure amounts owed in respect of leases and contracts assumed by the Debtors-in-Possession. The Debtors estimate that the amount of Allowed Administrative Expense Claims that have not previously been paid pursuant to an order of the Bankruptcy Court will not exceed $5,500,000.

Pursuant to the Plan, except to the extent that any entity entitled to payment of any Allowed Administrative Expense Claim agrees to a less favorable treatment with the applicable Debtor, each holder of an Allowed Administrative Expense Claim shall receive Cash in an amount equal to such Allowed Administrative Expense Claim on the later of the Effective Date and the date on which such Administrative Expense Claim becomes an Allowed Administrative Expense Claim, or as soon thereafter as is practicable; *provided, however*, that Allowed Administrative Expense Claims representing liabilities incurred in the ordinary course of business by the applicable Debtor-in-Possession shall be paid in full and performed by the applicable Reorganized Debtor in the ordinary course of business in accordance with the terms and subject to the conditions of any agreements governing, instruments evidencing, or other documents relating to such transactions.

To the extent that an Administrative Expense Claim is Allowed against the Estate of more than one Debtor, there shall be only a single recovery on account of such Allowed Claim; *provided, however*, that an Entity holding an Allowed Claim against one or more Debtors which are co-obligors on such Claim may recover distributions from any of such Debtors until such Entity has received payment in full on such Allowed Claim.

2. Compensation and Reimbursement Claims.

Compensation and reimbursement Claims are Administrative Expense Claims for the compensation of professionals and reimbursement of expenses incurred by such professionals pursuant to sections 503(b)(2), 503(b)(3), 503(b)(4) and 503(b)(5) of the Bankruptcy Code (the "Compensation and Reimbursement Claims").

All payments to professionals for Compensation and Reimbursement Claims will be made in accordance with the procedures established by the Bankruptcy Code, the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), and the Bankruptcy Court relating to the payment of interim and final compensation for services rendered and reimbursement of expenses. The aggregate amount incurred by the Debtors in respect of compensation for services rendered and reimbursement of expenses incurred by professionals (including professionals employed by the Debtors and the Creditors' Committee) through November 23, 2008 is approximately $202,002,000. The Bankruptcy Court will review and determine all applications for compensation for services rendered and reimbursement of expenses.

Section 503(b) of the Bankruptcy Code provides for payment of compensation to creditors, indenture trustees and other entities making a "substantial contribution" to a reorganization case, and to attorneys for and other professional advisors to such entities. At this time, the Debtors do not know the amounts, if any, which may be sought by entities for such compensation. Requests for compensation must be approved by the Bankruptcy Court after a hearing on notice at which the Debtors and other parties in interest may participate and, if appropriate, object to the allowance of any claims for compensation and reimbursement of expenses.

Pursuant to the Plan, all holders of any Claim for an award by the Bankruptcy Court of compensation for services rendered or reimbursement of expenses incurred through and including the Effective Date pursuant to sections 503(b)(2), 503(b)(3), 503(b)(4), or 503(b)(5) of the Bankruptcy Code shall (i) file their respective final applications for allowances of compensation for services rendered and reimbursement of expenses incurred through the Effective Date by a date no later than the date that is ninety (90) days after the Effective Date or by such other date as may be fixed by the Bankruptcy Court and (ii) if granted such an award by the Bankruptcy Court, be paid in full in such amounts as are Allowed by the Bankruptcy Court (A) on the date on which such Administrative Expense Claim becomes an Allowed Administrative Expense Claim, or as soon thereafter as is reasonably practicable, or (B) upon such other terms as may be mutually agreed upon between such holder of an Administrative Expense Claim and the Reorganized Debtors.

To the extent that an Administrative Expense Claim is Allowed against the Estate of each Debtor, there shall be only a single recovery on account of such Allowed Claim; *provided, however*, that an Entity holding an Allowed Claim against each of the Debtors as co-obligors on such Claim may recover distributions from any such Debtor until such Entity has received payment in full on such Allowed Claim.

3. Priority Tax Claims.

Priority Tax Claims are Claims against the Debtors of a governmental unit of the kind entitled to priority in payment as specified in sections 502(i) and 507(a)(8) of the Bankruptcy Code.

Pursuant to the Plan, except to the extent that a holder of an Allowed Priority Tax Claim has been paid by the applicable Debtor prior to the Effective Date or agrees to a different treatment, each holder of an Allowed Priority Tax Claim shall receive, at the sole option of the applicable Reorganized Debtor and in full and complete satisfaction of any and all liability attributable to such Priority Tax Claim on the latest of (i) the Effective Date, (ii) the date on which such Priority Tax Claim becomes an Allowed Priority Tax Claim, and (iii) the date such Allowed Priority Tax Claim is payable under applicable nonbankruptcy law, or as soon thereafter as is reasonably practicable, (a) Cash in an amount equal to such Allowed Priority Tax Claim, (b) a transferable note that provides for a Cash payment in an amount equal to such Allowed Priority Tax Claim, together with interest at four percent (4%), on the sixth (6th) anniversary from the date of final determination of the assessment of such Allowed Priority Tax Claim, or (c) any combination of Cash and a note, on the terms provided in subsections (a) and (b) hereof, in an aggregate Cash and principal amount equal to such Allowed Priority Tax Claim; *provided,* that the Debtors reserve the right to prepay any such note in part or in whole at any time without premium or penalty; and *provided, further,* that no holder of an Allowed Priority Tax Claim shall be entitled to any payments on account of any pre-Effective Date interest accrued on or penalty arising after the Commencement Date with respect to or in connection with such Allowed Priority Tax Claim.

4. Allowed G-I Priority Non-Tax Claims (Class 1A)

The Claims in Class 1A consist of G-I Priority Non-Tax Claims.

Pursuant to the Plan, G-I Priority Non-Tax Claims are any Claims against G-I or its estate, other than an Administrative Expense Claim or a Priority Tax Claim, entitled to priority in payment in accordance with sections 507(a)(3), (4), (5), (6), (7) or (9) of the Bankruptcy Code, but only to the extent entitled to such priority.

Pursuant to the Plan, the legal, equitable, and contractual rights of the holders of Allowed G-I Priority Non-Tax Claims are unaltered by the Plan, or such Allowed G-I Priority Non-Tax Claims shall otherwise be rendered unimpaired pursuant to section 1124 of the Bankruptcy Code.

The Debtors estimate that the amount of Claims in Class 1A will be $0.

Class 1A is unimpaired by the Plan. Each holder of a Class 1A Claim is conclusively presumed to have accepted the Plan, and is thus not entitled to vote to accept or reject the Plan.

5. Allowed ACI Priority Non-Tax Claims (Class 1B)

The Claims in Class 1B consist of ACI Priority Non-Tax Claims.

Pursuant to the Plan, ACI Priority Non-Tax Claims are any Claims against ACI or its estate, other than an Administrative Expense Claim or a Priority Tax Claim, entitled to priority in payment in accordance with sections 507(a)(3), (4), (5), (6), (7) or (9) of the Bankruptcy Code, but only to the extent entitled to such priority.

Pursuant to the Plan, the legal, equitable, and contractual rights of the holders of Allowed ACI Priority Non-Tax Claims are unaltered by the Plan, or such Allowed ACI Priority Non-Tax Claims shall otherwise be rendered unimpaired pursuant to section 1124 of the Bankruptcy Code.

The Debtors estimate that the amount of Claims in Class 1B will be $0.

Class 1B is unimpaired by the Plan. Each holder of a Class 1B Claim is conclusively presumed to have accepted the Plan, and is thus not entitled to vote to accept or reject the Plan.

6. G-I Secured Claims (Class 2A).

Class 2A consists of all G-I Secured Claims.

Pursuant to the Plan, the Claims in Class 2A are Claims against G-I, to the extent reflected in the Schedules or a proof of claim as a Secured Claim, that are secured by a Lien on Collateral to the extent of the value of such Collateral, as determined in accordance with section 506(a) of the Bankruptcy Code, or, in the event that such Claim is subject to a permissible setoff under section 553 of the Bankruptcy Code, to the extent of such permissible setoff.

Pursuant to the Plan, the legal, equitable, and contractual rights of the holders of Allowed G-I Secured Claims are unaltered by the Plan, or such Allowed G-I Secured Claims shall otherwise be rendered unimpaired pursuant to section 1124 of the Bankruptcy Code.

The Debtors estimate that the Claims in Class 2A will be $0.

Class 2A is unimpaired by the Plan. Each holder of a Class 2A Claim is conclusively presumed to have accepted the Plan, and is thus not entitled to vote to accept or reject the Plan.

7. ACI Secured Claims (Class 2B).

Class 2B consists of all ACI Secured Claims.

Pursuant to the Plan, the Claims in Class 2B are Claims against ACI, to the extent reflected in the Schedules or a proof of claim as a Secured Claim, that are secured by a Lien on Collateral to the extent of the value of such Collateral, as determined in accordance with section 506(a) of the Bankruptcy Code, or, in the event that such Claim is subject to a permissible setoff under section 553 of the Bankruptcy Code, to the extent of such permissible setoff.

Pursuant to the Plan, the legal, equitable, and contractual rights of the holders of Allowed ACI Secured Claims are unaltered by the Plan, or such Allowed ACI Secured Claims shall otherwise be rendered unimpaired pursuant to section 1124 of the Bankruptcy Code.

The Debtors estimate that the Claims in Class 2B will be $0.

Class 2B is unimpaired by the Plan. Each holder of a Class 2B Claim is conclusively presumed to have accepted the Plan, and is thus not entitled to vote to accept or reject the Plan.

8. G-I Unsecured Claims (Class 3A)

Class 3A consists of all Unsecured Claims against G-I.

Pursuant to the Plan, an Unsecured Claim is any Claim against one or more of the Debtors (regardless of whether such Claim is covered by insurance), to the extent that such Claim is neither secured nor entitled to priority under applicable law. Unsecured Claims expressly include, without limitation, (a) any claim arising from the rejection of an executory contract or unexpired lease under section 365 of the Bankruptcy Code; (b) any portion of a Claim that is not a Secured Claim (*i.e.*, an unsecured deficiency claim); (c) any deficiency portion of a Bonded Non-Asbestos Claim remaining after crediting proceeds of any supersedeas bond or other payment assurances to which the holder of such Claim is determined by Final Order or agreement of the parties to be entitled; and (d) any Claims arising from the provision of goods or services to the Debtors prior to the Commencement Date, including the Claims of commercial trade creditors. Unless otherwise specifically provided in an applicable provision of the Plan, Unsecured Claims shall not include (i) Administrative Expense Claims; (ii) Priority Tax Claims; (iii) G-I Priority Non-Tax Claims; (iv) ACI Priority Non-Tax Claims; (v) G-I Secured Claims; (vi) ACI Secured Claims; (vii) Asbestos Claims; (viii) Asbestos Property Damage Claims; (ix) Asbestos Property Damage Contribution Claims; (x) Environmental Claims; (xi) Bonded Claims; (xii) the CCR Claim; (xiii) G-I Affiliate Claims; (xiv) ACI Affiliate Claims; (xv) Workers' Compensation Claims; or (xvi) G-I Equity Interest Redemption Claims.

Pursuant to the Plan, On the later of (i) the Effective Date and (ii) the date on which a G-I Unsecured Claim becomes an Allowed G-I Unsecured Claim, or as soon thereafter as is reasonably practicable, each holder of an Allowed G-I Unsecured Claim shall receive Cash in an amount equal to 8.6% of such Allowed Claim.

The Debtors believe that the Claims in Class 3A will approximate $1,110,629.

Class 3A is impaired by the Plan. Each holder of an Allowed Class 3A Claim is entitled to vote to accept or reject the Plan.

9. ACI Unsecured Claims (Class 3B)

Class 3B consists of all Unsecured Claims against ACI.

Pursuant to the Plan, an Unsecured Claim is any Claim against one or more of the Debtors (regardless of whether such Claim is covered by insurance), to the extent that such Claim is neither secured nor entitled to priority under applicable law. Unsecured Claims expressly include, without limitation, (a) any claim arising from the rejection of an executory contract or unexpired lease under section 365 of the Bankruptcy Code; (b) any portion of a Claim that is not a Secured Claim (*i.e.*, an unsecured deficiency claim); (c) any deficiency portion of a Bonded Non-Asbestos Claim remaining after crediting proceeds of any supersedeas bond or other payment assurances to which the holder of such Claim is determined by Final Order or agreement of the parties to be entitled; and (d) any Claims arising from the provision of goods or services to the Debtors prior to the Commencement Date, including the Claims of commercial trade creditors. Unless otherwise specifically provided in an applicable provision

of the Plan, Unsecured Claims shall not include (i) Administrative Expense Claims; (ii) Priority Tax Claims; (iii) G-I Priority Non-Tax Claims; (iv) ACI Priority Non-Tax Claims; (v) G-I Secured Claims; (vi) ACI Secured Claims; (vii) Asbestos Claims; (viii) Asbestos Property Damage Claims; (ix) Asbestos Property Damage Contribution Claims; (x) Environmental Claims; (xi) Bonded Claims; (xii) the CCR Claim; (xiii) G-I Affiliate Claims; (xiv) ACI Affiliate Claims; (xv) Workers' Compensation Claims; or (xvi) G-I Equity Interest Redemption Claims.

Pursuant to the Plan, the legal, equitable, and contractual rights of the holders of Allowed ACI Unsecured Claims are unaltered by the Plan, or such Allowed ACI Unsecured Claims shall otherwise be rendered unimpaired pursuant to section 1124 of the Bankruptcy Code.

The Debtors believe that the Claims in Class 3B will be $0.

Class 3B is unimpaired by the Plan. Each holder of a Class 3B Claim is conclusively presumed to have accepted the Plan, and is thus not entitled to vote to accept or reject the Plan.

10. Environmental Claims for Remedial Relief (Class 4)

Class 4 consists of all Environmental Claims for Remedial Relief.

Pursuant to the Plan, an Environmental Claim for Remedial Relief is an Environmental Claim by a governmental unit for remedial relief to address on-going hazards as an exercise of state or federal regulatory power at properties currently owned or operated by the Debtors, but does not include a Claim for monetary relief for reimbursement or contribution in respect of prepetition remediation expenditures or any other prepetition monetary Claim. Environmental Claims are Claims relating to alleged hazardous materials, hazardous substances, contamination, pollution, waste, fines or mine or mill tailings released, threatened to be released or present in the environment or ecosystem, including without limitation, alleged contamination under federal or state environmental laws, codes, orders or regulations, common law, as well as any entitlements to equitable remedies, including, without limitation, investigation, restoration, natural resource damages, reclamation, remediation and cleanup, including without limitation, any Environmental Claim for Remedial Relief and any Other Environmental Claim; *provided*, *however*, for the avoidance of doubt, the term "Environmental Claim" shall not include or pertain to any Asbestos Claim, Asbestos Property Damage Claim, Asbestos Property Damage Contribution Claim, Bonded Asbestos Personal Injury Claim, CCR Claim, Workers' Compensation Claim, or Claim of an Affiliate.

Pursuant to the Plan, the legal, equitable, and contractual rights of the holders of Allowed Environmental Claims for Remedial Relief are unaltered by the Plan, or such Allowed Environmental Claims for Remedial Relief shall otherwise be rendered unimpaired pursuant to section 1124 of the Bankruptcy Code.

Class 4 is unimpaired by the Plan. Each holder of a Class 4 Claim is conclusively presumed to have accepted the Plan, and is thus not entitled to vote to accept or reject the Plan.

11. Other Environmental Claims (Class 5)

Class 5 consists of all Other Environmental Claims.

The Debtors will presume Class 5 rejects the Plan. As a practical matter, because all the claims are disputed, there would likely be no claims voting, or claims would have to be allowed on a temporary basis (to the extent allowed by law) for voting purposes. Because the Plan provides substantially the same economic treatment to the claims in Class 5 as it does to all G-I Unsecured Claims in Class 3, the Debtors believe the Plan can be confirmed over the rejection of Class 5.

Pursuant to the Plan, an Other Environmental Claim is any Environmental Claim that is not an Environmental Claim for Remedial Relief, including without limitation Claims for monetary relief for reimbursement or contribution in respect of prepetition remediation expenditures and any prepetition monetary Claims relating to environmental laws or regulations, whether for property owned or operated by G-I prepetition, postpetition, or both.

Environmental Claims are Claims relating to alleged hazardous materials, hazardous substances, contamination, pollution, waste, fines or mine or mill tailings released, threatened to be released or present in the environment or ecosystem, including without limitation, alleged contamination under federal or state environmental laws, codes, orders or regulations, common law, as well as any entitlements to equitable remedies, including, without limitation, investigation, restoration, natural resource damages, reclamation, remediation and cleanup, including without limitation, any Environmental Claim for Remedial Relief and any Other Environmental Claim; *provided*, *however*, for the avoidance of doubt, the term "Environmental Claim" shall not include or pertain to any Asbestos Claim, Asbestos Property Damage Claim, Asbestos Property Damage Contribution Claim, Bonded Asbestos Personal Injury Claim, CCR Claim, Workers' Compensation Claim, or Claim of an Affiliate.

Pursuant to the Plan, on the later of (i) the Effective Date and (ii) the date on which an Other Environmental Claim becomes an Allowed Other Environmental Claim, or as soon thereafter as is reasonably practicable, each holder of an Allowed Other Environmental Claim shall receive Cash in an amount equal to 8.6%[*] of such Allowed Claim.

Class 5 is impaired by the Plan. Each holder of a Class 5 Claim is conclusively deemed to reject the Plan and is thus not entitled to vote to accept or reject the Plan. By presuming that Class 5 has rejected the Plan, the Debtors will avoid any costs and delay associated with providing ballots to Class 5 claimholders.

12. Asbestos Claims (Class 6).

Class 6 consists of Asbestos Claims.

As provided in the Plan, an Asbestos Claim is any (i) Asbestos Personal Injury Claim, (ii) Indirect Trust Claim, and (iii) any deficiency portion of a Bonded Asbestos Personal Injury Claim remaining after crediting the proceeds of any supersedeas bond or other payment assurances to which the holder of such Claim is determined by Final Order or agreement of the parties to be entitled, *provided, however,* for the avoidance of doubt, the term "Asbestos Claim" shall not include or pertain to the CCR Claim or any Asbestos Property Damage Claim, Asbestos Property Damage Contribution Claim, Bonded Claim, Claim held by an Affiliate (even if such Claim would constitute an Indirect Trust Claim if it arose in favor of a non-Affiliate), Environmental Claim, or Workers' Compensation Claim. Accordingly, the following types of Claims and Demands are illustrative of what constitutes an Asbestos Claim:

- Asbestos Personal Injury Claim means any Claim or Demand against G-I, now existing or hereafter arising, whether or not such Claim, remedy, liability, or Demand is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, or unsecured, whether or not the facts of or legal bases therefor are known or unknown, under any theory of law, equity, admiralty, or otherwise, for death, bodily injury, sickness, disease, medical monitoring or other personal injuries (whether physical, emotional or otherwise) to the extent caused or allegedly caused, directly or indirectly, by the presence of or exposure (whether prior to or on and after the Commencement Date) to asbestos or asbestos-containing products or things that was or were

[*] The percentage will match the Asbestos Trust Initial Payment Percentage.

installed, engineered, designed, manufactured, fabricated, constructed, sold, supplied, produced, specified, selected, distributed, released, marketed, serviced, maintained, repaired, purchased, owned, occupied, used, removed, replaced or disposed by G-I or an Entity for whose products or operations G-I allegedly has liability or for which G-I is otherwise allegedly liable, including, without limitation,

(i) any Claim, remedy, liability, or demand for compensatory damages (such as loss of consortium, wrongful death, medical monitoring, survivorship, proximate, consequential, general, and special damages) and punitive damages;

(ii) any Claim, remedy, liability or demand for reimbursement, indemnification, subrogation and contribution (including an Indirect Trust Claim); and

(iii) any Claim under any settlement pertaining to an Asbestos Personal Injury Claim, which settlement was actually or purportedly entered into by or on behalf of G-I prior to the Commencement Date;

provided, *however*, for the avoidance of doubt, the term "Asbestos Personal Injury Claim" shall not include or pertain to the CCR Claim or any Asbestos Property Damage Claim, Asbestos Property Damage Contribution Claim, Bonded Claim, Claim held by an Affiliate (even if such Claim would constitute an Indirect Trust Claim if it arose in favor of a non-Affiliate), Environmental Claim, or Workers' Compensation Claim.

- Indirect Trust Claim means any Claim or Demand against G-I, now existing or hereafter arising, that is

(i) held by any Entity (other than a director or officer entitled to indemnification pursuant to Section 7.5 of the Plan) who has been, is, or may be a defendant in an action seeking damages for death, bodily injury, sickness, disease, or other personal injuries (whether physical, emotional, or otherwise) to the extent based on, arising from, or attributable to an Asbestos Personal Injury Claim; and

(ii) on account of alleged liability of G-I for reimbursement, indemnification, subrogation, or contribution of any portion of any damages such Entity has paid or may pay on account of an Asbestos Personal Injury Claim; *provided, however*, that the term "Indirect Trust Claim" shall not include or pertain to the CCR Claim or any Asbestos Property Damage Claim, Asbestos Property Damage Contribution Claim, Bonded Claim, Environmental Claim, Workers' Compensation Claims, ACI Affiliate Claim, or G-I Affiliate Claim.

- Deficiency portion of a Bonded Asbestos Personal Injury Claim means that portion remaining *after* crediting the proceeds of any supersedeas bond or other payment assurances to which the holder of such Claim is determined by Final Order or agreement of the parties to be entitled with respect to a Bonded Asbestos Personal Injury Claim. Please refer to the treatment of Bonded Claims – Class 9, below, for further information regarding treatment of Bonded Asbestos Personal Injury Claims.

Pursuant to the Plan, all Class 6 Claims shall be resolved, determined, and paid pursuant to section 524(g) of the Bankruptcy Code and the terms, provisions, and procedures of the Asbestos Trust Agreement and the Asbestos Trust Distribution Procedures. The Asbestos Trust will be funded in accordance with the provisions of Section 4.4 of the Plan. The sole recourse of the holder of a Class 6 Claim shall be to the Asbestos Trust, and such holder shall have no right whatsoever at any time to assert its Class 6 Claim against any Protected Party. ***Without limiting the***

foregoing, on the Effective Date, all holders of Asbestos Claims shall be subject to the Asbestos Permanent Channeling Injunction.

The Debtors are advised by the Asbestos Claimants Committee and Legal Representative that the estimated aggregate amount of Asbestos Personal Injury Claims and demands against the Debtors is in excess of $7,000,000,000.

Class 6 is impaired and the holders of Claims in Class 6 are entitled to vote to accept or reject the Plan.

13. Asbestos Property Damage Claims and Asbestos Property Damage Contribution Claims (Class 7).

Class 7 consists of Asbestos Property Damage Claims and Asbestos Property Damage Contribution Claims.

Pursuant to the Plan, Asbestos Property Damage Claims consist of (i) any Claim or remedy or liability against G-I, whether or not such Claim, remedy, or liability is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, or unsecured, whether or not the facts of or legal bases therefor are known or unknown, under any theory of law, equity, admiralty, or otherwise, for damages for property damage, including but not limited to, the cost of inspecting, maintaining, encapsulating, repairing, decontaminating, removing or disposing of asbestos or asbestos-containing products in buildings, other structures, or other property arising from the installation in, presence in or removal from buildings or other structures of asbestos or asbestos-containing products that was or were installed, manufactured, engineered, designed, fabricated, constructed, sold, supplied, produced, distributed, released, specified, selected, marketed, serviced, repaired, maintained, purchased, owned, used, removed, replaced or disposed of by G-I prior to the Commencement Date, or for which G-I is otherwise allegedly liable, including, without express or implied limitation, any such Claims, remedies and liabilities for compensatory damages (such as proximate, consequential, general, and special damages) and punitive damages, and any Claim, remedy or liability for reimbursement, indemnification, subrogation and contribution, including, without limitation, any Asbestos Property Damage Contribution Claim; and (ii) any Claim under any settlement pertaining to an Asbestos Property Damage Claim, which settlement was actually or purportedly entered into by or on behalf of G-I prior to the Commencement Date; *provided, however*, for the avoidance of doubt, the term "Asbestos Property Damage Claim" shall not include or pertain to an Asbestos Personal Injury Claim, Bonded Claim, Indirect Trust Claim, CCR Claim, Environmental Claim or Workers' Compensation Claim.

Pursuant to the Plan, Asbestos Property Damage Contribution Claims consist of any Claim or remedy or liability against G-I, whether or not such Claim, remedy or liability is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, or unsecured, whether or not the facts of or legal bases for such Claim, remedy or liability are known or unknown, that is (i) held by (a) any Entity (other than a director or officer entitled to indemnification pursuant to Section 7.5 of the Plan) who has been, is, or may be a defendant in an action seeking damages for property damage, including but not limited to, the cost of inspecting, maintaining, encapsulating, repairing, decontaminating, removing or disposing of asbestos or asbestos-containing products in buildings, other structures, or other property, arising from the installation in, presence in or removal from buildings or other structures of asbestos or asbestos-containing products that was or were installed, manufactured, engineered, designed, fabricated, constructed, sold, supplied, produced, distributed, released, specified, selected, marketed, serviced, repaired, maintained, purchased, owned, used, removed, replaced or disposed of by G-I prior to the Commencement Date, or for which G-I is otherwise allegedly liable, including, without express or implied limitation, any such Claims, remedies and liabilities for compensatory damages (such as proximate, consequential, general, and special

damages) and punitive damages, or (b) any assignee or transferee of such Entity; and (ii) on account of alleged liability of G-I for reimbursement, indemnification, subrogation, or contribution of any portion of any damages such Entity has paid or may pay to the plaintiff in such action; *provided*, *however*, for the avoidance of doubt, the term "Asbestos Property Damage Contribution Claim" shall not include or pertain to an Asbestos Personal Injury Claim, Bonded Claim, Indirect Trust Claim, CCR Claim, Environmental Claim, or Workers' Compensation Claim.

Pursuant to the Plan, on the later of (i) the Effective Date and (ii) the date on which an (A) Asbestos Property Damage Claim becomes an Allowed Asbestos Property Damage Claim or (B) Asbestos Property Damage Contribution Claim becomes an Allowed Asbestos Property Damage Contribution Claim, or as soon thereafter as is reasonably practicable, each holder of an Allowed Asbestos Property Damage Claim or Allowed Asbestos Property Damage Contribution Claim shall receive Cash in an amount equal to 8.6% of such Allowed Claim, without interest; *provided, however*, that (i) all Allowed Asbestos Property Damage Claims or Allowed Asbestos Property Damage Contribution Claims shall be paid solely from the PD Existing Insurance and shall receive no Cash distribution from G-I, and (ii) such Allowed Property Damage Claims and Allowed Property Damage Contribution Claims shall be subject to the terms and provisions of Section 6.5 of the Plan.

The Debtors believe that the Claims in Class 7 will be $0.

Class 7 is impaired by the Plan. Each holder of an Allowed Class 7 Claim is entitled to vote to accept or reject the Plan.

14. CCR Claim (Class 8)

Class 8 consists of the Allowed CCR Claim.

Pursuant to the Plan, a CCR Claim means any means any Claim arising from facts or legal relationships that existed before or during G-I's bankruptcy that CCR or its members, in their capacity as such, have asserted or could assert against G-I or its bankruptcy estate, including, without limitation, any Claim for compensatory damages, contribution, indemnity, payment, reimbursement, subrogation, or any other remedy, whether or not raised in the alternative dispute resolution proceedings that were pending between CCR and G-I when G-I's bankruptcy case commenced. The CCR Claim shall include, but not necessarily be limited to, all Claims based on or relating to (i) alleged breach by G-I of the CCR Producer Agreement or any amendments thereof; (ii) alleged payment or advances of funds, or financing of expenses, by or through CCR on G-I's account or for G-I's benefit; and (iii) any liability or expense allegedly incurred or paid by or through CCR as a result of G-I's failure or refusal to pay any obligation it allegedly incurred under any agreement made by CCR, during G-I's membership in CCR, for the settlement of any asbestos-related personal injury or wrongful death Claim.

As noted in the Plan, the CCR Settlement Agreement is an agreement to be entered into between and among the Debtors, Asbestos Claimants Committee, Legal Representative, and CCR, and submitted for approval to the Bankruptcy Court, which will implement the letter of understanding with CCR dated June 30, 2008, and provide for a compromise and settlement governing the treatment of the Allowed CCR Claim under the Plan.

Pursuant to the Plan, if, by the Effective Date, the CCR Claim has been Allowed pursuant to the CCR Settlement Agreement approved by the Bankruptcy Court and executed and delivered by the parties thereto, then on the Effective Date or as soon thereafter as is reasonably practicable, and in accordance with such CCR Settlement Agreement, the Reorganized Debtors shall pay to CCR the CCR Payment Amount as specified in clause (a) of the definition thereof. If no such CCR Settlement Agreement is approved, executed and delivered, then the Allowed amount, if any, of the CCR Claim shall be determined in a CCR Allowance Proceeding. If, before the

Effective Date, the CCR Claim is Allowed pursuant to a Final Order in a CCR Allowance Proceeding, the Reorganized Debtors shall pay to CCR, on the Effective Date or as soon thereafter as is reasonably practicable, the CCR Payment Amount as specified in clause (b) of the definition thereof. The Plan may be consummated notwithstanding the pendency of a CCR Allowance Proceeding if, but only if, the Asbestos Claimants Committee and the Legal Representative, in their sole discretion, have provided the written consents described in Section 12.2(c) of the Plan. Upon the delivery of such written consents, the Reorganized Debtors shall create the CCR Escrow on the Effective Date as provided in Section 4.4(c)(i)(C) of the Plan, in the amount required by that Section, and thereafter, upon the entry of a Final Order in such CCR Proceeding, shall cause a sum equal to the CCR Payment Amount to be disbursed to CCR from the CCR Escrow. Once the CCR Escrow is created, the Debtors and Reorganized Debtors shall have no liability in respect of the CCR Claim beyond having the escrow agent turn over the appropriate amount from the CCR Escrow.

The Debtors anticipate that the CCR Payment Amount will be $9,900,000.

If the CCR Settlement Agreement has been executed and delivered by each of the parties thereto and approved by the Bankruptcy Court prior to the Confirmation Hearing, the Class 8 Claim is unimpaired by the Plan and the holder of the Class 8 Claim is conclusively presumed to have accepted the Plan, and is thus not entitled to vote to accept or reject the Plan. If no CCR Settlement Agreement has been approved by the Bankruptcy Court prior to the Confirmation Hearing, then Class 8 is impaired by the Plan, and the holder of an Allowed Class 8 Claim is entitled to vote to accept or reject the Plan.

15. Bonded Claims (Class 9).

Class 9 consists of Bonded Claims.

Pursuant to the Plan, Bonded Claims constitute any Bonded Asbestos Personal Injury Claim or Bonded Non-Asbestos Claim, but shall not include the deficiency portion, if any, of any such Claims. Accordingly, the following types of Claims and Demands are illustrative of what constitutes a Bonded Claim:

- Bonded Asbestos Personal Injury Claim means an Asbestos Personal Injury Claim evidenced by a judgment as to which, but only to the extent that, a supersedeas bond or equivalent form of payment assurance was posted by a Debtor or by an Affiliate as security for such Claim.

- Bonded Non-Asbestos Claim means any Claim, other than an Asbestos Claim and a Bonded Asbestos Personal Injury Claim, evidenced by a judgment as to which, but only to the extent that, a supersedeas bond or equivalent form of payment assurance was posted by a Debtor or by an Affiliate as security for such Claim.

The deficiency portions of Bonded Asbestos Personal Injury Claims (*i.e.*, that portion remaining *after* crediting the proceeds of any supersedeas bond or other payment assurances to which the holder of such Claim is determined by Final Order or agreement of the parties to be entitled with respect to a Bonded Asbestos Personal Injury Claim) will be treated as Asbestos Claims.

The deficiency portions of Bonded Non-Asbestos Claims (*i.e.*, that portion remaining *after* crediting the proceeds of any supersedeas bond or other payment assurances to which the holder of such Claim is determined by Final Order or agreement of the parties to be entitled with respect to a Bonded Non-Asbestos Claim) will be treated as either G-I Unsecured Claims or ACI Unsecured Claims, as the case may be.

Pursuant to the Plan, on the later of (i) the Effective Date and (ii) the date on which a Bonded Claim becomes an Allowed Bonded Claim, or as soon thereafter as is reasonably practicable, each holder of an Allowed Bonded Claim shall receive Cash in an amount equal to such Allowed Bonded Claim; *provided, however*, that (i) in no event shall such Cash distribution exceed the amount of the bond securing such Allowed Bonded Claim and (ii) each such holder of an Allowed Bonded Claim shall look solely to the bond securing its Claim for such Cash distribution, and shall receive no Cash distribution from G-I. If the holder of the Bonded Claim and G-I do not agree on the Allowed amount of the Bonded Claim, the Bankruptcy Court shall determine the amount of such holder's Allowed Bonded Claim, which amount shall then be paid to such holder from the bond securing such holder's Allowed Bonded Claim.

The Debtors estimate that the Claims in Class 9 will be $10,068,790.

Class 9 is unimpaired by the Plan. Each holder of a Class 9 Claim is conclusively presumed to have accepted the Plan, and is thus not entitled to vote to accept or reject the Plan.

16. G-I Affiliate Claims (Class 10A)

Class 10A consists of all G-I Affiliate Claims.

Pursuant to the Plan, on the Effective Date, each holder of a G-I Affiliate Claim shall receive no distribution of Cash or property in respect of such Claim.

Class 10A is impaired by the Plan. Each holder of a G-I Affiliate Claim is conclusively deemed to reject the Plan and is not entitled to vote to accept or reject the Plan.

17. ACI Affiliate Claims (Class 10B)

Class 10B consists of all ACI Affiliate Claims.

Pursuant to the Plan, the legal, equitable, and contractual rights of the holders of Allowed ACI Affiliate Claims are unaltered by the Plan, or such Allowed ACI Affiliate Claims shall otherwise be rendered unimpaired pursuant to section 1124 of the Bankruptcy Code.

The Debtors estimate that the Claims in Class 10B will be $0.

Class 10B is unimpaired by the Plan. Each holder of an ACI Affiliate Claim is conclusively presumed to have accepted the Plan and is thus not entitled to vote to accept or reject the Plan.

18. G-I Equity Interest Redemption Claims (Class 11)

Class 11 consists of all G-I Equity Interest Redemption Claims.

Pursuant to the Plan, on the Effective Date, each holder of a G-I Equity Interest Redemption Claim shall receive no distribution of Cash or property in respect of such Claim.

Class 11 is impaired by the Plan. Each holder of a G-I Equity Interest Redemption Claim is conclusively deemed to reject the Plan and is not entitled to vote to accept or reject the Plan.

19. G-I Equity Interests (Class 12A).

Class 12A consists of all Equity Interests in G-I and any rights to acquire common stock or other equity securities of G-I.

Pursuant to the Plan, an Equity Interest is any equity interest or proxy related thereto, direct or indirect, in any of the Debtors represented by duly authorized, validly issued and outstanding shares of preferred stock or common stock, stock appreciation rights or any other instrument evidencing a present ownership interest, direct or indirect, inchoate or otherwise, in any of the Debtors, or right to convert into such an equity interest or acquire any equity interest of the Debtors, whether or not transferable, or an option, warrant or right contractual or otherwise, to acquire any such interest, which was in existence prior to or on the Commencement Date; *provided, however,* for the avoidance of doubt, the term "Equity Interest" does not include or pertain to any ACI Class B Shares or G-I Class B Shares.

On the Effective Date, all instruments evidencing a G-I Equity Interest (but not the G-I Class B Shares) shall be canceled without further action under any applicable agreement, law, regulation, or rule. The G-I Equity Interests shall be extinguished and holders of G-I Equity Interests shall not receive nor retain any property under the Plan.

Prior to the Effective Date, for good and valuable consideration as part of the global settlement referred to in Section 4.1 of the Plan, G-I will authorize and issue to Holdings the G-I Class B Shares, subject to the Capital Stock Lien. On the Effective Date, as a result of all Equity Interests in G-I (but not the G-I Class B Shares) being cancelled, one hundred percent (100%) of the equity interest in G-I shall be represented by the G-I Class B Shares held by Holdings.

Class 12A is impaired by the Plan. Each holder of a G-I Equity Interest is conclusively deemed to reject the Plan and is not entitled to vote to accept or reject the Plan.

20. ACI Equity Interests (Class 12B).

Class 12B consists of all Equity Interests in ACI and any rights to acquire common stock or other equity securities of ACI.

Pursuant to the Plan, an Equity Interest is any equity interest or proxy related thereto, direct or indirect, in any of the Debtors represented by duly authorized, validly issued and outstanding shares of preferred stock or common stock, stock appreciation rights or any other instrument evidencing a present ownership interest, direct or indirect, inchoate or otherwise, in any of the Debtors, or right to convert into such an equity interest or acquire any equity interest of the Debtors, whether or not transferable, or an option, warrant or right contractual or otherwise, to acquire any such interest, which was in existence prior to or on the Commencement Date; *provided, however,* for the avoidance of doubt, the term "Equity Interest" does not include or pertain to any ACI Class B Shares or G-I Class B Shares.

On the Effective Date, all instruments evidencing an ACI Equity Interest (but not the ACI Class B Shares) shall be canceled without further action under any applicable agreement, law, regulation, or rule. The ACI Equity Interests shall be extinguished and holders of ACI Equity Interests shall not receive nor retain any property under the Plan.

Prior to the Effective Date, for good and valuable consideration as part of the global settlement referred to in Section 4.1 of the Plan, ACI will authorize and issue to G-I the ACI Class B Shares. On the Effective Date, as a result of all Equity Interests in ACI (but not the ACI Class B Shares) being cancelled, one hundred percent (100%) of the equity interest in ACI shall be represented by the ACI Class B Shares held by G-I.

Class 12B is impaired by the Plan. Each holder of an ACI Equity Interest is conclusively deemed to reject the Plan and is not entitled to vote to accept or reject the Plan.

C RESERVATION OF "CRAM DOWN" RIGHTS

The Bankruptcy Code permits the Bankruptcy Court to confirm a chapter 11 plan over the rejection of any class of claims or equity interests as long as the standards in section 1129(b) are met. This power to confirm a plan over dissenting classes – often referred to as "cram down" – is an important part of the reorganization process. It assures that no single group (or multiple groups) of claims or interests can block a restructuring that otherwise meets the requirements of the Bankruptcy Code and is in the interests of the other constituents in the case.

The Debtors reserve the right to seek confirmation of the Plan, notwithstanding the rejection of the Plan by any class entitled to vote. In the event a class votes to reject the Plan, the Debtors will request the Bankruptcy Court to rule that the Plan meets the requirements specified in section 1129(b) of the Bankruptcy Code with respect to such class. The Debtors will also seek such a ruling with respect to each class that is deemed to reject the Plan. For the classes deemed to reject the Plan, the Debtors will request confirmation pursuant to Bankruptcy Code section 1129(b). However, confirmation of the Plan is subject to the condition that the Plan be accepted by at least 75% of the holders of Class 6 Claims who vote on the Plan**.**

VI. THE ASBESTOS TRUST

The following summarizes the terms of the governing documents for the Asbestos Trust. These documents consist of the Asbestos Trust Agreement (the "Asbestos Trust Agreement") and the G-I Asbestos Settlement Trust Distribution Procedures (the "Trust Distribution Procedures") to be implemented by the Asbestos Trustees pursuant to the terms and conditions of the Plan and the Asbestos Trust Agreement to process, liquidate, and pay Asbestos Claims. The following is intended only to be a summary and is qualified in its entirety by reference to the full text of such documents. In the event of any inconsistency between the provisions of these documents and the summary contained herein, the terms of such documents will control. Interested parties should therefore review the Asbestos Trust Agreement and the Trust Distribution Procedures, copies of which are attached to the Plan as Exhibits 1.1.17 and 1.1.18, respectively.[3] The Trust Distribution Procedures were formulated by the Asbestos Claimants Committee and the Legal Representative, and not by any of the Debtors or their affiliates.

A GENERAL DESCRIPTION OF THE ASBESTOS TRUST

1. Creation and Purposes of the Asbestos Trust

The Plan provides for the creation of a section 524(g) trust to which all Asbestos Claims, including Demands, will be channeled and paid. The Asbestos Trust will have the exclusive liability and responsibility for paying all Asbestos Claims. The Debtors, the Reorganized Debtors, BMCA, and certain other Protected Parties identified in the Plan will have no liability for the payment of Asbestos Claims other than the liability provided for in the Plan to make certain payments to the Asbestos Trust.

The Plan provides that the Asbestos Trust shall be created as of the Effective Date. The Asbestos Trust shall be a "qualified settlement fund" within the meaning of section 468B of the Tax Code and the Treasury Regulations thereunder and shall be established as a statutory trust under the laws of the State of Delaware pursuant to the Asbestos Trust Agreement. The purpose of the Asbestos Trust is, among other things, (a) to direct the processing, resolution, liquidation, and payment of all Asbestos Claims in accordance with section 524(g) of the Bankruptcy Code, the Plan, the Asbestos Trust

[3] Capitalized terms used in this Article IV of this Disclosure Statement that are not otherwise defined herein or in the Plan shall have the meanings assigned to them in the Asbestos Trust Agreement and the Trust Distribution Procedures.

Agreement, the Trust Distribution Procedures, and the Confirmation Order, and (b) to preserve, hold, manage, and maximize the assets of the Asbestos Trust for use in paying and satisfying Asbestos Claims.

The Plan further provides that, on the Confirmation Date, the Bankruptcy Court will appoint the individuals selected jointly by the Asbestos Claimants Committee and the Legal Representative to serve as the Asbestos Trustees for the Asbestos Trust pursuant to the terms of the Asbestos Trust Agreement. Such appointment shall be effective as of the Effective Date. The individuals so appointed shall be identified in Exhibit 4.3 of the Plan.

The Trust Distribution Procedures provide, among other things, for the resolution of Asbestos Claims pursuant to the terms of the Trust Distribution Procedures, and that resolution of an Asbestos Claim by the Asbestos Trust shall result in a full release of such Claim against the Asbestos Trust. The Asbestos Trust shall pay Asbestos Claims as provided by, and at the rates set forth in, the Trust Distribution Procedures.

Pursuant to section 1123(b)(3)(B) of the Bankruptcy Code, except as otherwise provided in the Plan, on the Effective Date, or as soon as reasonably practicable thereafter, the Reorganized Debtors shall assign to the Asbestos Trust all of the Trust Causes of Action,[4] and the Asbestos Trust shall retain and have the exclusive right to enforce against any Entity any and all of the Trust Causes of Action, with the proceeds of the recoveries of any such actions to be deposited in the Trust; *provided, however*, that nothing herein shall alter, amend or modify the Asbestos Permanent Channeling Injunction, releases, discharges, or Supersedeas Bond Action provisions contained elsewhere in the Plan.

2. The Asbestos Trustees

The three individuals who will serve as the initial Asbestos Trustees of the Asbestos Trust are Marina Corodemus, Alan B. Rich and Stephen M. Snyder. The initial Asbestos Trustees shall each serve a term that shall end on the second anniversary of the Effective Date. On the second anniversary of the Effective Date, the number of Asbestos Trustees shall be reduced from three to one. When the number of Asbestos Trustees is reduced from three to one, Stephen M. Snyder shall serve as the sole Asbestos Trustee. Prior to the second anniversary of the Effective Date, Mr. Snyder shall serve as Managing Trustee and shall undertake the administrative duties typically associated with such position.

Each Asbestos Trustee will serve until the earliest of the end of the Asbestos Trustee's term (if any), his or her death, resignation or removal, or the termination of the Asbestos Trust. An Asbestos Trustee may be removed by the unanimous vote of the remaining Trustees (if any) or at the recommendation of the Trust Advisory Committee and the Legal Representative, with the approval of the Bankruptcy Court, in the event he or she becomes unable to discharge his or her duties due to accident or physical or mental deterioration, or for other good cause, including any substantial failure to comply with

[4] As set forth in the Plan, these actions include any and all actions, claims, rights, defenses, counterclaims, suits, and causes of action of the Debtors, whether known or unknown, at law, in equity or otherwise, whenever or wherever arising under the laws of any jurisdiction attributable to: (a) all defenses to any Asbestos Claim; (b) with respect to any Asbestos Claim, all rights of setoff, recoupment, contribution, reimbursement, subrogation, or indemnity (as those terms are defined by the non-bankruptcy law of any relevant jurisdiction) and any other indirect Claim of any kind whatsoever, whenever, and wherever arising or asserted; and (c) subject to the provisions of the Plan, any other Claims or rights with respect to Asbestos Claims that the Debtors would have had under applicable law if the Chapter 11 Cases had not occurred and the holder of such Asbestos Claim had asserted it by initiating or continuing civil litigation against any such Debtor. Notwithstanding the foregoing, Trust Causes of Action shall not include (i) any of the Debtors' rights arising under or attributable to the Supersedeas Bond Actions; (ii) the property, rights, or assets, if any, of the Debtors or their Affiliates that were previously used to secure or obtain a supersedeas bond with respect to any Bonded Claim and which are recoverable or recovered by any of the Debtors or any of their Affiliates after full satisfaction of such Claim; or (iii) any Claims or rights that were or could have been asserted in the Covered Matters.

the general administration provisions of the Asbestos Trust Agreement, a consistent pattern of neglect and failure to perform or participate in performing the duties of Asbestos Trustees or repeated non-attendance at scheduled meetings. In the event of a vacancy in an Asbestos Trustee position, the remaining Asbestos Trustees (if any) will consult with the Trust Advisory Committee and the Legal Representative concerning appointment of a successor Asbestos Trustee. The vacancy will be filled by the unanimous vote of the remaining Asbestos Trustees (if any) unless a majority of the Trust Advisory Committee or the Legal Representative vetoes the appointment. In that event, the Bankruptcy Court will make the appointment. If there are no remaining Asbestos Trustees, the vacancy shall be filed by the Trust Advisory Committee and the Legal Representative. In the event the Trust Advisory Committee and the Legal Representative cannot agree on the successor Asbestos Trustee, the Bankruptcy Court will make the appointment.

Each Asbestos Trustee shall receive a retainer from the Asbestos Trust for his or her service as an Asbestos Trustee in the amount of $60,000.00 per annum, which amount shall be payable in quarterly installments. In addition, for all time expended attending Asbestos Trust meetings with other Asbestos Trustees (if any) or with the Trust Advisory Committee and the Legal Representative, preparing for such meetings, and working on authorized projects, the Asbestos Trustees shall receive the sum of $500 per hour computed on a quarter-hour basis. The Asbestos Trustees shall also be reimbursed for out-of-pocket costs and expenses. The Asbestos Trustees' annual retainer and hourly compensation will be reviewed every year and appropriately adjusted for changes in the cost of living.

3. The Trust Advisory Committee

The Asbestos Trust Agreement provides for the establishment of a Trust Advisory Committee. The initial members of the Trust Advisory Committee will be Steven T. Baron, Matthew Bergman, John D. Cooney, Robert Komitor, Mark C. Meyer and Joseph F. Rice. The initial members of the Trust Advisory Committee shall serve staggered three-, four- or five-year terms as set forth in the Asbestos Trust Agreement. Thereafter, each term of office shall be five years. Each member of the Trust Advisory Committee will serve until the earliest of (i) the end of his or her full term in office, (ii) his or her death, (iii) his or her resignation, (iv) his or her removal, or (v) the termination of the Asbestos Trust. Any Trust Advisory Committee member may be removed by the remaining Trust Advisory Committee members with the approval of the Bankruptcy Court in the event he or she becomes unable to discharge his or her duties due to accident, physical deterioration, mental incompetence, or a consistent pattern of neglect and failure to perform or to participate in performing the duties of such member under the Asbestos Trust Agreement, such as repeated non-attendance at scheduled meetings or for other good cause.

In the event of a vacancy caused by the resignation or death of a Trust Advisory Committee member or the expiration of his or her term, the successor shall be pre-selected by such Trust Advisory Committee member, or by his or her law firm in the event that such member has not pre-selected a successor. There is no limit on the number of terms a Trust Advisory Committee member may serve. If neither the member nor the law firm exercises the right to make such a selection, the successor shall be chosen by a majority vote of the remaining Trust Advisory Committee members. If a majority of the remaining members cannot agree, the Bankruptcy Court shall appoint the successor. In the event of a vacancy caused by the removal of a Trust Advisory Committee member, the remaining members of the Trust Advisory Committee by majority vote shall name the successor. If the majority of the remaining members of the Trust Advisory Committee cannot reach agreement, the Bankruptcy Court shall appoint the successor.

The Asbestos Trustees are required to consult with the Trust Advisory Committee on the appointment of successor Asbestos Trustees, the general implementation and administration of the Asbestos Trust and the Trust Distribution Procedures, and on various other matters required by the Asbestos Trust Agreement. The Asbestos Trustees must also obtain the consent of the Trust Advisory

Committee members on a variety of matters, including amendments to the Asbestos Trust Agreement and the Trust Distribution Procedures, acquisition, merger or participation with other claims resolution facilities, and termination of the Asbestos Trust under certain conditions specified in the Asbestos Trust Agreement.

The members of the Trust Advisory Committee will not be entitled to receive compensation from the Asbestos Trust for their services as Trust Advisory Committee members. The members of the Trust Advisory Committee will be reimbursed promptly for all reasonable out-of-pocket costs and expenses incurred in connection with the performance of their duties hereunder.

4. The Legal Representative

The Asbestos Trust Agreement provides for the appointment of a Legal Representative, C. Judson Hamlin, who will serve in a fiduciary capacity, representing the interests of the holders of future Asbestos Claims against the Asbestos Trust for the purposes of protecting the rights of such persons.

The Legal Representative will serve until the earliest of his death, resignation or removal, or the termination of the Asbestos Trust. The Legal Representative may resign at any time by written notice to the Asbestos Trustees and may be removed by the Bankruptcy Court in the event he becomes unable to discharge his duties due to accident, physical deterioration, mental incompetence or a consistent pattern of neglect and failure to perform or to participate in performing his duties under the Asbestos Trust Agreement, such as non-attendance at scheduled meetings or for other good cause.

A vacancy caused by death or resignation shall be filled with an individual nominated prior to the death or the effective date of the resignation by the deceased or resigning Legal Representative, and a vacancy caused by removal of the Legal Representative shall be filled with an individual nominated by the Asbestos Trustees in consultation with the Trust Advisory Committee, subject, in each case, to the approval of the Bankruptcy Court. In the event a majority of the Asbestos Trustees cannot agree, or a nominee has not been pre-selected, the successor shall be chosen by the Bankruptcy Court.

The Asbestos Trustees are required to consult with the Legal Representative on the appointment of successor Asbestos Trustees, the general implementation and administration of the Asbestos Trust and the Trust Distribution Procedures, and on various other matters required by the Asbestos Trust Agreement. The Asbestos Trustees must also obtain the consent of the Legal Representative on a variety of matters, including amendments to the Asbestos Trust Agreement and the Trust Distribution Procedures, acquisition, merger or participation with other claims resolution facilities, and termination of the Asbestos Trust under certain conditions specified in the Asbestos Trust Agreement.

The Legal Representative will be entitled to receive compensation from the Asbestos Trust in the form of payment at the Legal Representative's normal hourly rate for services performed and will be reimbursed by the Asbestos Trust for all reasonable out-of-pocket costs and expenses incurred by the Legal Representative in connection with the performance of his duties hereunder.

B TRANSFER OF CERTAIN PROPERTY TO THE ASBESTOS TRUST

1. Transfer of Asbestos Claims Books and Records

On the Effective Date or as soon thereafter as is reasonably practicable, the books and records of the Debtors that pertain directly to Asbestos Claims shall be transferred, assigned, or otherwise disposed of pursuant to the terms and provisions of a certain Cooperation Agreement to be entered into by and between the Reorganized Debtors and the Asbestos Trust on the Effective Date.

2. Transfer of CCR Claims Books and Records

On the date on which (i) the CCR Payment Amount is paid to CCR, consistent with the terms of the CCR Settlement Agreement or (ii) the Final Order is entered in the CCR Allowance Proceeding, as applicable, or as soon thereafter as is practicable, CCR shall assign to the Asbestos Trust all data and documentation concerning the underlying Asbestos Personal Injury Claims and any rights and claims against G-I that CCR received by agreement or operation of law in settling such Claims.

3. Effective Date Transfers of Plan Consideration

Section 4.4(c) of the Plan provides for the transfer of a Cash payment to the Asbestos Trust under the following circumstances.

- On the Effective Date, if the CCR Claim has been Allowed and the CCR Payment Amount is $10.0 million or less, the Reorganized Debtors' First Payment To Asbestos Trust shall be Cash in the aggregate amount of $215,000,000 less half of the CCR Payment Amount.

- On the Effective Date, if the CCR Claim has been Allowed and the CCR Payment Amount is greater than $10.0 million, the Reorganized Debtors' First Payment To Asbestos Trust shall be Cash in an aggregate amount calculated by subtracting the CCR Payment Amount from $220,000,000.

- If a CCR Allowance Proceeding remains pending after confirmation of the Plan but the Asbestos Claimants Committee and Legal Representative have provided the written consents described in Section 12.2(c) of the Plan, then the Reorganized Debtors shall create the CCR Escrow on the Effective Date. The Reorganized Debtors shall deposit the CCR Escrow Amount into the CCR Escrow, for eventual disbursement to CCR if, when, and to the extent the CCR Claim is Allowed pursuant to a Final Order in the CCR Allowance Proceeding. If the CCR Escrow becomes applicable, then the Reorganized Debtors' First Payment To Asbestos Trust shall be computed as $220,000,000 minus the CCR Escrow Amount, and CCR's sole recourse for payment of the CCR Claim shall be against the CCR Escrow. Any balance remaining in the CCR Escrow after the CCR Claim is paid or disallowed shall be distributed as follows:

  (i) If the CCR Claim is disallowed by Final Order, Reorganized G-I shall receive $5 million *plus* an allocable *pro rata* share of any CCR Escrow Earnings, and the Asbestos Trust shall receive all remaining proceeds of the CCR Escrow, including all remaining CCR Escrow Earnings;

  (ii) If the CCR Claim is Allowed by Final Order and the resulting CCR Payment Amount is $10 million or less, the Reorganized G-I shall receive the difference between $5 million and 50% of the CCR Payment Amount, *plus* a *pro rata* share of any CCR Escrow Earnings, and the Asbestos Trust shall receive the entire remaining balance of the CCR Escrow *plus* all remaining CCR Escrow Earnings; and

  (iii) If the CCR Claim is allowed by Final Order and the resulting CCR Payment Amount is more than $10 million, the Asbestos Trust shall receive the entire remaining balance of the CCR Escrow *plus* all CCR Escrow Earnings.

4. Transfer of Other Consideration to the Asbestos Trust

On the Effective Date (A) Reorganized G-I shall execute and deliver to the Asbestos Trust the Trust Note, which shall be secured by the Capital Stock Lien, as well as any and all documents and instruments related thereto; and (B) immediately after such delivery of the Trust Note, the Letter of Credit shall be delivered to the LC Agent. Upon such delivery of the Letter of Credit, the Capital Stock Lien shall be immediately extinguished. The Trust Note terms and conditions are set forth in Exhibit 1.1.105 to the Plan.

5. Post-Effective Date Transfers of Plan Consideration

After the Effective Date, and in addition to the applicable Cash payment required by Section 4.4(c) of the Plan, the Reorganized Debtors shall make the payments and repayments set forth in the Trust Note; *provided, however*, that the Plan Sponsor may voluntarily make any or all Cash payments or repayments set forth in the Trust Note, in place of the Reorganized Debtors, *provided, further* that any claims or rights that might thereby arise in favor of the Plan Sponsor against G-I with respect to the Trust Note, the Letter of Credit, or any related collateral security therefor, including (by way of illustration and not of limitation) claims for subrogation, reimbursement, contribution, indemnity, or interest, shall be fully subordinated to the rights of the Trust and the Holder of the Trust Note and shall not be paid or become payable until all principal and interest payable under the Trust Note shall have been indefeasibly paid in full.

6. Assumption of Certain Liabilities by the Asbestos Trust

In accordance with sections 524(g) and 1141 of the Bankruptcy Code and in furtherance of the purposes of the Asbestos Trust and the Plan, on the Effective Date all liability and responsibility for all Asbestos Claims shall be assumed and succeeded to by the Asbestos Trust, and the Reorganized Debtors shall be completely discharged of such Claims and have no further financial or other responsibility or liability therefor.

7. Assignment and Enforcement of Trust Causes of Action

As set forth in Section 4.4(g) of the Plan, on the Effective Date, by virtue of the confirmation of the Plan, without further notice, action, or deed, the Trust Causes of Action shall be automatically assigned to, and indefeasibly vested in, the Asbestos Trust, and the Asbestos Trust will thereby become the estate representative pursuant to section 1123(b)(3)(B) of the Bankruptcy Code, with the exclusive right to enforce any and all of the Trust Causes of Action against any Entity, and the proceeds of the recoveries of any such Trust Causes of Action shall be deposited in the Asbestos Trust; provided, however, that nothing in section 4.5(g) of the Plan shall alter, amend or modify the Asbestos Permanent Channeling Injunction, releases, discharges, or Supersedeas Bond Action provisions contained elsewhere in the Plan.

8. Asbestos Trust Termination Provisions

The Asbestos Trust is irrevocable, but will dissolve ninety (90) days after the first to occur of any of the following events:

- the Asbestos Trustees decide to dissolve the Asbestos Trust because (a) they deem it unlikely that new asbestos claims will be filed against the Asbestos Trust, (b) all Asbestos Claims duly filed with the Asbestos Trust have been liquidated and paid to the extent provided in the Asbestos Trust Agreement and the Trust Distribution Procedures or disallowed by a final, non-appealable order, to the extent possible based upon the funds available through the Plan, and (c) twelve (12) consecutive

months have elapsed during which no new Asbestos Claim has been filed with the Asbestos Trust; or

- if the Asbestos Trustees have procured and have in place irrevocable insurance policies and have established claims handling agreements and other necessary arrangements with suitable third parties adequate to discharge all expected remaining obligations and expenses of the Asbestos Trust in a manner consistent with this Asbestos Trust Agreement and the Trust Distribution Procedures, the date on which the Bankruptcy Court enters an order approving such insurance and other arrangements and such order becomes a final order; or

- to the extent that any rule against perpetuities will be deemed applicable to the Asbestos Trust, the date on which twenty-one (21) years less ninety-one (91) days pass after the death of the last survivor of all of the descendents of the late Joseph P. Kennedy, Sr., father of the late President John F. Kennedy, living on the date hereof.

On the dissolution date or as soon as reasonably practicable, after the wind-up of the Asbestos Trust's affairs by the Asbestos Trustees and payment of all the Asbestos Trust's liabilities have been provided for as required by applicable law, all monies remaining in the Asbestos Trust estate will be given to such organization(s) exempt from federal income tax under Section 501(c)(3) of the Tax Code, which tax-exempt organization(s) will be selected by the Asbestos Trustees using their reasonable discretion; provided, however, that (i) if practicable, the activities of the selected tax-exempt organization(s) will be related to the treatment of, research on, or the relief of suffering of individuals suffering from asbestos-related lung disease or disorders, and (ii) the tax-exempt organization(s) will not bear any relationship to Reorganized Debtors within the meaning of Section 468(d)(3) of the Tax Code. The Plan Proponents believe that the likelihood of any monies remaining in the Asbestos Trust after the Asbestos Trust terminates is extremely remote.

Following the dissolution and distribution of the assets of the Asbestos Trust, the Asbestos Trust shall terminate and the Asbestos Trustees, or any one of them, shall execute and cause a Certificate of Cancellation of the Certificate of Trust of the Asbestos Trust to be filed with the State of Delaware. The existence of the Asbestos Trust as a separate legal entity shall continue until the filing of the Certificate of Cancellation.

9. Amendment of the Asbestos Trust Documents

The Asbestos Trustees, subject to the Trust Advisory Committee's and the Legal Representative's consent, may modify or amend certain provisions of the Asbestos Trust Agreement or any document annexed thereto. However, the Asbestos Trust provisions may not be modified or amended in any way that could jeopardize, impair, or modify the applicability of section 524(g) of the Bankruptcy Code, the efficacy or enforceability of the injunction entered thereunder, or the Asbestos Trust's qualified settlement fund status within the meaning of Treasury Regulations Section 1.468B-1, *et seq*., promulgated under Section 468B of the Tax Code.

C INSTITUTION AND MAINTENANCE OF LEGAL AND OTHER PROCEEDINGS

As of the date subsequent to the Effective Date on which the Asbestos Trustees confirm in writing to the Reorganized Debtors that the Asbestos Trust is in a position to assume the responsibility, the Asbestos Trust shall be empowered to initiate, prosecute, defend, and resolve all legal actions and other proceedings related to any asset, liability, or responsibility of the Asbestos Trust, including Trust

Causes of Action. The Asbestos Trust shall be empowered to initiate, prosecute, defend, and resolve all such actions in the name of G-I, ACI, or any of the Reorganized Debtors if deemed necessary or appropriate by the Asbestos Trust. The Asbestos Trust shall be responsible for the payment of all damages, awards, judgments, settlements, expenses, costs, fees, and other charges incurred subsequent to the Effective Date arising from or associated with any legal action or other proceeding that is the subject of Section 4.5 of the Plan.

D SUPERSEDEAS BONDS AND PAYMENT ASSURANCES

1. Preserved Actions

All Supersedeas Bond Actions and the rights and Claims asserted or to be asserted therein shall be preserved and shall be prosecuted or defended, as the case may be, by the Reorganized Debtors on and after the Effective Date.

2. Assumption by the Asbestos Trust

As of the Effective Date, the Asbestos Trust shall assume, and shall have exclusive liability for, any deficiency portion of a Bonded Asbestos Personal Injury Claim remaining after crediting proceeds of any supersedeas bond or other payment assurances to which the holder of such Claim is determined by Final Order or agreement of the parties to be entitled. To the extent the Reorganized Debtors successfully prosecute or defend against a Supersedeas Bond Action resulting in the discharge or release of the relevant supersedeas bond or other payment assurance provided in connection therewith, any such recoveries shall inure to the benefit of the Reorganized Debtors.

3. Reservation of Rights of Issuers and Insurers of Payment Assurances

Notwithstanding anything to the contrary contained herein, nothing in the Plan shall be deemed to impair, prejudice, compromise, or otherwise affect any defense or counterclaim asserted by any issuer or insurer of payment assurances issued on behalf of the Debtors, or any other defendant in the Supersedeas Bond Actions, to any claim of the Debtors, including, without limitation, any defense based on an asserted right of setoff or recoupment, or other defense under applicable non-bankruptcy law. Any right of setoff or recoupment shall be satisfied out of the assets in the possession of the sureties or insurers relating to such payment assurances and any claims or liabilities including, without limitation, claims for premiums for bonds provided by any such issuers or insurers.

4. Compromise and Settlement

The Reorganized Debtors shall be entitled to compromise or settle any of the Supersedeas Bond Actions; *provided*, *however*, that any such compromise or settlement shall require the consent of the Asbestos Trust (which consent shall not be unreasonably withheld or delayed) to the extent the compromise or settlement results in there being any deficiency portion of a Bonded Asbestos Personal Injury Claim after applying the proceeds of any supersedeas bond or equivalent form of payment assurance.

E THE ASBESTOS PERMANENT CHANNELING INJUNCTION

The Confirmation Order will contain, among other things, the Asbestos Permanent Channeling Injunction and will therefore be submitted to the United States District Court for its issuance. Pursuant to the Asbestos Permanent Channeling Injunction, all Entities will be forever stayed, restrained, and enjoined from taking certain actions specified in the Plan against any Protected Party for the purpose of, directly or indirectly, collecting, recovering, or receiving payment of, on, or with respect to any Asbestos Personal Injury Claims, all of which will be channeled to the Asbestos Trust for resolution as set forth in the Trust Distribution Procedures, against any Protected Party or its property (other than actions

brought to enforce any right or obligation under the Plan, any Exhibits to the Plan, or any other agreement or instrument between the Debtors or the Reorganized Debtors and the Asbestos Trust, which actions will be in conformity and compliance with the provisions of the Plan). Nothing contained in the Asbestos Permanent Channeling Injunction will be deemed a waiver of any claim, right, or cause of action that the Debtors, the Reorganized Debtors, or the Asbestos Trust may have against any Entity in connection with or arising out of an Asbestos Personal Injury Claim.

It is the intent of the provisions of the Plan relating to treatment of Asbestos Personal Injury Claims to channel all such claims (except workers' compensation claims), regardless of theory of recovery, and regardless of how the claim arises, *i.e.*, directly or indirectly, to the Asbestos Trust. For example, regardless of whether a claim arises by virtue of a product liability theory of recovery, a premises liability theory of recovery, a contract theory of recovery or any other theory of recovery, if it relates to a personal injury (including medical monitoring, fear of injury, emotional distress, loss of consortium, or any other injury of or relating to a person) it will be channeled to the Asbestos Trust.

In 1994, the Bankruptcy Code was amended to add subsections (g) and (h) to section 524. These subsections confirm the validity of existing injunctions (such as those used in the chapter 11 cases of Johns Manville Corporation and UNR Corporation) similar to the Asbestos Permanent Channeling Injunction and codify a court's authority to issue a permanent injunction in asbestos related reorganizations under chapter 11 to supplement the injunctive relief afforded by section 524. Section 524(g) provides that, if certain specified conditions are satisfied, a court may issue a supplemental permanent injunction, such as the Asbestos Permanent Channeling Injunction, barring claims and demands against the reorganized company and certain identified protected parties and channeling those claims and demands to an independent trust.

Pursuant to the Asbestos Permanent Channeling Injunction and the Plan, the following entities will be "Protected Parties" and, therefor, protected by the scope of the Asbestos Permanent Channeling Injunction:

- the Debtors;
- the Reorganized Debtors;
- any Affiliate listed on Exhibit 1.1.94(c) to the Plan;
- any Entity that, pursuant to the Plan or after the Effective Date, becomes a direct or indirect transferee of, or successor to, any assets of the Debtors, the Reorganized Debtors, or the Asbestos Trust, but solely to the extent that an Asbestos Claim is asserted against such Entity by reason of its becoming such a transferee or successor;
- any Entity that, pursuant to the Plan or after the Effective Date, makes a loan to the Reorganized Debtors, any Protected Party, or the Asbestos Trust or to a successor to, or transferee of, any assets of the Debtors, the Reorganized Debtors, or the Asbestos Trust, but solely to the extent that an Asbestos Claim is asserted against such Entity by reason of its making such loan or to the extent that any pledge of assets made in connection with such a loan is sought to be upset or impaired; or
- any Entity alleged to be directly or indirectly liable for the conduct of, Claims against, or Demands on the Debtors, the Reorganized Debtors, or the Asbestos Trust on account of Asbestos Claims by reason of one or more of the following:

- such Entity's ownership of a financial interest in the Debtors, the Reorganized Debtors, a past or present Affiliate of the Debtors or the Reorganized Debtors, or a predecessor in interest of the Debtors or the Reorganized Debtors, but solely in such Entity's capacity as such;

- such Entity's involvement in the management of the Debtors, an Affiliate, the Reorganized Debtors, or any predecessor in interest of the Debtors, or the Reorganized Debtors, but solely in such Entity's capacity as such;

- such Entity's service as an officer, director, or employee of the Debtors, the Reorganized Debtors, any past or present Affiliate of the Debtors or the Reorganized Debtors, any predecessor in interest of the Debtors or the Reorganized Debtors, or any Entity that owns or at any time has owned a financial interest in the Debtors or the Reorganized Debtors, any past or present Affiliate of the Debtors or the Reorganized Debtors, or any predecessor in interest of the Debtors or the Reorganized Debtors, but solely in such Entity's capacity as such;

- such Entity's provision of insurance to the Debtors, the Reorganized Debtors, any past or present Affiliate of the Debtors or the Reorganized Debtors, any predecessor in interest of the Debtors or the Reorganized Debtors, or any Entity that owns or at any time has owned a financial interest in the Debtors or the Reorganized Debtors, any past or present Affiliate of the Debtors or the Reorganized Debtors, or any predecessor in interest of the Debtors or the Reorganized Debtors, but only to the extent that the Debtors, the Reorganized Debtors, or the Asbestos Trust enters into a settlement with such Entity that is approved by the Bankruptcy Court and expressly provides that such Entity shall be entitled to the protection of the Asbestos Permanent Channeling Injunction as a Protected Party; or

- such Entity's involvement in a transaction changing the corporate structure, or in a loan or other financial transaction (including involvement in providing financing or advice to an Entity involved in such a transaction or acquiring or selling a financial interest in an Entity as part of such a transaction), affecting the financial condition of the Debtors, an Affiliate, the Reorganized Debtors, any past or present Affiliate of the Debtors or the Reorganized Debtors, or any predecessor in interest of the Debtors or the Reorganized Debtors, but solely in such Entity's capacity as such.

Pursuant to the Asbestos Permanent Channeling Injunction, the Protected Parties will be protected against any Entity taking any of the following actions for the purpose of, directly or indirectly, collecting, recovering, or receiving payment of, on, or with respect to any Asbestos Personal Injury Claims, including, but not limited to:

- commencing, conducting, or continuing in any manner, directly or indirectly, any suit, action, or other proceeding (including, without express or implied limitation, a judicial, arbitral, administrative, or other proceeding) in any forum against or affecting any Protected Party or any property or interests in property of any Protected Party;

- enforcing, levying, attaching (including, without express or implied limitation, any prejudgment attachment), collecting, or otherwise recovering by any means or in any manner, whether directly or indirectly, any judgment, award, decree, or other order against any Protected Party or any property or interests in property of any Protected Party;

- creating, perfecting, or otherwise enforcing in any manner, directly or indirectly, any Encumbrance against any Protected Party or any property or interests in property of any Protected Party;

- setting off, seeking reimbursement of, contribution from, indemnification of or subrogation against, or otherwise recouping in any manner, directly or indirectly, any amount against any liability owed to any Protected Party or any property or interests in property of any Protected Party; and

- proceeding in any manner in any place with regard to any matter that is subject to resolution pursuant to the Asbestos Trust Agreement or the Asbestos Trust Distribution Procedures, except in conformity and compliance therewith.

The Debtors will seek the issuance of the Asbestos Permanent Channeling Injunction pursuant to section 524(g) and any other applicable provision of the Bankruptcy Code. To qualify under the statute, a trust must meet certain standards that are specified in section 524(g). To ensure that the Asbestos Trust meets these standards, the Debtors have made compliance with them a condition precedent to confirmation of the Plan.

F COMPLIANCE WITH QSF REGULATIONS

The Plan provides that the Asbestos Trust shall be a "qualified settlement fund" within the meaning of section 468B of the Tax Code and the Treasury Regulations thereunder. The purpose of the Asbestos Trust is, among other things, (a) to direct the processing, resolution, liquidation, and payment of all Asbestos Claims in accordance with section 524(g) of the Bankruptcy Code, the Plan, the Asbestos Trust Agreement, the Asbestos Trust Distribution Procedures, and the Confirmation Order, and (b) to preserve, hold, manage, and maximize the assets of the Asbestos Trust for use in paying and satisfying Asbestos Claims.

The Debtors plan to request a private letter ruling from the IRS substantially to the effect that, among other things, the Asbestos Trust will be a "qualified settlement fund" within the meaning of section 468B of the Internal Revenue Code and the Treasury Regulations thereunder. As a condition to the occurrence of the Effective Date, the Debtors must have received either a favorable ruling from the IRS with respect to the qualification of the Asbestos Trust as a "qualified settlement fund" or an opinion of counsel with respect to the tax status of the Asbestos Trust as a "qualified settlement fund" reasonably satisfactory to the Debtors, the Asbestos Claimants Committee, and the Legal Representative.

Within sixty (60) days before or after the funding of the Asbestos Trust (but not later than February 15 of the following calendar year), the Debtors or the Reorganized Debtors will obtain, if applicable, a Qualified Appraisal of the fair market value of the Trust Assets transferred (or to be transferred) to the Asbestos Trust. Following the funding of the Asbestos Trust and, if applicable, the receipt of the Qualified Appraisal (and in no event later than February 15 of the calendar year following the funding of the Asbestos Trust), the Reorganized Debtors will provide a "§ 1.468B-3 Statement" to the Asbestos Trustees in accordance with Treasury Regulations section 1.468B-3(e).

G DISCHARGE OF ALL LIABILITIES RELATED TO ASBESTOS CLAIMS

As of the Effective Date, all Asbestos Claims, other than Demands, shall be discharged and all Demands shall be permanently and irrevocably enjoined and channeled to the Asbestos Trust. The Asbestos Trust shall assume sole and exclusive responsibility for all Asbestos Claims, including without limitation, Demands and Indirect Trust Claims, and such Asbestos Claims shall be paid solely by the Asbestos Trust from its assets in accordance with the Asbestos Trust Distribution Procedures. Any action or attempt to recover against the Debtors, the Reorganized Debtors, their respective estates or the Protected Parties with respect to any Asbestos Claim, including without limitation Demands and Indirect Trust Claims, shall be barred.

In accordance with and not in limitation of sections 524 and 1141 of the Bankruptcy Code, and except as provided in the Plan, upon the Effective Date, all Claims against the Debtors shall be, and shall be deemed to be, discharged in full, and all holders of Claims shall be precluded and enjoined from asserting against the Reorganized Debtors, or any of their assets or properties, any other or further Claim based upon any act or omission, transaction, or other activity of any kind or nature that occurred prior to the Effective Date, whether or not such holder has filed a proof of Claim. Upon the Effective Date, all Entities shall be forever precluded and enjoined, pursuant to section 524 of the Bankruptcy Code, from prosecuting or asserting any such discharged Claim against the Debtors.

H. TRUST DISTRIBUTION PROCEDURES

1. Asbestos Trust Goals

The Asbestos Trustees will implement and administer the Trust Distribution Procedures, which are attached to the Plan as Exhibit 1.1.18. The Trust Distribution Procedures have been adopted after negotiations between the Legal Representative and the Asbestos Claimants Committee. The goal of the Asbestos Trust is to treat all Asbestos Claims that involve similar claims in substantially the same manner, as required by 11 U.S.C. § 524(g). The Trust Distribution Procedures further that goal by setting forth procedures for processing and paying the Debtors' several shares of the unpaid portion of the liquidated value of Asbestos Claims generally on an impartial, first-in, first-out ("FIFO") basis, with the intention of paying all claimants over time as equivalent a share as possible of the value of their Asbestos Claims based on historical values for substantially similar claims in the tort system. To this end, the Trust Distribution Procedures establish a schedule of eight asbestos-related diseases ("Disease Levels"), seven of which have presumptive medical and exposure requirements ("Medical/Exposure Criteria") and specific liquidated values ("Scheduled Values"), and five of which have anticipated average values ("Average Values") and caps on their liquidated values ("Maximum Values"). The Disease Levels, Medical/Exposure Criteria, Scheduled Values, Average Values and Maximum Values have all been selected and derived with the intention of achieving a fair allocation of the Asbestos Trust funds as among claimants suffering from different disease processes in light of the best available information and taking into consideration the Debtors' histories of settling claims and the rights claimants would have in the tort system absent the Chapter 11 Cases.

2. Disease Levels, Scheduled Values and Medical/Exposure Criteria

The eight Disease Levels covered by the Trust Distribution Procedures together with the Medical/Exposure Criteria for each and the Scheduled Values for the seven Disease Levels eligible for expedited review under the terms of the Trust Distribution Procedures, are set forth below. Evidentiary requirements for both medical diagnoses and exposure are set forth below at Section VI.H.19. of this Disclosure Statement. These Disease Levels, Scheduled Values, and Medical/Exposure Criteria shall apply to all PI Trust Voting Claims (as defined in the Trust Distribution Procedures) filed with the Asbestos Trust (except Pre-Petition Liquidated Claims, as defined in Section VI.H.10. below) on or before the Initial Claims Filing Date (defined in Section VI.H.8. below) for which a claimant elects the expedited review process described in the Trust Distribution Procedures (the "Expedited Review

Process"). Thereafter, for purposes of administering the Expedited Review Process (and with the consent of the Trust Advisory Committee and the Legal Representative), the Asbestos Trustees may add to, change or eliminate Disease Levels, Scheduled Values, or Medical/Exposure Criteria; develop subcategories of Disease Levels, Scheduled Values or Medical/Exposure Criteria; or determine that a novel or exceptional Asbestos Claim is compensable even though it does not meet the Medical/Exposure Criteria for any of the then current Disease Levels. The Asbestos Trust, with the consent of the Trust Advisory Committee and the Legal Representative, shall periodically adjust the Scheduled Values to account for inflation.

Disease Level	**Scheduled Value**	**Medical/Exposure Criteria**
Mesothelioma (Level VIII)	$155,000	(1) Diagnosis[5] of mesothelioma; and (2) G-I Exposure.[6]
Lung Cancer 1 (Level VII)	$ 45,000	(1) Diagnosis of a primary lung cancer plus evidence of an underlying Bilateral Asbestos-Related Nonmalignant Disease,[7] (2) six months G-I Exposure prior to December 31, 1982, (3) Significant Occupational Exposure[8] to asbestos, and (4) supporting medical documentation establishing asbestos exposure as a contributing factor in causing the lung cancer in question.
Lung Cancer 2 (Level VI)	None	(1) Diagnosis of a primary lung cancer; (2) G-I Exposure prior to December 31, 1982, and (3) supporting medical documentation establishing asbestos exposure as a contributing factor in causing the lung cancer in question. Lung Cancer 2 (Level VI) claims are claims that do not meet the more stringent medical and/or exposure

[5] The requirements for a diagnosis of an asbestos-related disease that may be compensated are set forth in the Trust Distribution Procedures.

[6] As defined in the Trust Distribution Procedures.

[7] Evidence of "Bilateral Asbestos-Related Nonmalignant Disease" for purposes of meeting the criteria for establishing Disease Levels I, II, III, V, and VII is described in the Trust Distribution Procedures as either (i) a chest X-ray read by a qualified B reader of 1/0 or higher on the ILO scale or, (ii) (x) a chest X-ray read by a qualified B reader or other Qualified Physician, (y) a CT scan read by a Qualified Physician, or (z) pathology, in each case showing bilateral interstitial fibrosis, bilateral pleural plaques, bilateral pleural thickening, or bilateral pleural calcification. Evidence submitted to demonstrate (i) or (ii) above must be in the form of a written report stating the results (e.g., an ILO report, a written radiology report or a pathology report). Solely for asbestos claims filed against G-I or another defendant in the tort system prior to the Petition Date, if an ILO reading is not available, either (i) a chest X-ray or a CT scan read by a Qualified Physician or, (ii) pathology, in each case showing bilateral interstitial fibrosis, bilateral pleural plaques, bilateral pleural thickening, or bilateral pleural calcification consistent with, or compatible with, a diagnosis of asbestos-related disease shall be evidence of Bilateral Asbestos-Related Nonmalignant Disease for purposes of meeting the presumptive medical requirements of Disease Levels I, II, III, V and VII. Pathological proof of asbestosis may be based on the pathological grading system for asbestosis described in the Special Issue of the Archives of Pathology and Laboratory Medicine, "Asbestos-associated Diseases," Vol. 106, No. 11, App. 3 (October 8, 1982). "Qualified Physician" is defined in the Trust Distribution Procedures.

[8] As defined in the Trust Distribution Procedures.

		requirements of Lung Cancer (Level VII) claims. All claims in this Disease Level shall be individually evaluated. The estimated likely average of the individual evaluation awards for this category is $15,000, with such awards capped at $35,000, unless the claim qualifies for Extraordinary Claim treatment (described in Section VI.H.17. below). Level VI claims that show no evidence of either an underlying Bilateral Asbestos-Related Non-malignant Disease or Significant Occupational Exposure may be individually evaluated, although it is not expected that such claims shall be treated as having any significant value, especially if the claimant is also a Smoker.[9] In any event, no presumption of validity shall be available for any claims in this category.
Other Cancer (Level V)	$ 15,000	(1) Diagnosis of a primary colo-rectal, laryngeal, esophageal, pharyngeal, or stomach cancer, plus evidence of an underlying Bilateral Asbestos-Related Nonmalignant Disease, (2) six months G-I Exposure prior to December 31, 1982, (3) Significant Occupational Exposure to asbestos, and (4) supporting medical documentation establishing asbestos exposure as a contributing factor in causing the other cancer in question.
Severe Asbestosis (Level IV)	$ 30,000	(1) Diagnosis of asbestosis with ILO of 2/1 or greater, or asbestosis determined by pathological evidence of asbestos, plus (a) TLC less than 65%, or (b) FVC less than 65% and FEV1/FVC ratio greater than 65%, (2) six months G-I Exposure prior to December 31, 1982, (3) Significant Occupational Exposure

[9] There is no distinction between Non-Smokers and Smokers for either Lung Cancer (Level VII) or Lung Cancer (Level VI), although a claimant who meets the more stringent requirements of Lung Cancer (Level VII) (evidence of an underlying Bilateral Asbestos-Related Nonmalignant Disease plus Significant Occupational Exposure) and who is also a Non-Smoker may wish to have his or her claim individually evaluated by the Asbestos Trust. In such a case, absent circumstances that would otherwise reduce the value of the claim, it is anticipated that the liquidated value of the claim might well exceed the $45,000 Scheduled Value for Lung Cancer 1 (Level VII) shown above. "Non-Smoker" means a claimant who either (a) never smoked or (b) has not smoked during any portion of the twelve (12) years immediately prior to the diagnosis of the lung cancer.

		to asbestos, and (4) supporting medical documentation establishing asbestos exposure as a contributing factor in causing the pulmonary disease in question.
Asbestosis/ Pleural Disease (Level III)	$ 8,300	(1) Diagnosis of Bilateral Asbestos-Related Nonmalignant Disease, plus (a) TLC less than 80%, or (b) FVC less than 80% and FEV1/FVC ratio greater than or equal to 65%, and (2) six months G-I Exposure prior to December 31, 1982, (3) Significant Occupational Exposure to asbestos, and (4) supporting medical documentation establishing asbestos exposure as a contributing factor in causing the pulmonary disease in question.
Asbestosis/ Pleural Disease (Level II)	$ 2,625	(1) Diagnosis of a Bilateral Asbestos-Related Nonmalignant Disease, and (2) six months G-I Exposure prior to December 31, 1982, and (3) five years cumulative occupational exposure to asbestos.
Other Asbestos Disease (Level I - Cash Discount Payment)	$ 225	(1) Diagnosis of a Bilateral Asbestos-Related Nonmalignant Disease or an asbestos-related malignancy other than mesothelioma, and (2) G-I Exposure prior to December 31, 1982.

3. Claims Liquidation Procedures

Asbestos Claims will be processed based on their place in a FIFO processing queue ("Asbestos FIFO Processing Queue") to be established pursuant to the Trust Distribution Procedures. The Asbestos Trust will take all reasonable steps to resolve Asbestos Claims as efficiently and expeditiously as possible at each stage of claims processing and arbitration, which steps may include conducting settlement discussions with claimants' representatives with respect to more than one Asbestos Claim at a time, provided that the claimants' respective positions in the Asbestos FIFO Processing Queue are maintained and each Asbestos Claim is individually evaluated pursuant to the valuation factors set forth in the Trust Distribution Procedures. The Asbestos Trust will also make every effort to resolve each year at least that number of Asbestos Claims required to exhaust the maximum annual payment ("Maximum Annual Payment") and the maximum available payment ("Maximum Available Payment") for Category A Claims (as defined in Section VI.H.6. below) and Category B Claims (as defined in Section VI.H.6. below) under the Trust Distribution Procedures.

The Asbestos Trust will liquidate all Asbestos Claims, except Foreign Claims (as defined in the Trust Distribution Procedures), that meet the presumptive Medical/Exposure Criteria of Disease Level I (Other Asbestos Disease — Cash Discount Payment), Disease Level II (Asbestosis/Pleural

Disease), Disease Level III (Asbestosis/Pleural Disease), Disease Level IV (Severe Asbestosis), Disease Level V (Other Cancer), Disease Level VII (Lung Cancer 1) and Disease Level VIII (Mesothelioma) under the Expedited Review Process. A holder of an Asbestos Claim qualifying for treatment under Asbestos Disease Level IV, V, VII or VIII may alternatively seek to establish a liquidated value for the Asbestos Claim that is greater than its Scheduled Value by electing the process for individual review under the Trust Distribution Procedures (the "Individual Review Process"). However, the liquidated value of an Asbestos Claim that undergoes the Individual Review Process for valuation purposes may be determined to be less than its Scheduled Value and, in any event, will not exceed the Maximum Value for the relevant Disease Level, unless the Asbestos Claim qualifies as an Extraordinary Claim (as defined in Section VI.H.17. below), in which case its liquidated value cannot exceed the maximum extraordinary value specified in Section VI.H.17. below for Extraordinary Claims. Asbestos Claims qualifying for treatment under Disease Level VI (Lung Cancer 2) and all Foreign Claims may be liquidated only pursuant to Individual Review.

All unresolved disputes over a claimant's medical condition, exposure history and/or the liquidated value of the Asbestos Claim will be subject to mandatory pro bono evaluation or mediation and then to binding or non-binding arbitration at the election of the claimant, under procedures that are provided in Attachment A to the Trust Distribution Procedures. Asbestos Claims that are the subject of a dispute with the Asbestos Trust that cannot be resolved by non-binding arbitration may enter the tort system. However, if and when the holder of such an Asbestos Claim obtains a judgment in the tort system, the judgment will be payable subject to the applicable payment percentage under the Trust Distribution Procedures (the “Payment Percentage”), the Maximum Available Payment and the claims payment ratio under the Trust Distribution Procedures (the “Claims Payment Ratio”).

4. Payment Percentage

After the liquidated value of any Asbestos Claim other than an Asbestos Claim qualifying for treatment under Disease Level I is determined pursuant to the Expedited Review Process, pursuant to the Individual Review Process, by arbitration or by litigation in the tort system as set forth in Trust Distribution Procedures, the holder of such Claim will ultimately receive a pro rata share of that value based on the Payment Percentage. The Payment Percentage will also apply to all Pre-Petition Liquidated Claims.

The Initial Payment Percentage has been set at 8.6%. The Initial Payment Percentage has been calculated on the assumption that the Average Values under the Trust Distribution Procedures will be achieved with respect to existing present Asbestos Claims and projected future Asbestos Claims involving Disease Levels IV-VIII.

The Payment Percentage may be adjusted upwards or downwards from time to time by the Asbestos Trustees with the consent of the Trust Advisory Committee and the Legal Representative to reflect then-current estimates of the Asbestos Trust's assets and its liabilities, as well as the then-estimated value of pending and future Asbestos Claims. If the Payment Percentage is increased over time, holders of Asbestos Claims that were liquidated and paid in prior periods under the Trust Distribution Procedures will receive additional payments only as provided in Section 4.3 of the Trust Distribution Procedures. Because there is uncertainty in the prediction of both the number and severity of future Asbestos Claims and the amount of the Asbestos Trust's assets, no guarantee can be made of any Payment Percentage of an Asbestos Claim's liquidated value.

5. Maximum Annual Payment and Maximum Available Payment

The Asbestos Trust will estimate or model the amount of cash flow anticipated to be necessary over its entire life to ensure that funds will be available to treat all present and future holders of Asbestos Claims as similarly as possible. In each year the Asbestos Trust will be empowered to pay out

all of the income earned during the year (net of taxes payable with respect thereto), together with a portion of its principal, calculated so that the application of Asbestos Trust funds over its life will correspond with the needs created by the estimated initial backlog of Asbestos Claims and the estimated anticipated future flow of Asbestos Claims (*i.e.*, the Maximum Annual Payment), taking into account the Payment Percentage provisions of the Trust Distribution Procedures. The Asbestos Trust's distributions to all claimants for that year will not exceed the Maximum Annual Payment determined for that year.

In distributing the Maximum Annual Payment, the Asbestos Trust will first allocate the amount in question to (a) outstanding Pre-Petition Liquidated Claims, (b) Asbestos Claims involving Disease Level I (Cash Discount Payment) that have been liquidated by the Asbestos Trust, (c) any Asbestos Claims based upon a diagnosis dated prior to the Effective Date that have been liquidated by the Asbestos Trust ("Existing Claims") and (d) Exigent Hardship Claims (as defined in Section VI.H.17. below). Should the Maximum Annual Payment be insufficient to pay all such claims in full, they shall be paid in proportion to the aggregate value of each such group of claims and the available funds allocated to each group shall be paid to the maximum extent to claimants in the particular group based on their place in their respective FIFO payment queue ("Asbestos FIFO Payment Queue"). Claims in any group for which there are insufficient funds shall be carried over to the next year and placed at the head of their Asbestos FIFO Payment Queue. Any remaining portion of the Maximum Annual Payment (*i.e.*, the Maximum Available Payment) will then be allocated and used to satisfy all other liquidated Asbestos Claims, subject to the Claims Payment Ratio. Claims in the groups described in (a), (b), (c) and (d) above shall not be subject to the Claims Payment Ratio.

6. Claims Payment Ratio

Based upon G-I's claims settlement history and analysis of present and future Asbestos Claims, a Claims Payment Ratio has been determined which, as of the Effective Date, has been set at 85% for Asbestos Claims qualifying for treatment under Asbestos Disease Level IV - VIII ("Category A Claims") and at 15% for Asbestos Claims qualifying for treatment under Asbestos Disease Level II or III ("Category B Claims"). In each year, after the determination of the Maximum Available Payment, 85% of that amount will be available to pay Category A Claims and 15% will be available to pay Category B Claims that have been liquidated since the Petition Date, except for claims that are not subject to the Claims Payment Ratio as described above. If there are excess funds in either or both Categories in any year, the excess funds shall be rolled over and shall remain dedicated to the respective Category to which they were originally allocated.

No amendment to the Claims Payment Ratio to reduce the percentage allocated to Category A Claims may be made without the unanimous consent of the members of the Trust Advisory Committee and the consent of the Legal Representative. The Claims Payment Ratio may not be amended until the second anniversary of the date the Asbestos Trust first accepts for processing proof of claim forms and other materials required to file a claim with the Asbestos Trust. The Asbestos Trustees, with the consent of the Trust Advisory Committee and the Legal Representative, may offer the option of a reduced Payment Percentage to holders of either Category A Claims or Category B Claims in return for more prompt payment.

7. Indirect Trust Claims

Indirect Trust Claims that have not been disallowed, discharged, or otherwise resolved by prior order of the Bankruptcy Court shall be processed in accordance with procedures to be developed and implemented by the Asbestos Trustees, which procedures (a) shall determine the validity, allowability and enforceability of such claims; and (b) shall otherwise provide the same liquidation and payment procedures and rights to the holders of such claims as the Asbestos Trust would have afforded the holders of the underlying valid Asbestos Claims, while protecting the Asbestos Trust from incurring multiple liability with respect to the same claim.

Indirect Trust Claims asserted against the Asbestos Trust shall be treated as presumptively valid and paid by the Asbestos Trust subject to the applicable Payment Percentage if (a) such claim satisfied the requirements of the Bar Date for such claims established by the Bankruptcy Court, if applicable, and is not otherwise disallowed by section 502(e) of the Bankruptcy Code or subordinated under Section 509(c) of the Bankruptcy Code, and, and (b) the holder of such claim (the "Indirect Claimant") establishes to the satisfaction of the Asbestos Trustees that (i) the Indirect Claimant has paid in full the liability and obligation of the Asbestos Trust to the individual claimant to whom the Asbestos Trust would otherwise have had a liability or obligation under the Trust Distribution Procedures (the "Direct Claimant"), (ii) the Direct Claimant and the Indirect Claimant have forever and fully released the Asbestos Trust from all liability to the Direct Claimant, and (iii) the claim is not otherwise barred by a statute of limitation or repose or by other applicable law.

If an Indirect Claimant cannot meet the presumptive requirements set forth above, the Indirect Claimant may request that the Asbestos Trust review the Indirect Trust Claim individually. Any dispute between the Asbestos Trust and an Indirect Claimant over whether the Indirect Claimant has a right to reimbursement for any amount paid to a Direct Claimant shall be subject to the ADR Procedures provided in Attachment A to the Trust Distribution Procedures. If such dispute is not resolved by said ADR Procedures, the Indirect Claimant may litigate the dispute in the tort system as provided in the Trust Distribution Procedures.

8. Ordering of Claims

The Asbestos Trust will order Asbestos Claims that are sufficiently complete to be reviewed for processing purposes on a FIFO basis (i.e., by reference to a claimants' position in the Asbestos FIFO Processing Queue) except as otherwise provided in the Trust Distribution Procedures. For all Asbestos Claims filed on or before the date six months after the date that the Asbestos Trust first makes available the proof of claim forms and other claims materials required to file an Asbestos Claim with the Asbestos Trust (the "Initial Claims Filing Date"), a claimant's position in the Asbestos FIFO Processing Queue will be determined as of the earliest of (a) the date prior to January 5, 2001 (the "Petition Date") that the specific Asbestos Claim was either filed against G-I in the tort system or was actually submitted to G-I pursuant to an administrative settlement agreement, if any, (b) the date before the Petition Date that an Asbestos Claim was filed against another defendant in the tort system if at the time the Asbestos Claim was subject to a tolling agreement with G-I, (c) the date after the Petition Date but before the date the Asbestos Trust first makes available the proof of claim form and other claims material required to file an Asbestos Claim with the Asbestos Trust that the Asbestos Claim was filed against another defendant in the tort system, (d) the date after the Petition Date but before the Effective Date that a proof of Claim was filed against G-I in the Chapter 11 Cases, or (e) the date a Ballot was submitted on behalf of the claimant in the Chapter 11 Cases for purposes of voting on the Plan in accordance with the voting procedures approved by the Bankruptcy Court.

Following the Initial Claims Filing Date, the claimant's position in the Asbestos FIFO Processing Queue will be determined by the date the Asbestos Claim is filed with the Asbestos Trust. If any Asbestos Claims are filed on the same date, the claimant's position in the Asbestos FIFO Processing Queue will be determined by the date of the diagnosis of the claimant's asbestos-related disease. If any Asbestos Claims are filed and diagnosed on the same date, the claimant's position in the Asbestos FIFO Processing Queue will be determined by the date of the claimant's birth, with older claimants given priority over younger claimants.

9. Payment of Claims

Asbestos Claims that have been liquidated pursuant to the Expedited Review Process, pursuant to the Individual Review Process, by arbitration or by litigation in the tort system will be paid in

FIFO order based on the date their liquidation became final, all such payments being subject to the applicable Payment Percentage, the Maximum Available Payment and the Claims Payment Ratio, except as otherwise provided in the Trust Distribution Procedures.

10. Resolution of Pre-Petition Liquidated Claims

As soon as practicable after the Effective Date, the Asbestos Trust will, upon submission by the claimant of the appropriate documentation, pay all Asbestos Claims that were liquidated by (a) a binding settlement agreement for the particular claim entered into prior to the Petition Date that is judicially enforceable by the claimant, (b) a jury verdict or non-final judgment in the tort system obtained prior to the Petition Date, or (c) by a judgment that became final and non-appealable prior to the Petition Date (collectively, "Pre-Petition Liquidated Claims"). In order to receive payment from the Asbestos Trust, the holder of a Pre-Petition Liquidated Claim must submit all documentation necessary to demonstrate to the Asbestos Trust that the claim was liquidated in the manner described in the preceding sentence, which documentation shall include (A) a court authenticated copy of the jury verdict (if applicable), a non-final judgment (if applicable) or a final judgment (if applicable) and (B) the name, social security number and date of birth of the claimant and the name and address of the claimant's lawyer.

The liquidated value of a Pre-Petition Liquidated Claim will be the unpaid portion of the amount agreed to in the binding settlement agreement, the unpaid portion of the amount awarded by the jury verdict or non-final judgment or the unpaid portion of the amount of the final judgment, as the case may be, plus interest that has accrued on that amount in accordance with the terms of the agreement, if any, or under applicable state law for settlements or judgments as of the Petition Date; however, except as otherwise provided below, the liquidated value of a Pre-Petition Liquidated Claim will not include any punitive or exemplary damages. In the absence of a final order of the Bankruptcy Court determining whether a settlement agreement is binding and judicially enforceable, a dispute between the claimant and the Asbestos Trust over this issue will be resolved pursuant to the same procedures in the Trust Distribution Procedures that are provided for resolving the validity and/or liquidated value of an Asbestos Claim.

Pre-Petition Liquidated Claims will be processed and paid in accordance with their order in a separate Asbestos FIFO Processing Queue to be established by the Asbestos Trustees based on the date the Asbestos Trust received all required documentation for the particular claim. If any Pre-Petition Liquidated Claims were filed on the same date, the respective positions of the holders of such claims in the Asbestos FIFO Processing Queue for such claims will be determined by the date on which each claim was liquidated. If any Pre-Petition Liquidated Claims were both filed and liquidated on the same dates, the positions of those claimants in the Asbestos FIFO Processing Queue will be determined by the claimants' dates of birth, with older claimants given priority over younger claimants.

11. Resolution of Unliquidated Claims

Within six months after the establishment of the Asbestos Trust, the Asbestos Trustees with the consent of the Trust Advisory Committee and the Legal Representative will adopt procedures for reviewing and liquidating all unliquidated Asbestos Claims, which will include deadlines for processing such claims. Such procedures will also require claimants seeking resolution of unliquidated Asbestos Claims to first file a proof of claim form, together with the required supporting documentation. It is anticipated that the Asbestos Trust will provide an initial response to the claimant within six months of receiving the proof of claim form.

12. Expedited Review Process

The Asbestos Trust's Expedited Review Process is designed primarily to provide an expeditious, efficient and inexpensive method for liquidating all Asbestos Claims (except those claims qualifying for treatment under Disease Level VI and all Foreign Claims, which will be liquidated pursuant to the Individual Review Process) where the claim can easily be verified by the Asbestos Trust as meeting the presumptive Medical/Exposure Criteria for the relevant Disease Level. Expedited Review thus provides claimants with a substantially less burdensome process for pursuing Asbestos Claims than does Individual Review. Expedited Review is also intended to provide qualifying claimants a fixed and certain claims payment.

Asbestos Claims that undergo the Expedited Review Process and meet the presumptive Medical/Exposure Criteria for the relevant Disease Level will be paid the Scheduled Value for such Disease Level. However, except for Asbestos Claims qualifying for treatment under Disease Level I, all Asbestos Claims liquidated pursuant to the Expedited Review Process will be subject to the applicable Payment Percentage, and all such claims other than (i) claims qualifying for treatment under Disease Level I, (ii) Existing Claims and (iii) Exigent Hardship Claims will be subject to the Maximum Available Payment and the Claims Payment Ratio. Claimants holding claims that cannot be liquidated by Expedited Review because they do not meet the presumptive Medical/Exposure Criteria for the relevant Disease Level may elect Individual Review.

13. Claims Processing Under Expedited Review

All claimants seeking liquidation of their Asbestos Claims pursuant to the Expedited Review Process must file the Asbestos Trust's proof of claim form. As a proof of claim form is reached in the Asbestos FIFO Processing Queue, the Asbestos Trust will determine whether the claim described therein meets the Medical/Exposure Criteria for one of the seven Disease Levels eligible for Expedited Review and will advise the claimant of its determination. If a Disease Level is determined to be applicable to a claim, the Asbestos Trust will tender to the claimant an offer of payment of the Scheduled Value for the relevant Disease Level multiplied by the applicable Payment Percentage, together with a form of release approved by the Asbestos Trust. If the claimant accepts the Scheduled Value and returns the release properly executed, the claim will be placed in the Asbestos FIFO Payment Queue, following which the Asbestos Trust will disburse payment subject to the limitations of the Maximum Available Payment and Claims Payment Ratio, if any.

14. Individual Review Process

The Asbestos Trust's Individual Review Process provides a claimant with an opportunity for individual consideration and evaluation of an Asbestos Claim that fails to meet the presumptive Medical/Exposure Criteria for Disease Level I, II, III, IV, V, VII or VIII. In such case, the Asbestos Trust will either deny the claim or, if the Asbestos Trust is satisfied that the claimant has presented an Asbestos Claim that would be cognizable and valid in the tort system, the Asbestos Trust can offer the claimant a liquidated value amount up to the Scheduled Value for that Disease Level.

Claimants holding Asbestos Claims qualifying for treatment under Asbestos Disease Level IV, V, VII or VIII will also be eligible to seek Individual Review of the liquidated value of their claims, as well as of their medical/exposure evidence. Individual Review is intended to result in payments equal to the full liquidated value for each Asbestos Claim multiplied by the Payment Percentage, except that the liquidated value of any Asbestos Claim that undergoes Individual Review may be determined to be less than the Scheduled Value the claimant would have received under Expedited Review. Moreover, the liquidated value for an Asbestos Claim qualifying for treatment under Disease Level IV, V, VI, VII or VIII will not exceed the Maximum Value for the relevant Disease Level set forth below, unless the claim meets the requirements of an Extraordinary Claim, in which case its liquidated

value cannot exceed the maximum extraordinary value set forth in Section VI.H.17. below for such claims. Because the detailed examination and valuation process pursuant to Individual Review requires substantial time and effort, claimants electing to undergo Individual Review may be paid the liquidated value of their Asbestos Claims later than would have been the case had the claimant elected Expedited Review. Subject to the claims audit program provision of the Trust Distribution Procedures, the Asbestos Trust will devote reasonable resources to the review of all Asbestos Claims to ensure that there is a reasonable balance maintained in reviewing all classes of claims.

15. Valuation Factors To Be Considered in Individual Review

The Asbestos Trust will liquidate the value of each Asbestos Claim that undergoes Individual Review based on the historic liquidated values of other similarly situated claims in the tort system for the same Disease Level. The Asbestos Trust will, thus, take into consideration all of the factors that affect the severity of damages and values within the tort system, including but not limited to, credible evidence of (a) the degree to which the characteristics of a claim differ from the presumptive Medical/Exposure Criteria for the Disease Level in question, (b) factors such as the claimant's age, disability, employment status, disruption of household, family or recreational activities, dependencies, special damages and pain and suffering, (c) whether the claimant's damages were (or were not) caused by asbestos exposure, including exposure to an asbestos-containing product for which G-I has legal responsibility prior to December 31, 1982 (e.g., alternative causes and the strength of documentation of injuries), (d) the industry of exposure, (e) settlements and verdict histories and other law firms' experiences in the Claimant's Jurisdiction (as defined in the Trust Distribution Procedures) for similarly situated claims; and (f) settlement and verdict histories for the claimant's law firm for similarly situated claims.

16. Scheduled, Average and Maximum Values

The Scheduled, Average and Maximum Values for the Disease Levels compensable under the Trust Distribution Procedures are the following:

Disease Level	Scheduled Value	Average Value	Maximum Value
Level VIII (Mesothelioma)	$155,000	$225,000	$450,000
Level VII (Lung Cancer 1)	$45,000	$55,000	$100,000
Level VI (Lung Cancer 2)	None	$15,000	$35,000
Level V (Other Cancer)	$15,000	$18,000	$35,000
Level IV (Severe Asbestosis)	$30,000	$35,000	$50,000
Level III (Asbestosis/Pleural Disease)	$8,300	None	None
Level II (Asbestosis/Pleural Disease)	$2,625	None	None
Level I (Other Asbestos Disease — Cash Discount Payment)	$225	None	None

These Scheduled Values, Average Values and Maximum Values will apply to all PI Trust Voting Claims, other than Pre-Petition Liquidated Claims, filed with the Asbestos Trust on or before the Initial Claims Filing Date. Thereafter, the Asbestos Trust, with the consent of the Trust Advisory

Committee and the Legal Representative, shall periodically adjust these valuation amounts to account for inflation and otherwise may adjust the values for good cause and consistent with other restrictions on the amendment power.

17. Extraordinary and/or Exigent Hardship Claims

For purposes of the Trust Distribution Procedures, "Extraordinary Claim" means an Asbestos Claim that otherwise satisfies the medical criteria for Disease Level IV, V, VI, VII or VIII and that is held by a claimant whose exposure to asbestos (a) occurred predominately as the result of working in a manufacturing facility of G-I during a period in which G-I was manufacturing asbestos-containing products at that facility or (b) was at least 75% the result of exposure to asbestos or an asbestos-containing product or to conduct for which G-I has legal responsibility and, in either case, there is little likelihood of a substantial recovery elsewhere. All such Extraordinary Claims will be presented for Individual Review and, if valid, will be entitled to an award of up to a maximum extraordinary value of five times the Scheduled Value for claims qualifying for treatment under Disease Level IV, V, VII or VIII, and five times the Average Value, for claims qualifying for treatment under Disease Level VI, in each case multiplied by the applicable Payment Percentage.

Any dispute as to Extraordinary Claim status will be submitted to a special "Extraordinary Claims Panel" established by the Asbestos Trustees with the consent of the Trust Advisory Committee and the Legal Representative. All decisions of such panel will be final and not subject to any further administrative or judicial review. An Extraordinary Claim, following its liquidation, will be placed in the Asbestos FIFO Payment Queue ahead of all other Asbestos Claims (except Pre-Petition Liquidated Claims, Claims qualifying for treatment under Disease Level I, Existing Claims and Exigent Hardship Claims, which will be paid first) based on its date of liquidation and will be subject to the Maximum Available Payment and Claims Payment Ratio described above unless otherwise provided above.

At any time the Asbestos Trust may liquidate and pay Asbestos Claims that qualify as Exigent Hardship Claims. Such claims may be considered separately regardless of the order of processing that otherwise would have been under the Trust Distribution Procedures. An Exigent Hardship Claim, following its liquidation, will be placed first in the Asbestos FIFO Payment Queue ahead of all other liquidated Asbestos Claims (except Pre-Petition Liquidated Claims, Claims qualifying for treatment under Asbestos Disease Level I and Existing Claims). For purposes of the Trust Distribution Procedures, an Asbestos Claim is an "Exigent Hardship Claim" if it meets the Medical/Exposure Criteria for Disease Level IV, V, VI, VII or VIII and the Asbestos Trust, in its sole discretion, determines (a) that the claimant needs financial assistance on an immediate basis based on the claimant's expenses and all sources of available income and (b) that there is a causal connection between the claimant's dire financial condition and the claimant's asbestos-related disease.

18. Secondary Exposure Claims

If a claimant alleges an asbestos-related disease resulting solely from exposure to an occupationally-exposed person, such as a family member, the claimant must seek Individual Review of his or her Asbestos Claim. The proof of claim form will contain an additional section for Secondary Exposure Claims (as defined in the Trust Distribution Procedures). All other liquidation and payment rights and limitations under the Trust Distribution Procedures will be applicable to such claims.

19. Evidentiary Requirements

a. *Medical Evidence*

All diagnoses of a Disease Level shall be accompanied by either (i) a statement by the physician providing the diagnosis that at least ten (10) years have elapsed between the date of first

exposure to asbestos or asbestos-containing products and the diagnosis, or (ii) a history of the claimant's exposure sufficient to establish a ten (10)-year latency period. A finding by a physician after the Effective Date that a claimant's disease is "consistent with" or "compatible with" asbestosis shall not alone be treated by the Asbestos Trust as a diagnosis.[10]

Except for claims filed against G-I or any other defendant in the tort system prior to the Petition Date, all diagnoses of a non-malignant asbestos-related disease (Disease Levels I-IV) shall be based in the case of a claimant who was living at the time the claim was filed, upon a physical examination of the claimant by the physician providing the diagnosis of the asbestos-related disease. All living claimants must also provide (i) for Disease Levels I - III, evidence of Bilateral Asbestos-Related Nonmalignant Disease (as defined in Footnote 5 above); (ii) for Disease Level IV, an ILO reading of 2/1 or greater or pathological evidence of asbestosis, and (iii) for Disease Levels III and IV, pulmonary function testing.[11]

In the case of a claimant who was deceased at the time the claim was filed, all diagnoses of a non-malignant asbestos-related disease (Disease Levels I-IV) shall be based upon either (i) a physical examination of the claimant by the physician providing the diagnosis of the asbestos-related disease; or (ii) pathological evidence of the non-malignant asbestos-related disease; or (iii) in the case of Disease Levels I-III, evidence of Bilateral Asbestos-Related Nonmalignant Disease (as defined in Footnote 5 above), and for Disease Level IV, either an ILO reading of 2/1 or greater or pathological evidence of asbestosis; and (iv) for either Disease Level III or IV, pulmonary function testing.

All diagnoses of an asbestos-related malignancy (Disease Levels V–VIII) shall be based upon either (i) a physical examination of the claimant by the physician providing the diagnosis of the asbestos-related disease, or (ii) on a diagnosis of such a malignant Disease Level by a board-certified pathologist or by a pathology report prepared at or on behalf of a hospital accredited by the Joint Commission on Accreditation of Healthcare Organizations ("JCAHO").

If the holder of an Asbestos Claim that was filed against G-I or any other defendant in the tort system prior to the Petition Date has available a report of a diagnosing physician engaged by the holder or his or her law firm who conducted a physical examination of the holder as described above, or if the holder has filed such medical evidence and/or a diagnosis of the asbestos-related disease by a physician not engaged by the holder or his or her law firm who conducted a physical examination of the holder with another asbestos-related personal injury settlement trust that requires such evidence**,** without regard to whether the claimant or the law firm engaged the diagnosing physician, then the holder shall provide such diagnosis to the Asbestos Trust notwithstanding the exception described above.

b. *Credibility of Medical Evidence*

Before making any payment to a claimant, the Asbestos Trust must have reasonable confidence that the medical and exposure evidence provided in support of the claim is credible and consistent with recognized medical standards. The Asbestos Trust may require the submission of X-rays,

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[10] All diagnoses of Asbestosis/Pleural Disease (Disease Levels II and III) not based on pathology shall be presumed to be based on findings of bilateral asbestosis or pleural disease, and all diagnoses of Mesothelioma (Disease Level VIII) shall be presumed to be based on findings that the disease involves a malignancy. However, the Asbestos Trust may refute such presumptions.

[11] "Pulmonary function testing" or "PFT" shall mean testing that is in material compliance with the quality criteria established by the American Thoracic Society ("ATS") and is performed on equipment which is in material compliance with ATS standards for technical quality and calibration. PFT performed in a hospital accredited by the JCAHO, or performed, reviewed or supervised by a board certified pulmonologist or other Qualified Physician shall be presumed to comply with ATS standards, and the claimant may submit a summary report of the testing. If the PFT was not performed in a JCAHO accredited hospital, or performed, reviewed or supervised by a board certified pulmonologist or other Qualified Physician, the claimant must submit the full report of the testing (as opposed to a summary report); provided, however that if the PFT was conducted prior to the Effective Date of the Plan and the full PFT report is not available, the claimant must submit a declaration signed by a Qualified Physician or other qualified party, in the form provided by the Asbestos Trust, certifying that the PFT was conducted in material compliance with ATS standards.

CT scans, detailed results of pulmonary function tests, laboratory tests, tissue samples, results of medical examination or reviews of other medical evidence and may require that medical evidence submitted comply with recognized medical standards regarding equipment, testing methods and procedures to assure that such evidence is reliable. Medical evidence (i) that is of a kind shown to have been received in evidence by a state or federal judge at trial, (ii) that is consistent with evidence submitted to G-I to settle for payment similar disease cases prior to G-I's bankruptcy, or (iii) that is a diagnosis by a physician shown to have previously qualified as a medical expert with respect to the asbestos-related disease in question before a state or federal judge, is presumptively reliable, although the Asbestos Trust may seek to rebut the presumption.

In addition, claimants who otherwise meet the requirements of the Trust Distribution Procedures for payment of an Asbestos Claim shall be paid irrespective of the results in any litigation at any time between the claimant and any other defendant in the tort system. However, any relevant evidence submitted in a proceeding in the tort system, other than any findings of fact, a verdict, or a judgment, involving another defendant may be introduced by either the claimant or the Asbestos Trust in any Individual Review proceeding or any Extraordinary Claim proceeding conducted by the Asbestos Trust.

c. *Exposure Evidence*

To qualify for any Disease Level the claimant must demonstrate a minimum exposure to an asbestos-containing product manufactured, produced or distributed by G-I or to conduct for which G-I has legal responsibility. Claims based on conspiracy theories that involve no exposure to an asbestos-containing product manufactured, produced or distributed by G-I are not compensable under the Trust Distribution Procedures. To meet the presumptive exposure requirements of Expedited Review, the claimant must show (i) for all Disease Levels, G-I Exposure prior to December 31, 1982, (ii) for Asbestos/Pleural Disease Level II, six (6)-months G-I Exposure prior to December 31, 1982, plus five (5) years cumulative occupational asbestos exposure; and (iii) for Asbestosis/Pleural Disease (Disease Level III), Severe Asbestosis (Disease Level IV), Other Cancer (Disease Level V), or Lung Cancer 1 (Disease Level VII), the claimant must show six (6)-months G-I Exposure prior to December 31, 1982, plus Significant Occupational Exposure to asbestos. If the claimant cannot meet the relevant presumptive exposure requirements for a Disease Level eligible for Expedited Review, the claimant may seek Individual Review of his or her claim based on exposure to asbestos or an asbestos-containing product or to conduct for which G-I has legal responsibility.

The claimant must demonstrate (a) meaningful and credible exposure, which occurred prior to December 31, 1982, to asbestos or asbestos-containing products supplied, specified, manufactured, installed, maintained, or repaired by G-I and/or any entity for which G-I has legal responsibility. That meaningful and credible exposure evidence may be established by an affidavit or sworn statement of the claimant; by an affidavit or sworn statement of a co-worker or the affidavit or sworn statement of a family member in the case of a deceased claimant (providing the Asbestos Trust finds such evidence reasonably reliable); by invoices, employment, construction or similar records; or by other credible evidence. The specific exposure information required by the Asbestos Trust to process a claim under either Expedited or Individual Review shall be set forth on the proof of claim form to be used by the Asbestos Trust. The Asbestos Trust can also require submission of other or additional evidence of exposure when it deems such to be necessary.

20. Second Disease (Malignancy) Claims

Notwithstanding the provision of the Trust Distribution Procedures stating that a claimant may not assert more than one Asbestos Claim thereunder, the holder of an Asbestos Claim involving a non-malignant asbestos-related disease (i.e., a claim qualifying for treatment under Disease Level I, II, III or IV) may assert a new Asbestos Claim against the Asbestos Trust for a malignant disease (i.e., a claim qualifying for treatment under Disease Level V, VI, VII or VIII) that is subsequently diagnosed.

21. Punitive Damages

Except as provided in the Trust Distribution Procedures for Asbestos Claims asserted under the Alabama Wrongful Death Statute, in determining the value of any liquidated or unliquidated Asbestos Claim, punitive or exemplary damages (i.e., any damages other than compensatory damages) will not be considered or allowed, notwithstanding their availability in the tort system.

22. Suits in the Tort System

If the holder of an Asbestos Claim disagrees with the Asbestos Trust's determination regarding the Disease Level of the claim, the claimant's exposure history or the liquidated value of the claim and, if the holder has first submitted the claim to non-binding arbitration, the holder may file a lawsuit in the Claimant's Jurisdiction. Any such lawsuit must be filed by the claimant in her or her own right and name and not as a member or representative of a class and no such lawsuit may be consolidated with any other lawsuit. All defenses (including, with respect to the Asbestos Trust, all defenses which could have been asserted by G-I) will be available to both sides at trial, except that the Asbestos Trust may waive any defense and/or concede any issue of fact or law. If the claimant was alive at the time the initial pre-petition complaint was filed or on the date the proof of claim was filed with the Asbestos Trust, the case will be treated as a personal injury case with all personal injury damages to be considered even if the claimant has died during the pendency of the claim.

VII. MEANS OF IMPLEMENTATION

A METHOD OF DISTRIBUTION UNDER THE PLAN

1. Distributions

One of the key concepts under the Bankruptcy Code is that only claims and equity interests that are "allowed" may receive distributions under a chapter 11 plan. This term is used throughout the Plan and the descriptions below. In general, an "allowed" claim or an "allowed" equity interest simply means that the debtor agrees, or in the event of a dispute, that the bankruptcy court determines, that the claim or interest, and the amount thereof, is in fact a valid obligation of the debtor.

Any Claim that is not a Disputed Claim and for which a proof of claim has been filed is an Allowed Claim. Any Claim that has been listed by any Debtor in such Debtors' schedules of assets and liabilities, as may be amended from time to time, as liquidated in amount and not disputed or contingent is an Allowed Claim in the amount listed in the schedules unless an objection to such Claim has been filed. If the holder of such Claim files a proof of claim in an amount different than the amount set forth on the Debtors' schedules of assets and liabilities, the Claim is an Allowed Claim for the lower of the amount set forth on the Debtors' schedules of assets and liabilities and on the proof of claim and a Disputed Claim for the difference. Any Claim that has been listed in the Debtors' schedules of assets and liabilities as disputed, contingent, or not liquidated and for which a proof of claim has been timely filed is a Disputed Claim. Any Claim for which an objection has been timely interposed is a Disputed Claim. For an explanation of how Disputed Claims will be determined, see Section VII(A)(15).

Except as set forth above, all Distributions under the Plan shall be made by the Disbursing Agent. At the option of the Debtors, any Cash payment to be made under the Plan may be made by a check or wire transfer. Unless the Entity receiving a payment agrees otherwise, any payment in Cash to be made by the Disbursing Agent shall be made by check drawn on a domestic bank or by wire transfer from a domestic bank; *provided, however,* that no cash payment of less than one hundred dollars ($100) shall be made to a holder of an Allowed Claim unless a request therefor is made in writing to the Reorganized Debtors.

To the extent that any Allowed Claim entitled to a distribution under the Plan consists of indebtedness and accrued but unpaid interest thereon, such distribution shall be allocated first to the principal amount of the Claim (as determined for federal income tax purposes) and then, to the extent the consideration exceeds the principal amount of the Claim, to accrued but unpaid interest.

2. Disbursing Agent

All Distributions under the Plan shall be made by the Disbursing Agent.

3. Delivery of Distributions

Pursuant to the Plan, whenever any Distribution to be made under the Plan shall be due on a day other than a Business Day, such Distribution shall instead be made, without interest, on the immediately succeeding Business Day, but shall be deemed to have been made on the date due. The Distributions shall be made to the holders of Allowed Claims as of the Record Date and the Debtors and the Reorganized Debtors shall have no obligation to recognize any transfer of a Claim occurring after the Record Date.

4. Distribution Deadlines

Any Distribution to be made by the Disbursing Agent pursuant to the Plan shall be deemed to have been timely made if made within twenty (20) days after the time therefor specified in the Plan or such other agreements. No interest shall accrue or be paid with respect to any Distribution as a consequence of such Distribution not having been made on the Effective Date.

5. Distributions with Respect to Allowed Claims

Subject to Bankruptcy Rule 9010, all Distributions under the Plan to holders of Allowed Claims in Classes 3A, 3B, 5 and 7 shall be made by the Disbursing Agent to the holder of each Allowed Claim in such Classes at the address of such holder as listed on the Schedules as of the Record Date, unless the Debtors or, on and after the Effective Date, the Reorganized Debtors have been notified in writing of a change of address, including, without limitation, by the timely filing of a proof of claim by such holder that provides an address for such holder different from the address reflected on the Schedules. If any Distribution to any such holder is returned as undeliverable, the Disbursing Agent shall use reasonable efforts to determine the current address of such holder, but no Distribution to such holder shall be made unless and until the Disbursing Agent has determined the then current address of such holder, at which time such Distribution shall be made to such holder without interest; *provided*, *however*, that, at the expiration of one (1) year from the Effective Date such undeliverable Distributions shall be deemed unclaimed property and shall be treated in accordance with Section 5.7 of the Plan.

6. Responsibility for Transfers and Distributions

The Plan Sponsor and Reorganized Debtors (as applicable) and only the Plan Sponsor and Reorganized Debtors shall be responsible for Distributions required by the Plan. The Asbestos Trust and only the Asbestos Trust shall be responsible for resolving and paying Class 6 Claims and Demands in accordance with the Asbestos Trust Agreement and the Asbestos Trust Distribution Procedures.

7. Manner of Payment Under the Plan

Unless the Entity receiving a payment agrees otherwise, any payment in Cash to be made by the Disbursing Agent shall be made by check drawn on a domestic bank or by wire transfer from a domestic bank; *provided, however,* that no Cash payment of less than one hundred dollars ($100) shall be made to a holder of an Allowed Claim unless a request therefor is made in writing to the Reorganized Debtors.

8. Unclaimed Property

a. *Plan Distributions*

All Distributions under the Plan that are unclaimed for a period of one (1) year after distribution thereof shall be deemed unclaimed property under section 347(b) of the Bankruptcy Code and shall revest in the Reorganized Debtors, and any entitlement of any holder of any Claim to such Distributions shall be extinguished and forever barred.

b. *1989 LBO Transactions*

Any unclaimed, un-cashed, or undeliverable Cash or check previously earmarked or tendered for the redemption of certain Equity Interests relating to the 1989 LBO Transaction, which Cash or checks G-I currently holds or has remitted to an appropriate state agency, and as to which such Equity Interests remain un-tendered by their holders, shall be deemed unclaimed property under section 347(b) of the Bankruptcy Code and shall revest in the Reorganized Debtors, and any entitlement of any holder of any Claim to such Cash or checks shall be extinguished and forever barred.

9. Time Bar to Cash Payments

Checks issued by the Disbursing Agent for Distributions on account of Allowed Claims shall be null and void if not negotiated within ninety (90) days from and after the date of issuance thereof. Requests for re-issuance of any check shall be made directly to the Disbursing Agent by the holder of the Allowed Claim with respect to which such check originally was issued. Any claim in respect of such a voided check shall be made on or before the later of (a) the first (1st) anniversary of the Effective Date or (b) ninety (90) days after the date of issuance of such check, if such check represents a final Distribution hereunder on account of such Claim. After such date, all Claims in respect of voided checks shall be discharged and forever barred and the Reorganized Debtors shall retain all monies related thereto.

10. Distributions After Effective Date

Distributions made after the Effective Date to holders of Claims that are not Allowed Claims as of the Effective Date, but which later become Allowed Claims, shall be deemed to have been made in accordance with the terms and provisions of the Plan.

11. Setoffs

The Reorganized Debtors may, but shall not be required to, pursuant to applicable non-bankruptcy law, set off against any Allowed Claim and the Distributions to be made pursuant to the Plan on account thereof (before any Distribution is made on account of such Claim), the claims, rights, and causes of action of any nature that the Debtors' estates or the Reorganized Debtors hold against the holder of such Allowed Claim (other than an Asbestos Claim); *provided, however*, that neither the failure to effect such a setoff nor the allowance of any Claim hereunder shall constitute a waiver or release by the Debtors, Debtors-in-Possession or the Reorganized Debtors of any such claims, rights and causes of action that the Debtors, Debtors-in-Possession or the Reorganized Debtors may possess against such holder.

12. Cancellation of Existing Securities And Agreements

On the Effective Date, any document, agreement, or instrument evidencing any Claim or Equity Interest, other than an Asbestos Claim or any Claim that is unimpaired by the Plan, shall be deemed cancelled without further act or action under any applicable agreement, law, regulation, order, or rule, and the obligations of the Debtors under such documents, agreements, or instruments evidencing such Claims and Equity Interests, as the case may be, shall be discharged; *provided, however*, that each

Asbestos Claim (other than any Demand) shall be discharged as to the Reorganized Debtors, and all Asbestos Claims (including all Demands) shall be subject to the Asbestos Permanent Channeling Injunction.

13. Payment of Interest on Allowed Claims

Interest shall be paid on Allowed Claims only to the extent the payment of interest is provided for by a contractual agreement between the Debtors and the holder of any such Allowed Claim.

14. Allocation of Plan Distributions Between Principal and Interest

To the extent that any Allowed Claim entitled to a distribution under the Plan is comprised of indebtedness and accrued but unpaid interest thereon, such distribution shall be allocated first to the principal amount of the Claim (as determined for federal income tax purposes) and then, to the extent the consideration exceeds the principal amount of the Claim, to accrued but unpaid interest.

15. Procedures for Treating Disputed Claims Under the Plan

a. *Disputed Claims*

A Disputed Claim ("Disputed Claim") is a Claim that is not an Allowed Claim, a Disallowed Claim, or an Asbestos Claim, and is any Claim, proof of which was filed, or an Administrative Expense Claim or other Claim, which is the subject of a dispute under the Plan or as to which Claim the Debtors have interposed a timely objection and/or a request for estimation in accordance with section 502(c) of the Bankruptcy Code and Bankruptcy Rule 3018 or other applicable law, which objection and/or request for estimation has not been withdrawn or determined by a Final Order, and any Claim, proof of which was required to be filed by order of the Bankruptcy Court, but as to which a proof of claim was not timely or properly filed.

A Claim for which a proof of claim has been filed but that is listed on the Debtors' schedules of assets and liabilities as unliquidated, disputed or contingent, and which has not yet been resolved by the parties or by the Bankruptcy Court, is a Disputed Claim. If a holder of a Claim has filed a proof of claim that is inconsistent with the Claim as listed on the Debtors' schedules of assets and liabilities, such Claim is a Disputed Claim to the extent of the difference between the amount set forth in the proof of claim and the amount scheduled by the Debtors. Any Claim for which the Debtors or any party in interest have interposed (or will interpose) a timely objection is a Disputed Claim.

Pursuant to the Plan, the Reorganized Debtors shall object to the allowance of Claims filed with the Bankruptcy Court (other than Asbestos Claims) with respect to which the Reorganized Debtors dispute liability in whole or in part. All objections filed and prosecuted by the Reorganized Debtors as provided herein shall be litigated to Final Order by the Reorganized Debtors; *provided, however*, that the Debtors or Reorganized Debtors, as the case may be, may compromise and settle, withdraw or resolve by any other method, without requirement of Bankruptcy Court approval, any objections to Claims; *provided, further, however*, that in the case of a CCR Allowance Proceeding (i) such CCR Allowance Proceeding shall be prosecuted by the Reorganized Debtors, the Asbestos Claimants Committee, and the Legal Representative, and (ii) such CCR Allowance Proceeding may only be compromised, settled, withdrawn, or otherwise resolved with the consent of each of the Reorganized Debtors, the Asbestos Claimants Committee, and the Legal Representative. Subject to the treatment described in Section 3.11 of the Plan with respect to the CCR Claim, each of G-I, ACI, the Committee, and the Legal Representative shall oppose the allowance of any Claim by or on behalf of any Entity that is or was a member of CCR, arising from facts or legal relationships that existed during the period when G-I and the Entity asserting the Claim (or on whose behalf it is asserted) were both members of CCR, or

arising from or relating to any agreement made by CCR during such period for the settlement of any asbestos-related personal injury or wrongful death claim.

Unless otherwise provided herein or ordered by the Bankruptcy Court, all objections by the Reorganized Debtors to Claims shall be served and filed on or before the later of (i) one hundred eighty (180) days after the Effective Date, and (ii) such date as may be fixed by the Bankruptcy Court, after notice and hearing, whether fixed before or after the date specified in clause (i) above.

b. *Estimation of Disputed Claims*

The Plan provides for the estimation of Disputed Claims. Unless otherwise limited by an order of the Bankruptcy Court, the Reorganized Debtors may at any time request that the Bankruptcy Court estimate for final Distribution purposes any contingent, unliquidated or Disputed Claim pursuant to section 502(c) of the Bankruptcy Code or other applicable law regardless of whether the Debtors or the Reorganized Debtors previously objected to such Claim or whether the Bankruptcy Court has ruled on such objection, and the Bankruptcy Court will retain jurisdiction to consider any request to estimate any Claim at any time during litigation concerning any objection to any Claim, including, without limitation, during the pendency of any appeal relating to any such objection. Unless otherwise provided in an order of the Bankruptcy Court, in the event that the Bankruptcy Court estimates any contingent, unliquidated or Disputed Claim, the estimated amount shall constitute either the Allowed amount of such Claim or a maximum limitation on such Claim, as determined by the Bankruptcy Court; *provided, however*, that, if the estimate constitutes the maximum limitation on such Claim, the Debtors or the Reorganized Debtors, as the case may be, may elect to pursue supplemental proceedings to object to any ultimate allowance of such Claim; and, *provided, further,* that the foregoing is not intended to limit the rights granted by section 502(j) of the Bankruptcy Code. All of the aforementioned Claims objection, estimation and resolution procedures are cumulative and not necessarily exclusive of one another.

c. *No Distributions Pending Allowance*

Notwithstanding any other provision of the Plan, if any portion of a Claim is a Disputed Claim, no Distribution or Trust Distribution provided for hereunder shall be made on account of any portion of such Claim unless and until such Disputed Claim becomes an Allowed Claim. No interest shall be paid on account of Disputed Claims that later become Allowed except to the extent that payment of interest is required under section 506(b) of the Bankruptcy Code.

d. *Distributions After Allowance*

The Plan provides that, to the extent a Disputed Claim ultimately becomes an Allowed Claim, a Distribution shall be made to the holder of such Allowed Claim in accordance with the provisions of the Plan. As soon as reasonably practicable after the date that the order or judgment of the Bankruptcy Court or other applicable court of competent jurisdiction (including any appeal therefrom) allowing any Disputed Claim becomes a Final Order, the Reorganized Debtors shall provide to the holder of such Claim the Distribution to which such holder is entitled hereunder on account of or in exchange for such Allowed Claim.

e. *Distributions Related to Allowed Insured Claims*

Nothing contained in the Plan shall constitute or be deemed a waiver of any Claim, defense, right or cause of action that the Debtors, the Reorganized Debtors, the Asbestos Trust, or any Entity may hold under any policies of insurance against any other Entity, including, without limitation, insurers, nor shall anything contained herein constitute or be deemed a waiver by such insurers of any defenses, including coverage defenses, held by such insurers. Section 6.5 of the Plan shall not limit the

liability or obligations of any of the Debtors under the Plan with respect to the uninsured portion of any Claim.

f. *Management of Existing Tax Claim Litigation*

The Plan provides that, under the Confirmation Order, the District Court shall retain sole jurisdiction over the litigation in the action styled *United States v. G-I Holdings Inc*., Case No. 02-03082 (D.N.J.) (pending resolution or dismissal without prejudice of that action) and, as a consequence, the Reorganized Debtors shall not file any petition in the United States Tax Court with respect to the Claims subject to that litigation pending resolution or dismissal without prejudice of that action.

B EXECUTORY CONTRACTS AND UNEXPIRED LEASES

1. Assumption and Rejection of Executory Contracts and Unexpired Leases

The Plan provides that any executory contract or unexpired lease not set forth on Schedule 7.1 of the Plan Supplement that has not expired by its own terms on or prior to the Confirmation Date, which has not been assumed and assigned or rejected with the approval of the Bankruptcy Court, or which is not the subject of a motion to assume and assign or reject as of the Confirmation Date, shall be deemed rejected by the Debtors-in-Possession on the Confirmation Date and the entry of the Confirmation Order by the Bankruptcy Court shall constitute approval of such rejection pursuant to sections 365(a) and 1123 of the Bankruptcy Code.

Any executory contracts or unexpired leases of the Debtors that are set forth on Schedule 7.1 of the Plan Supplement shall be deemed to have been assumed by the Debtors and the Plan shall constitute a motion to assume such executory contracts and unexpired leases.

Each executory contract or unexpired lease assumed under the Plan shall include any modifications, amendments, supplements or restatements to such contract or lease. Entry of the Confirmation Order by the Clerk of the Bankruptcy Court shall constitute approval of such assumptions pursuant to section 365(a) of the Bankruptcy Code and a finding by the Bankruptcy Court that each such assumed executory contract or unexpired lease is in the best interest of the Debtors, their bankruptcy estates, and all parties in interest in the Chapter 11 Cases.

The Debtors reserve the right, at any time prior to the Effective Date, to amend Schedule 7.1 to (a) delete and executory contract or unexpired lease listed therein, thus providing for its rejection under the Plan; or (b) add any executory contract or unexpired lease to Schedule 7.1, thus providing for its assumption. The Debtors will provide notice of any amendments to Schedule 7.1 to the parties to the executory contracts and unexpired leases affected thereby. Nothing herein or in the Plan shall constitute an admission by a Debtor or Reorganized Debtor that any contract or lease is an executory contract or unexpired lease or that a Debtor or Reorganized Debtor has any liability thereunder.

Notwithstanding anything contained in the Plan to the contrary, all of the Debtors' insurance policies and any agreements, documents or instruments relating thereto, are treated as executory contracts under the Plan and will be assumed pursuant to the Plan, effective as of the Effective Date. Entry of the Confirmation Order by the Clerk of the Bankruptcy Court shall constitute approval of such assumptions pursuant to section 365(a) of the Bankruptcy Code and a finding by the Bankruptcy Court that assumption of the insurance policies is in the best interest of the Debtors, their bankruptcy estates, and all parties in interest in the Chapter 11 Cases. Nothing contained in the Plan shall constitute or be deemed a waiver of any cause of action that the Debtors may hold against any Entity, including, without limitation, the insurer, under any of the Debtors' policies of insurance.

2. Cure of Defaults and Survival of Contingent Claims under Assumed Executory Contracts and Unexpired Leases

Except as may otherwise be agreed to by the parties, on or before the thirtieth (30th) day after the Effective Date, provided the non-debtor party to any such assumed executory contract or unexpired lease has timely filed a proof of claim with respect to such cure amount, the Reorganized Debtors shall cure any and all undisputed defaults under each executory contract and unexpired lease assumed by the Debtors pursuant to the Plan, in accordance with section 365(b) of the Bankruptcy Code. All disputed defaults required to be cured shall be cured either within thirty (30) days of the entry of a Final Order determining the amount, if any, of the Reorganized Debtors' liability with respect thereto, or as may otherwise be agreed to by the parties. Unless a proof of claim was timely filed with respect thereto, all cure amounts and all contingent reimbursement or indemnity claims for prepetition amounts expended by the non-debtor parties to assumed executory contracts and unexpired leases shall be discharged upon entry of the Confirmation Order by the Clerk of the Bankruptcy Court.

3. Deadline for Filing Rejection Damage Claims

The Plan provides that, if the rejection of an executory contract or unexpired lease by the Debtors-in-Possession pursuant to Section 7.1 of the Plan results in damages to the other party or parties to such contract or lease, any claim for such damages, if not heretofore evidenced by a filed proof of claim, shall be forever barred and shall not be enforceable against the Debtors, or their properties, their agents, successors, or assigns, unless a proof of claim is filed with the Debtors' court-appointed claims agent or with the Bankruptcy Court and served upon the Debtors or Reorganized Debtors on or before thirty (30) days after the latest to occur of (a) the Confirmation Date, and (b) the date of entry of an order by the Bankruptcy Court authorizing rejection of such executory contract or unexpired lease.

4. Indemnification and Reimbursement Obligations

For purposes of the Plan, the obligations of the Debtors to indemnify and reimburse persons who are or were directors, officers, or employees of any of the Debtors on the Commencement Date or at any time thereafter against and for any obligations (including, without limitation, fees and expenses incurred by the board of directors of any of the Debtors, or the members thereof, in connection with the Chapter 11 Cases) pursuant to articles of incorporation, codes of regulations, bylaws, applicable state law, or specific agreement, or any combination of the foregoing, shall survive confirmation of the Plan, remain unaffected hereby, and not be discharged in accordance with section 1141 of the Bankruptcy Code, irrespective of whether indemnification or reimbursement is owed in connection with an event occurring before, on, or after the Commencement Date.

5. Compensation and Benefit Programs

Except as provided in Section 7.1 of the Plan, the Debtors' existing pension plans, savings plans, retirement plans, health care plans, performance-based incentive plans, retention plans, workers' compensation programs and life, disability, directors and officers liability, and other insurance plans are treated as executory contracts under the Plan and shall, on the Effective Date, be deemed assumed by the Debtors in accordance with sections 365(a) and 1123(b)(2) of the Bankruptcy Code. On and after the Effective Date, all claims submitted for payment in accordance with the foregoing benefit programs, whether submitted prepetition or postpetition, shall be processed and paid in the ordinary course of business of the Reorganized Debtors, in a manner consistent with the terms and provisions of such benefit programs.

Nothing in the Confirmation Order, the Plan, the Bankruptcy Code (and section 1141 thereof), or any other document filed in any of the Debtors' bankruptcy proceedings shall be construed to discharge, release or relieve the Debtors, the Reorganized Debtors, or any other party, in any capacity,

from any liability or responsibility with respect to the Retirement Plan for Hourly Paid Employees of Building Materials Corporation of America ("Pension Plan") under any law, governmental policy, or regulatory provisions. PBGC and the Pension Plan shall not be enjoined or precluded from enforcing such liability or responsibility as a result of any of the provisions of the Plan, including those providing for satisfaction, release, and discharge of claims, the Confirmation Order, the Bankruptcy Code (and section 1141 thereof), or any other document filed in any of the Debtors' bankruptcy proceedings.

6. Retiree Benefits

On and after the Effective Date, pursuant to section 1129(a)(13) of the Bankruptcy Code, the Reorganized Debtors shall continue to pay all retiree benefits of the Debtors (within the meaning of section 1114 of the Bankruptcy Code), if any, at the level established in accordance with section 1114 of the Bankruptcy Code, at any time prior to the Confirmation Date, for the duration of the period for which the Debtors had obligated themselves to provide such benefits.

VIII. OTHER ASPECTS OF THE PLAN

A CORPORATE GOVERNANCE AND MANAGEMENT OF REORGANIZED DEBTORS

1. Board of Directors

On the Effective Date, the management, control, and operation of the Reorganized Debtors shall become the general responsibility of the Board of Directors of the Reorganized Debtors.

2. Reorganized Debtors' Directors and Officers

The Boards of Directors of each of the Debtors immediately prior to the Effective Date shall serve as the initial Boards of Directors of the Reorganized Debtors on and after the Effective Date and, if different than the individuals identified in the Disclosure Statement, shall be identified in Schedule 8.2 to the Plan. Each of the members of such Boards of Directors shall serve in accordance with applicable non-bankruptcy law and each Debtors' certificate or articles of incorporation and bylaws, as each of the same may be amended from time to time. The officers of the Debtors immediately prior to the Effective Date shall serve as the initial officers of the Reorganized Debtors on and after the Effective Date. Such officers shall serve in accordance with applicable non-bankruptcy law and any employment agreement with the Debtors, if assumed, or with the Reorganized Debtors.

3. Amendment of Articles of Incorporation and By-Laws

The certificate or articles of incorporation and by-laws of the Debtors shall be amended as of the Effective Date to provide substantially as set forth in the Reorganized Debtors' Certificates of Incorporation and the Reorganized Debtors' By-Laws. The certificate or articles of incorporation and by-laws shall contain provisions (i) prohibiting the issuance of non-voting equity securities, as required by section 1123(a)(6) of the Bankruptcy Code (subject to further amendment of such certificates of incorporation and by-laws as permitted by applicable law), and (ii) effectuating the provisions of the Plan, in such case without further action by the stockholders or directors of the Debtors, the Debtors-in-Possession, or the Reorganized Debtors.

Copies of the Reorganized Debtors' Certificates of Incorporation and By-Laws are Schedules to the Plan.

4. Corporate Action

On the Effective Date, the adoption of the Reorganized Debtors' Certificate of Incorporation and the Reorganized Debtors' By-Laws shall be authorized and approved in all respects, in each case without further action under applicable law, regulation, order, or rule, including, without limitation, any action by the stockholders of the Debtors or the Reorganized Debtors. All other matters provided under the Plan involving the corporate structure of the Reorganized Debtors or corporate action by the Reorganized Debtors shall be deemed to have occurred, be authorized, and shall be in effect without requiring further action under applicable law, regulation, order, or rule, including, without limitation, any action by the stockholders of the Debtors or the Reorganized Debtors. Without limiting the foregoing, from and after the Confirmation Date, the Debtors or the Reorganized Debtors shall take any and all actions deemed appropriate to consummate the transactions contemplated herein.

5. Authority of the Debtors

Effective on the Confirmation Date, the Debtors shall be empowered and authorized to take or cause to be taken, prior to the Effective Date, all actions necessary to enable them to implement effectively their respective obligations under the Plan and the Plan Documents.

B CONDITIONS PRECEDENT TO CONFIRMATION AND THE EFFECTIVE DATE

1. Conditions Precedent to the Effective Date of the Plan

The occurrence of the Effective Date and the substantial consummation of the Plan are subject to satisfaction of the following conditions precedent:

a. The Bankruptcy Court and the District Court shall have entered the Confirmation Order, in form and substance reasonably satisfactory to the Debtors, the Asbestos Claimants Committee, and the Legal Representatives. The Confirmation Order or ancillary orders shall provide the following findings and conclusions and shall approve the following relief:

(i) The Asbestos Permanent Channeling Injunction is implemented in connection with the Plan and the Asbestos Trust;

(ii) The Plan (including the Plan Documents) complies with section 524(g) of the Bankruptcy Code for the issuance of an irrevocable injunction against Demands subject to the exclusive subject matter jurisdiction of the District Court;

(iii) The Reorganized Debtors, the Plan Sponsor, each Protected Party and their respective successors and assigns are permanently enjoined from requesting any tribunal to enjoin draws on the Letter of Credit for any reason, including, without limitation, if any one of them becomes a debtor under title 11 of the United States Code; *provided, however*, that this provision shall not impair any of such enjoined persons' remedies if such a draw shall have been wrongful or fraudulent;

(iv) The global compromise and settlement embodied in the Plan is approved;

(v) At the time of the order for relief with respect to G-I, G-I had been named as a defendant in personal injury, wrongful death, and property

damage actions seeking recovery for damages allegedly caused by the presence of, or exposure to, asbestos or asbestos-containing products;

(vi) The Asbestos Trust, as of the Effective Date, will assume all the liabilities of the Debtors with respect to all Asbestos Claims;

(vii) The Asbestos Trust is to be funded in whole or in part by securities of the Reorganized Debtors and by the contingent obligation of the Reorganized Debtors to make future payments;

(viii) The Asbestos Trust is to own, or by the exercise of rights granted under the Plan, for purposes of section 524(g) of the Bankruptcy Code, would be entitled to own, if specified contingencies occur, a majority of the voting shares of G-I;

(ix) G-I is likely to be subject to substantial future Demands for payment arising out of the same or similar conduct or events that gave rise to the Claims that are addressed by the Asbestos Permanent Channeling Injunction;

(x) The actual amounts, numbers, and timing of the future Demands referenced in Section 10.1(a)(ix) of the Plan cannot be determined;

(xi) Pursuit of the Demands referenced in Section 10.1(a)(ix) of the Plan outside the procedures prescribed by the Plan is likely to threaten the Plan's purpose to deal equitably with Claims and future Demands;

(xii) The terms of the Asbestos Permanent Channeling Injunction, including any provisions barring actions against third parties pursuant to section 524(g)(4)(A) of the Bankruptcy Code, are set out in the Plan and the Disclosure Statement;

(xiii) The Plan establishes, in Class 6 (Asbestos Claims), a separate class of the claimants whose Claims are to be addressed by the Asbestos Trust;

(xiv) The Legal Representative was appointed as part of the proceedings leading to issuance of the Asbestos Permanent Channeling Injunction for the purpose of protecting the rights of persons that might subsequently assert unknown Asbestos Claims and Demands that are addressed in the Asbestos Permanent Channeling Injunction and transferred to the Asbestos Trust;

(xv) Applying the Asbestos Permanent Channeling Injunction to each Protected Party in the Asbestos Permanent Channeling Injunction is fair and equitable with respect to persons that might subsequently assert Demands against each such Protected Party, in light of the benefits provided, or to be provided, to the Asbestos Trust by or on behalf of any such Protected Party;

(xvi) Class 6 (Asbestos Claims) has voted, by at least 75 percent (75%) of those voting, in favor of the Plan; and

(xvii) Pursuant to court orders or otherwise, the Asbestos Trust will operate through mechanisms such as structured, periodic, or supplemental payments, *pro rata* distributions, matrices, or periodic review of estimates of the numbers and values of Asbestos Claims and Demands, or other comparable

mechanisms, that provide reasonable assurance that the Asbestos Trust will liquidate, and be in a financial position to pay, Asbestos Claims and Demands that involve similar Claims in substantially the same manner.

b. The Effective Date shall not occur, and the Plan shall be of no force and effect, until satisfaction of the following conditions precedent:

(i) The Confirmation Order shall have been entered for at least ten (10) days and then is not stayed or enjoined;

(ii) The Bankruptcy Court and/or the District Court, as required, shall have entered or affirmed the Asbestos Permanent Channeling Injunction (which may be included in the Confirmation Order), which shall contain terms satisfactory to the Debtors, the Asbestos Claimants Committee, and the Legal Representative;

(iii) The Confirmation Order and the Asbestos Permanent Channeling Injunction shall be in full force and effect;

(iv) All Asbestos Trustees shall have been selected and shall have executed the Asbestos Trust Agreement;

(v) All agreements and instruments that are exhibits to the Plan or included in the Plan Supplement shall have been duly executed and delivered; *provided, however*, that no party to any such agreements and instruments may unreasonably withhold its execution and delivery of such documents to prevent this condition precedent from occurring;

(vi) Such other actions and documents as the Debtors deem necessary to implement the Plan shall have been effected or executed; *provided, however*, that the execution, delivery, and approval of the CCR Settlement Agreement shall not constitute a condition to the Effective Date and the issuance of a Final Order in the CCR Allowance Proceeding shall not constitute a condition to the Effective Date; and

(vii) All conditions to closing set forth in the Trust Note and the Letter of Credit shall have been fulfilled to the reasonable satisfaction of the Asbestos Claimants Committee and the Legal Representative (such satisfaction not to be unreasonably withheld).

c. The Debtors shall have received (i) a favorable ruling from the Internal Revenue Service with respect to the qualification of the Asbestos Trust as a "qualified settlement fund" or (ii) an opinion of counsel with respect to the tax status of the Asbestos Trust as a "qualified settlement fund" reasonably satisfactory to the Debtors, the Asbestos Claimants Committee and the Legal Representative.

2. Waiver of Conditions Precedent

To the extent practicable and legally permissible, each of the conditions precedent in Section 10.1 of the Plan may be waived, in whole or in part by the Plan Proponents, jointly. Any such waiver of a condition precedent may be effected at any time by filing with the Bankruptcy Court a notice thereof that is executed by the Plan Proponents, jointly. If any Plan Proponent desires to waive a condition precedent to facilitate confirmation, the other Plan Proponents shall confer promptly with it as to whether or not the suggested waiver should be given, in recognition that time is of the essence.

C ALTERNATIVE PLAN(S) OF REORGANIZATION

The Debtors have evaluated numerous reorganization alternatives to the Plan. After evaluating these alternatives, the Debtors have concluded that the Plan, assuming confirmation and successful implementation, is the best alternative and will fairly treat holders of Claims. If the Plan is not confirmed, then the Debtors could remain in chapter 11. Should this occur, then the Debtors could continue to operate their businesses and manage their properties as Debtors-in-Possession, but they would remain subject to the restrictions imposed by the Bankruptcy Code. Moreover, the Debtors (whether individually or collectively) or, subject to further determination by the Bankruptcy Court as to extensions of exclusivity under the Bankruptcy Code, any other party in interest could attempt to formulate and propose a different plan or plans. This would take time and result in an increase in the operating and other administrative expenses of these Chapter 11 Cases.

D LIQUIDATION UNDER CHAPTER 7

If no chapter 11 plan can be confirmed, then the Debtors' cases may be converted to cases under chapter 7 of the Bankruptcy Code, whereby a trustee would be elected or appointed to liquidate the assets of the Debtors for distribution to the holders of Claims in accordance with the strict priority scheme established by the Bankruptcy Code.

Under chapter 7, the cash amount available for distribution to Creditors would consist of the proceeds resulting from the disposition of the unencumbered assets of the Debtors, augmented by the unencumbered cash held by the Debtors at the time of the commencement of the liquidation cases. Such cash amount would be reduced by the costs and expenses of the liquidation and by such additional administrative and priority claims as may result from the termination of the Debtors' businesses and the use of chapter 7 for the purposes of liquidation.

Because there is no section 524(g) channeling injunction available in chapter 7, the Debtors believe their principal asset, BMCA, would have substantially less value, and that both commercial creditors and asbestos creditors would receive materially smaller recoveries in chapter 7 than under the Plan.

The Liquidation Analysis attached as Exhibit E reflects the Debtors' estimates regarding recoveries in a chapter 7 liquidation. The Liquidation Analysis is based upon the hypothetical disposition of assets and distribution on Claims under a chapter 7 liquidation in contrast to the distribution of Cash and Plan Securities under the Plan. The Liquidation Analysis assumes that, in the chapter 7 cases, the Bankruptcy Court will approve the settlements and compromises embodied in the Plan and described in the Disclosure Statement as fair and reasonable and determines that each of those settlements and compromises represents the best estimate, short of a final determination on the merits, of how these issues would be resolved. The Liquidation Analysis further takes into consideration the increased costs of a chapter 7 liquidation, the impact on the value of the three Operating Entities and the expected delay in distributions to Creditors.

The Debtors submit that the Liquidation Analysis evidences that the Plan satisfies the best interest of creditors test and that, under the Plan, each holder of an Asbestos Claim that is payable under the Trust Distribution Procedures, and each holder of an Allowed Claim in another Class of Claims that is impaired,[12] will receive value that is not less than the amount such holder would receive in a

[12] As noted in Section I.C.2 of this Disclosure Statement, the classes of Claims and Interests that are impaired consist of G-I Unsecured Claims, Other Environmental Claims, Asbestos Claims, Asbestos Property Damage and Asbestos Property Damage Contribution Claims, the CCR Claim (if the CCR Claim is litigated, rather than resolved pursuant to the proposed CCR Settlement), G-I Affiliate Claims, G-I Equity Interest Redemption Claims, G-I Equity Interests, and ACI Equity Interests.

chapter 7 liquidation. Further, the Debtors believe that pursuant to chapter 7 of the Bankruptcy Code, holders of Equity Interests would receive no distributions.

Estimating recoveries in any chapter 7 case is an uncertain process due to the number of unknown variables such as business, economic and competitive contingencies beyond the chapter 7 trustee's control, and this uncertainty is further aggravated by the complexities of these Chapter 11 Cases. The underlying projections contained in the Liquidation Analysis have not been compiled or examined by independent accountants. The Debtors make no representations regarding the accuracy of the projections or a chapter 7 trustee's ability to achieve forecasted results. Many of the assumptions underlying the projections are subject to significant uncertainties. Inevitably, some assumptions will not materialize and unanticipated events and circumstances may affect the ultimate financial results. In the event these Chapter 11 Cases are converted to chapter 7, actual results may vary materially from the estimates and projections set forth in the Liquidation Analysis. As such, the Liquidation Analysis is speculative in nature, but the unavailability of a section 524(g) channeling injunction in chapter 7 is not speculative.

E MISCELLANEOUS PLAN PROVISIONS

1. Effectuating Documents and Further Transactions

Each of the officers of the Reorganized Debtors is authorized, in accordance with his or her authority under the resolutions of the Board of Directors, to execute, deliver, file, or record such contracts, instruments, releases, indentures, and other agreements or documents and take such action as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan.

2. Cooperation

Subject to any rights to revoke or withdraw the Plan as set forth therein, the Plan Proponents shall cooperate and together use their best efforts in pursuing confirmation of the Plan by the Bankruptcy Court.

3. Title to Assets

Upon the Effective Date, pursuant to sections 1141(b) and (c) of the Bankruptcy Code, all property of the estates of the Debtors shall vest in the Reorganized Debtors free and clear of all Claims, Liens, encumbrances, charges, and other interests created prior to the Effective Date, except as provided in the Plan and the Plan Documents. From and after the Effective Date, the Reorganized Debtors may operate their businesses and may use, acquire, and dispose of property free of any restrictions of the Bankruptcy Code or the Bankruptcy Rules in all respects as if there were no pending cases under any chapter or provision of the Bankruptcy Code, except as provided in the Plan.

4. Discharge of Claims

In accordance with and not in limitation of sections 524 and 1141 of the Bankruptcy Code, and except as provided in the Plan, upon the Effective Date, all Claims against the Debtors shall be, and shall be deemed to be, discharged in full, and all holders of Claims shall be precluded and enjoined from asserting against the Reorganized Debtors, or any of their assets or properties, any other or further Claim based upon any act or omission, transaction, or other activity of any kind or nature that occurred prior to the Effective Date, whether or not such holder has filed a proof of Claim. Upon the Effective Date, all Entities shall be forever precluded and enjoined, pursuant to section 524 of the Bankruptcy Code, from prosecuting or asserting any such discharged Claim and any Demand against the Debtors.

5. Injunction Against Claims

In accordance with and not in limitation of sections 524 and 1141 of the Bankruptcy Code, and except as otherwise expressly provided in the Plan, the Confirmation Order or other applicable order of the Bankruptcy Court, all Persons or Entities who have held, hold or may hold Claims or other debts or obligations discharged pursuant to the Plan are permanently enjoined, from and after the Effective Date, from (a) commencing or continuing in any manner any action or other proceeding of any kind on any such Claim or other discharged debt or obligation pursuant to the Plan against the Debtors, the Debtors-in-Possession or the Reorganized Debtors, the Debtors' estates or properties or interests in properties of the Debtors or the Reorganized Debtors, (b) the enforcement, attachment, collection or recovery by any manner or means of any judgment, award, decree or order against the Debtors, the Debtors-in-Possession or the Reorganized Debtors, the Debtors' estates or properties or interests in properties of the Debtors, the Debtors-in-Possession or the Reorganized Debtors, (c) creating, perfecting, or enforcing any encumbrance of any kind securing a discharged claim against the Debtors, the Debtors-in-Possession or the Reorganized Debtors or against the property or interests in property of the Debtors, the Debtors-in-Possession or the Reorganized Debtors, and (d) except to the extent provided, permitted or preserved by sections 553, 555, 556, 559 or 560 of the Bankruptcy Code or pursuant to the common law right of recoupment, asserting any right of setoff, subrogation or recoupment of any kind with respect to any obligation due from the Debtors, the Debtors-in-Possession or the Reorganized Debtors or against the property or interests in property of the Debtors, the Debtors-in-Possession or the Reorganized Debtors, with respect to any such Claim or other debt or obligation that is discharged pursuant to the Plan.

6. Terms of Existing Injunctions or Stays

Unless otherwise provided in the Plan, all injunctions or stays provided for in the Chapter 11 Cases pursuant to sections 105 or 362 of the Bankruptcy Code, or otherwise, and in existence on the Confirmation Date, shall remain in full force and effect until the later of the Effective Date and the date indicated in such applicable order.

7. Injunction Against Interference With Plan of Reorganization

Pursuant to sections 1142 and 105 of the Bankruptcy Code, from and after the Effective Date, all holders of Claims and Equity Interests and other parties in interest, along with their respective present or former employees, agents, officers, directors, principals and Affiliates shall be enjoined from taking any actions to interfere with the implementation or consummation of the Plan except for actions allowed to attain legal review.

8. Exculpation

None of the Debtors, the Reorganized Debtors, their Affiliates, any of the members of the Asbestos Claimants Committee, the Legal Representative, or any of their respective officers, directors, members, employees, advisors, attorneys, financial advisors, accountants, agents, or other professionals retained with Bankruptcy Court approval shall have or incur any liability to any Entity for any act or omission in connection with or arising out of the Chapter 11 Cases, including, without limitation, the commencement of the Chapter 11 Cases, the negotiation of the Plan, pursuit of confirmation of the Plan, the consummation of the Plan, or the administration of the Plan or the property to be distributed under the Plan, except for gross negligence or willful misconduct, and in all respects shall be entitled to rely upon the advice of counsel with respect to their duties and responsibilities under, or in connection with, the Plan; *provided, however*, that the foregoing exculpation shall not apply to L. Tersigni Consulting P.C. or Loreto T. Tersigni.

9. Mutual Releases

The Plan provides that, upon the Effective Date, the Debtors, the Debtors-in-Possession, the Plan Sponsor, the Reorganized Debtors, and the respective Affiliates and subsidiaries of the foregoing Entities shall be deemed to have unconditionally waived and released the Asbestos Claimants Committee, the Legal Representative, the defendants in *G-I Holdings Inc. v. Baron & Budd, et al.*, Case No. 01-CV-0216 (RWS), the Noteholder Defendants, and each of their respective members, employees, agents, advisors, attorneys, financial advisors, accountants, and other professionals from any and all claims, obligations, suits, judgments, damages, rights, causes of action arising from or based on any Claim, Equity Interest, or litigation, including, but not limited to, the Covered Matters, and all pending litigation among the Debtors, the Debtors-in-Possession, shareholders of the Debtors, the Asbestos Claimants Committee, the Noteholder Defendants, and the Legal Representative (including any of the Covered Matters) shall be dismissed with prejudice and without costs to any party; *provided, however*, that the foregoing release shall not apply to L. Tersigni Consulting P.C. or Loreto T. Tersigni; and *provided further*, *however*, that nothing in the Plan shall relieve the Debtors, the Reorganized Debtors, the Plan Sponsor, the Asbestos Claimants Committee, the Legal Representative, or the Asbestos Trust of their obligations under the Plan, the Plan Documents, the Confirmation Order, the documents and instruments contained in the Plan Supplement, and the Asbestos Trust Agreement.

Upon the Effective Date, the Asbestos Claimants Committee and the Legal Representative shall be deemed to have unconditionally waived and released the Debtors, the Debtors-in-Possession, the Plan Sponsor, the Reorganized Debtors, the respective Affiliates and subsidiaries of the foregoing Entities, the Noteholder Defendants, and each of the foregoing Entities' respective present and former officers, directors, employees, advisors, attorneys, financial advisors, accountants, and other professionals from any and all claims, obligations, suits, judgments, damages, rights, causes of action arising from or based on any Claim (other than an Asbestos Claim), Equity Interest, or litigation, including, but not limited to, the Covered Matters, and all pending litigation among the Debtors, the Debtors-in-Possession, shareholders of the Debtors, the Asbestos Claimants Committee, the Noteholder Defendants, and the Legal Representative (including any of the Covered Matters) shall be dismissed with prejudice and without costs to any party; *provided*, *however*, that nothing in the Plan shall relieve the Debtors, the Reorganized Debtors, the Plan Sponsor, the Asbestos Claimants Committee, the Legal Representative, or the Asbestos Trust of their obligations under the Plan, the Plan Documents, the Confirmation Order, the documents and instruments contained in the Plan Supplement, and the Asbestos Trust Agreement

Consistent with the foregoing releases, the parties will execute any and all appropriate documentation to effectuate the dismissal of all pending litigation.

10. Avoidance Actions

The Reorganized Debtors shall release any avoidance, equitable subordination, piercing the corporate veil, alter ego or similar claims, rights, or causes of action that the Debtors, the Debtors-in-Possession or their Chapter 11 estates hold, arising under sections 510, 541, 544, 545, 547, 548, 549, 550, 551 and 553 of the Bankruptcy Code or non-bankruptcy law, including, but not limited to, any and all causes of action that were or could have been asserted in the Covered Matters.

11. Reservation of Rights

Except with respect to Covered Matters (as defined in the Plan) or as otherwise specifically provided in the Plan, nothing herein shall constitute or be deemed a waiver of any claim, right, or cause of action that the Debtors, the Reorganized Debtors, or the Asbestos Trust may have against any Entity other than a Protected Party in connection with or arising out of an Asbestos Claim,

and the Asbestos Permanent Channeling Injunction shall not apply to the assertion of any such claim, right, or cause of action by the Debtors, the Reorganized Debtors, or the Asbestos Trust.

12. Post-Confirmation Date Fees and Expenses

The Reorganized Debtors shall, in the ordinary course of business and without the necessity for any approval by the Bankruptcy Court, pay the reasonable fees and expenses of professional persons incurred from and after the Effective Date by the Reorganized Debtors, including, without limitation, those fees and expenses incurred in connection with the implementation and consummation of the Plan.

13. Plan Modifications

Prior to the Confirmation Date, the Plan Proponents, in their sole discretion, may jointly amend, modify or supplement the terms and provisions of the Plan, in the manner provided for by section 1127 of the Bankruptcy Code or as otherwise permitted by law, without additional disclosure pursuant to section 1125 of the Bankruptcy Code, except as the Bankruptcy Code may otherwise direct. After the Confirmation Date, so long as such action does not affect materially and adversely the treatment of Claims under the Plan, the Plan Proponents may jointly institute proceedings in the Bankruptcy Court to remedy any defect or omission or reconcile any inconsistencies in the Plan or the Confirmation Order with respect to such matters as may be necessary to carry out the purposes and effects of the Plan. If any Plan Proponent suggests a modification of the Plan to facilitate confirmation, the other Plan Proponents shall confer promptly with it as to whether or not to modify the Plan accordingly, in recognition that time is of the essence.

14. Revocation or Withdrawal

If the Effective Date does not occur by the last date permitted by the definition thereof, or if the Plan does not otherwise become effective by such date, the Confirmation Order and the Plan shall become null and void in all respects, unless each Plan Proponent, in its sole and absolute discretion, executes and files with the Bankruptcy Court a written notice waiving the foregoing requirement of Plan effectiveness by such date.

If a CCR Allowance Proceeding remains pending after confirmation of the Plan, the Plan shall be deemed withdrawn, and may not be consummated, unless the Asbestos Claimants Committee and Legal Representative, in their sole discretion, consent in writing to (i) consummation of the Plan, with the CCR Allowance Proceeding to be resolved after the Effective Date, (ii) the creation of a CCR Escrow pursuant to Section 4.4(c)(i)(C) of the Plan, and (iii) any adjustment in the First Payment to Asbestos Trust required by Section 4.4(c)(i)(C) of the Plan.

If the Plan is revoked or withdrawn prior to the Confirmation Date, or if the Plan does not become effective for any reason whatsoever, then the Plan shall be deemed null and void. In such event, nothing contained herein shall be deemed to constitute a waiver or release of any claims by the Debtors or any other Entity or to prejudice in any manner the rights of the Debtors or any other Entity in any further proceedings pending in, arising in, or relating to the Chapter 11 Cases

In the event that the Effective Date does not occur, the parties shall be returned to the position they would have held had the Confirmation Order not been entered, and nothing in the Plan, the Disclosure Statement, any of the Plan Documents, or any pleading filed or statement made in court with respect to the Plan or the Plan Documents shall be deemed to constitute an admission or waiver of any sort or in any way limit, impair, or alter the rights of any Entity.

15. Retention of Jurisdiction

On and after the Effective Date, the Bankruptcy Court shall retain jurisdiction, including any exclusive jurisdiction it may have, over any matter arising under the Bankruptcy Code, arising in or related to the Chapter 11 Cases or the Plan, or relating to the following:

a. to interpret, enforce, and administer the terms of the Plan, the Plan Documents (including all annexes and exhibits thereto), and the Confirmation Order;

b. to resolve any matters related to the assumption, assignment, or rejection of any executory contract or unexpired lease to which a Debtor is a party or with respect to which a Debtor may be liable and to hear, determine and, if necessary, liquidate, any Claims arising therefrom, including those matters related to the amendment after the Effective Date of the Plan, to add any executory contracts or unexpired leases to the list of executory contracts and unexpired leases to be rejected;

c. to enter such orders as may be necessary or appropriate to implement or consummate the Plan and all contracts, instruments, releases, and other agreements or documents created in connection with the Plan; *provided*, *however*, that nothing in the Plan shall detract from or contravene any jurisdictional provisions of any such written agreement or instrument, including the Trust Note, any agreement regarding a pledge or collateral to secure the Trust Note, or any escrow agreement with respect to the CCR Escrow, that permits or requires legal actions or proceedings to be brought in another court;

d. to determine any and all motions, adversary proceedings, applications, and contested or litigated matters that may be pending on the Effective Date or that, pursuant to the Plan, may be instituted by the Reorganized Debtors, the Asbestos Claimants Committee, or the Legal Representative, after the Effective Date including, without limitation, any claims to recover assets for the benefit of the Debtors' estate, except for matters waived or released under the Plan;

e. to ensure that Distributions to holders of Allowed Claims are accomplished as provided herein;

f. to hear and determine any timely objections to Administrative Expense Claims or to proofs of Claim (other than Asbestos Claims), both before and after the Confirmation Date, including any objections to the classification of any Claim (other than Asbestos Claims), and to allow, disallow, determine, liquidate, classify, estimate or establish the priority of or secured or unsecured status of any Claim (other than Asbestos Claims), in whole or in part;

g. to enter and implement such orders as may be appropriate in the event the Confirmation Order is for any reason stayed, revoked, modified, reversed or vacated;

h. to issue such orders in aid of execution of the Plan, to the extent authorized by section 1142 of the Bankruptcy Code;

i. to consider any modifications of the Plan, to cure any defect or omission, or reconcile any inconsistency in any order of the Bankruptcy Court, including the Confirmation Order;

j. to hear and determine all applications for allowances of compensation and reimbursement of expenses of professionals under sections 330 and 331 of the Bankruptcy Code and any other fees and expenses authorized to be paid or reimbursed under the Plan, except as otherwise provided in Section 13.8 of the Plan;

k. to hear and determine disputes arising in connection with or relating to the Plan or the interpretation, implementation, or enforcement of the Plan or the extent of any Entity's obligations incurred in connection with or released under the Plan;

l. to issue injunctions, enter and implement other orders or take such other actions as may be necessary or appropriate to restrain interference by any Entity with consummation or enforcement of the Plan;

m. to recover all assets of the Debtors and property of the Debtors' estates, wherever located;

n. to resolve any Disputed Claims;

o. to determine the scope of any discharge of any Debtor under the Plan or the Bankruptcy Code;

p. to determine any other matters that may arise in connection with or are related to the Plan, the Disclosure Statement, the Confirmation Order or any contract, instrument, release or other agreement or document created in connection with the Plan or the Disclosure Statement, including any of the Plan Documents;

q. to the extent that Bankruptcy Court approval is required, to consider and act on the compromise and settlement of any Claim (excluding any Asbestos Claim) or cause of action by or against the Debtors' estates;

r. to hear and determine any other matters that may be set forth in the Plan, the Confirmation Order or the Asbestos Permanent Channeling Injunction, or that may arise in connection with the Plan, the Confirmation Order or the Asbestos Permanent Channeling Injunction;

s. to hear and determine any proceeding that involves the validity, application, construction, or enforceability of the Asbestos Permanent Channeling Injunction, or that may arise in connection with the Plan, the Confirmation Order, or the Asbestos Permanent Channeling Injunction;

t. to hear and determine matters concerning state, local and federal taxes in accordance with sections 346, 505, and 1146 of the Bankruptcy Code (including the expedited determination of tax under section 505(b) of the Bankruptcy Code);

u. to hear any other matter or for any purpose specified in the Confirmation Order that is not inconsistent with the Bankruptcy Code;

v. to enter a final decree closing the Chapter 11 Cases; and

w. to hear and determine all objections to the termination of the Asbestos Trust.

To the extent that the Bankruptcy Court under applicable law lacks core jurisdiction over, or is otherwise not permitted to render dispositive orders or judgments in, any of the foregoing matters, the reference to the "Bankruptcy Court" in this Article XI shall be deemed to be replaced by the "District Court." Notwithstanding anything in this Article XI to the contrary, (i) the resolution and payment of Asbestos Claims, and the forum in which such resolution and payment will be determined, will be governed by and in accordance with the Asbestos Trust Distribution Procedures and the Asbestos Trust Agreement, and (ii) the Bankruptcy Court and the District Court shall have concurrent rather than exclusive jurisdiction with respect to (x) disputes relating to rights under insurance policies issued to the Debtors, and (y) disputes relating to the Debtors' rights to insurance with respect to Workers' Compensation Claims.

16. Discharge of Debtors

Except as otherwise provided in the Plan, the Confirmation Order or such other order of the Bankruptcy Court as may be applicable, on the Effective Date the Debtors and Reorganized Debtors shall be discharged from all Claims whatsoever and all Demands shall be permanently and irrevocably channeled to the Asbestos Trust, and the Debtors' and reorganized Debtors' only liabilities shall be those set forth in the Plan. All Persons and Entities shall be precluded from asserting against the Debtors, the Debtors-in-Possession, their successors or assigns, including, without limitation, the Reorganized Debtors or their respective assets properties or interests in property, any other or further Claims based upon any act or omission, transaction or other activity of any kind or nature that occurred prior to the Confirmation Date, whether or not the facts or legal bases therefor were known or existed prior to the Confirmation Date and regardless of whether a proof of Claim or Equity Interest was filed, whether the holder thereof voted to accept or reject the Plan or whether the Claim or Equity Interest is an Allowed Claim or an Allowed Equity Interest.

17. Plan Supplement

A specimen form of the documents to be included in the Plan Supplement shall be (a) filed with the clerk of the Bankruptcy Court no later than ten (10) days prior to the last date by which holders of impaired Claims may vote to accept or reject the Plan; and (b) posted at http://chapter11.epiqsystems.com/GIH as they become available, but no later than ten (10) days prior to the last date by which holders of impaired Claims may vote to accept or reject the Plan. Upon its filing with the clerk of the Bankruptcy Court, the Plan Supplement may be inspected in the office of the clerk of the Bankruptcy Court during normal court hours.

IX. RISK FACTORS AND OTHER FACTORS TO BE CONSIDERED

PRIOR TO VOTING TO ACCEPT OR REJECT THE PLAN, HOLDERS OF IMPAIRED CLAIMS ENTITLED TO VOTE ON THE PLAN SHOULD READ AND CAREFULLY CONSIDER EACH OF THE FACTORS SET FORTH BELOW, AS WELL AS OTHER INFORMATION SET FORTH IN THIS DISCLOSURE STATEMENT AND THE DOCUMENTS DELIVERED TOGETHER HEREWITH AND/OR INCORPORATED BY REFERENCE HEREIN.

THE RISKS AND UNCERTAINTIES DESCRIBED BELOW SHOULD NOT BE REGARDED AS CONSTITUTING THE ONLY RISKS INVOLVED IN CONNECTION WITH THE PLAN AND ITS IMPLEMENTATION.

A BANKRUPTCY RISKS

1. Risk of Non-Confirmation of the Plan

Although the Debtors believe that the Plan will satisfy all requirements necessary for confirmation by the Bankruptcy Court (including, without limitation, satisfaction of secured, priority and administrative claims in accordance with the Bankruptcy Code), there can be no assurance that the Bankruptcy Court will reach the same conclusion. Moreover, there can be no assurance that modifications to the Plan will not be required for confirmation or that such modifications will not necessitate the re-solicitation of votes. In particular, the Plan embodies various settlements and compromises and there can be no assurance that the Bankruptcy Court will approve such settlements and compromises as part of the confirmation of the Plan.

2. Non-Consensual Confirmation

In the event any impaired Class of Claims does not accept the Plan, the Bankruptcy Court may nevertheless confirm the Plan at the Debtors' request if at least one impaired Class has accepted the Plan (such acceptance being determined without including the vote of any "insider" in such Class), and as to each impaired Class that has not accepted the Plan, if the Bankruptcy Court determines that the Plan "does not discriminate unfairly" and is "fair and equitable" with respect to the dissenting impaired classes. Refer to Section X(F) for further information. The Debtors believe that the Plan satisfies these requirements.

3. Risk of Non-Occurrence or Delayed Occurrence of the Effective Date

Although the Debtors believe that the Effective Date will occur after the Confirmation Date following satisfaction of any applicable conditions precedent, there can be no assurance as to the timing of the Effective Date. If the conditions precedent to the Effective Date set forth in the Plan are not fulfilled (or have been waived) by each of the Plan Proponents by the last day on which the Effective Date may occur, then the Plan will be null and void, in which event no distributions will be made under it, the Debtors and all holders of Claims and Equity Interests will be restored to the position they would have held had the Confirmation Order not been entered, and the Debtors' obligations with respect to Claims and Equity Interests will remain unchanged.

B VARIANCE FROM ESTIMATES AND PROJECTIONS

The estimated recoveries and projections set forth in this Disclosure Statement are highly speculative and based on information available at the time that each analysis was prepared. Actual results **will vary and may vary materially** from those reflected herein. Refer to the entirety of Section IX for a discussion of potential risks and variances.

1. Forward-Looking Statements

Each of the estimated recoveries and projections set forth in this Disclosure Statement is based, in large part, on forward-looking statements.

Forward-looking statements are statements of expectations, beliefs, plans, objectives, assumptions, projections, and future events or performance. These statements, estimates and projections may or may not prove to be correct. Actual results could differ materially from those reflected in the forward-looking statements. Forward-looking statements are not guarantees of future performance and involve risks and uncertainties that could cause actual results or outcomes to differ materially from those expressed. Such risks and uncertainties include, without limitation: risks inherent in the Chapter 11 process, such as the non-confirmation of the Plan, non-occurrence or delayed occurrence of the Effective Date, or delayed distribution or non-distribution of Plan Securities; the effects of the departure of

personnel who rendered, or are rendering, services to the Debtors under the Management Agreement; the preliminary and uncertain nature of valuations and estimates contained in the Plan; potential environmental liabilities; increasing competition and operational hazards faced by BMCA and its subsidiaries; and economic, political, regulatory, and legal risks affecting the finances and operations of the Reorganized Debtors.

The Debtors and the Reorganized Debtors undertake no obligation to update any forward-looking statement included in the projections to reflect the occurrence of unanticipated events. New factors emerge from time to time and it is not possible to predict all such factors, nor can the impact of any such factor be assessed.

2. Estimated Recoveries

The recovery estimates set forth herein are based on various estimates and assumptions. Moreover, Bankruptcy Code section 524(g)(2)(B)(ii)(II) requires as a condition of the channeling injunction that the actual amounts, numbers, and timing of future demands cannot be determined. For example, if the estimated amount of Allowed Claims relied upon to calculate the estimated recoveries ultimately varies significantly from the actual amount of Allowed Claims, then actual creditor recoveries will vary significantly as well. Similarly, as the estimated amount of Allowed Claims is a forward-looking statement based upon information available to the Debtors as of December 1, 2008, the actual results may vary significantly as Claims are Allowed or otherwise resolved over time.

At commencement of these Chapter 11 Cases over 148,000 asbestos-related personal injury claims against the Debtors were pending. The disputes applicable to these claims together with the incalculable Demands render it impossible for the Debtors to determine the maximum amount of their potential liability.

3. Financial Projections

Pursuant to the Plan, the payments to the Asbestos Trust are comprised of Cash on the Effective Date in an amount not to exceed $215 million, a Trust Note in the amount of $560 million, and other consideration for the benefit of the Asbestos Trust. The Debtors have prepared the projections set forth in Exhibit D (as well as incorporated into the estimated creditor recoveries included herein) based on certain assumptions that they believe are reasonable under the circumstances. Certain assumptions are described in each of the relevant Appendices. The projections have not been compiled or examined by independent accountants. The Debtors make no representations regarding the accuracy of the projections or any ability to achieve forecasted results. Many of the assumptions underlying the projections are subject to significant uncertainties. Inevitably, some assumptions will not materialize, and unanticipated events and circumstances may affect the ultimate financial results. Therefore, the actual results achieved will vary from the forecasts, and the variations may be material. In evaluating the Plan, Creditors are urged to examine carefully all of the assumptions underlying the financial projections.

4. Liquidation Analysis

The Debtors have prepared the Liquidation Analysis attached as Exhibit E based on certain assumptions that they believe are reasonable under the circumstances. Those assumptions that the Debtors consider significant are described in the Liquidation Analysis. The underlying projections have not been compiled or examined by independent accountants. The Debtors make no representations regarding the accuracy of the projections or a chapter 7 trustee's ability to achieve forecasted results. Many of the assumptions underlying the projections are subject to significant uncertainties. Inevitably, some assumptions will not materialize and unanticipated events and circumstances may affect the ultimate financial results. In the event these Chapter 11 Cases are converted to chapter 7, actual results may vary materially from the estimates and projections set forth in the Liquidation Analysis. As such, the

Liquidation Analysis is speculative in nature. In evaluating the Plan, Creditors are urged to examine carefully all of the assumptions underlying the Liquidation Analysis.

C SECURITIES LAW MATTERS

In connection with the Plan, pursuant to section 1145 of the Bankruptcy Code, and except as provided in subsection (b) thereof, any issuance of (a) shares of common stock issued pursuant to the Plan and (b) the Trust Note issued pursuant to the Plan shall be exempt from registration pursuant to section 5 of the Securities Act of 1933, as amended, and all other applicable non-bankruptcy laws or regulations.

1. Issuance and Resale of New Securities

Section 1145(a) of the Bankruptcy Code generally exempts from registration under the Securities Act of 1933 (the "Securities Act") the offer or sale of securities of a debtor or a successor to a debtor under a chapter 11 plan if such securities are offered or sold in exchange for a claim against, or an equity interest in, such debtor, or principally in such exchange and partly for Cash. The Debtors and/or the Reorganized Debtors may attempt to rely on this exemption and seek to have common stock and any rights issued on the Effective Date exempted from the registration requirements of the Securities Act. If so authorized, such securities may be resold without registration under the Securities Act or other federal securities laws pursuant to an exemption provided by section 4(1) of the Securities Act, unless the holder is an "underwriter" with respect to such securities, as that term is defined in the Bankruptcy Code. In addition, such securities generally may be resold without registration under state securities laws pursuant to various exemptions provided by the respective laws of the several states. Recipients of securities issued under the Plan, if any, are advised to consult with their own legal advisors as to the availability of any such exemption from registration under state law in any given instance and as to any applicable requirements or conditions to such availability.

In view of the complex, subjective nature of the question of whether a particular person may be an underwriter or an affiliate of the Reorganized Debtors, the Debtors make no representations concerning the right of any person to trade in any new stock that may be distributed in connection with the confirmation of the Plan. Accordingly, in the event securities are issued in connection with the confirmation of the Plan, the Debtors recommend that potential recipients of such securities consult their own counsel concerning whether they may freely trade such securities.

2. Legends

If stock or rights are issued in connection with confirmation of the Plan, then certificates evidencing shares of new common stock received by holders of at least 10% of the outstanding new common stock and received by holders of new stock upon exercise of rights issued pursuant to Regulation D will bear a legend substantially in the form below:

> THE SHARES OF COMMON STOCK REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR UNDER THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION AND MAY NOT BE SOLD, OFFERED FOR SALE OR OTHERWISE TRANSFERRED UNLESS REGISTERED OR QUALIFIED UNDER SUCH ACT AND APPLICABLE STATE SECURITIES LAWS OR UNLESS THE COMPANY RECEIVES AN OPINION OF COUNSEL REASONABLY SATISFACTORY TO IT THAT SUCH REGISTRATION OR QUALIFICATION IS NOT REQUIRED.

D RISKS ASSOCIATED WITH THE BUSINESS

Additional discussion of risks related to the Debtors' and BMCA's business are set forth in greater detail in BMCA's Form 10-K for the fiscal year ended December 31, 2007, annexed hereto at Exhibit F.

X. CONFIRMATION OF THE PLAN

A CONFIRMATION HEARING

Section 1128(a) of the Bankruptcy Code requires the Bankruptcy Court, after appropriate notice, to hold a hearing on confirmation of a Plan. The Bankruptcy Court has ordered that the hearing on confirmation of the Plan will begin at __:_.m. Eastern Time, on _____ __, 2008, before the Honorable Rosemary Gambardella, United States Bankruptcy Judge, Third Floor of the United States Bankruptcy Court, Martin Luther King Jr. Federal Building, 50 Walnut Street, Third Floor, Newark, New Jersey. The Confirmation Hearing may be adjourned from time to time by the Bankruptcy Court without further notice except for an announcement of the adjourned date made at the Confirmation Hearing or any subsequent adjourned Confirmation Hearing.

The Plan will not constitute a valid, binding contract between the Debtors and their creditors until the Bankruptcy Court has entered a Final Order confirming the Plan. The Bankruptcy Court must hold a confirmation hearing before deciding whether to confirm the Plan.

Section 1128(b) of the Bankruptcy Code provides that any party in interest may object to confirmation of a Plan. Any objection to confirmation of the Plan must be in writing, must conform to the Federal Rules of Bankruptcy Procedure, must set forth the name of the objector, the nature and amount of Claims or interests held or asserted by the objector against the Debtor, the basis for the objection and the specific grounds therefore, and must be filed with the Bankruptcy Court, with a copy to chambers, together with proof of service thereof, and served upon and received no later than 4:00 p.m. Eastern Time on ___ __, 2008 by (i) G-I Holdings Inc., 1361 Alps Road, Wayne, New Jersey (Attn: Samuel Heyman); (ii) the attorneys for the Debtor, Dewey & LeBoeuf LLP, 1301 Sixth Avenue, New York, New York 10019 (Attn: Martin J. Bienenstock, Esq., Judy G.Z. Liu, Esq., and Timothy Q. Karcher, Esq.) and Riker, Danzig, Scherer, Hyland & Peretti LLP., Headquarters Plaza, One Speedwell Avenue, Morristown, New Jersey 07962 (Attn: Dennis J. O'Grady, Esq.); (iii) the Office of the United States Trustee for the District of New Jersey, One Newark Center, Suite 2100, Newark, New Jersey 07102 (Attn: Mitchell B. Hausman, Esq.); (iv) the attorneys for the Asbestos Claimants Committee, Caplin & Drysdale, Chartered, One Thomas Circle N.W., Washington D.C. 20005-5802 (Attn: Trevor W. Swett, Esq. and Peter Van N. Lockwood, Esq.) and Lowenstein Sandler, P.C., 65 Livingston Avenue, Roseland, New Jersey 07068 (Attn: Jeffrey Prol, Esq. and Kenneth Rosen, Esq.); and (v) the attorneys for the Legal Representative, Keating, Muething & Klekamp, P.L.L., 1400 Provident Tower, One East Fourth Street, Cincinnati, Ohio 45202 (Attn: Kevin E. Irwin, Esq. and Michael Scheier, Esq.) and Saiber LLC, Gateway 1, 13th Floor, Newark, New Jersey, 07102-5311 (Attn: David R. Gross, Esq. and Nancy A. Washington, Esq.).

Objections to confirmation of the Plan are governed by Rule 9014 of the Federal Rules of Bankruptcy Procedure.

UNLESS AN OBJECTION TO CONFIRMATION IS TIMELY SERVED AND FILED, IT MAY NOT BE CONSIDERED BY THE BANKRUPTCY COURT.

B REQUIREMENTS FOR CONFIRMATION OF THE PLAN

At the Confirmation Hearing, the Bankruptcy Court will determine whether the Plan satisfies the requirements for confirmation listed in section 1129 of the Bankruptcy Code. If the

Bankruptcy Court determines that those requirements are satisfied, it will enter an order confirming the Plan and submit the order to the United States District Court for its signature in respect of the channeling injunction. As set forth in section 1129 of the Bankruptcy Code, the requirements for confirmation are as follows:

1. The plan complies with the applicable provisions of the Bankruptcy Code.

2. The proponent of the plan complies with the applicable provisions of the Bankruptcy Code.

3. The plan has been proposed in good faith and not by any means forbidden by law.

4. Any payment made or promised by the proponent of the plan, by the debtor, or by a person issuing securities or acquiring property under the plan, for services or for costs and expenses in, or in connection with, the case, or in connection with the plan and incident to the case, has been approved by, or is subject to the approval of, the Bankruptcy Court as reasonable.

5. a. The proponent of the plan has disclosed:

(1) the identity and affiliations of any individual proposed to serve, after confirmation of the plan, as a director, officer, or voting trustee of the debtor, an affiliate of the debtor participating in a joint plan with the debtor, or a successor to the debtor under the plan; and

(2) the appointment to, or continuance in, the office of the individual, is consistent with the interests of creditors and equity security holders and with public policy.

b. The proponent of the plan has disclosed the identity of any insider that will be employed or retained by the reorganized debtor, and the nature of any compensation for the insider.

6. Any governmental regulatory commission with jurisdiction, after confirmation of the plan, over the rates of the debtor has approved any rate change provided for in the plan, or the rate change is expressly conditioned on such approval.

7. With respect to each impaired class of claims or interests:

a. Each holder of a claim or interest of the class has

(1) accepted the plan; or

(2) will receive or retain under the plan on account of the claim or interest property of a value, as of the effective date of the plan, that is not less than the amount that the holder would so receive or retain if the debtor were liquidated under chapter 7 of the Bankruptcy Code on that date; or

b. If section 1111(b)(2) of the Bankruptcy Code applies to the claims of the class, the holder of the claim of the class will receive or retain under the plan property of a value, as of the effective date of the plan, that is not less than the value of the holder's interest in property of the estate that secures the claim.

8. With respect to each class of claims or interests:

a. The class has accepted the plan; or

b. The class is not impaired under the plan.

9. Except to the extent that the holder of a particular claim has agreed to a different treatment of the claim, the plan provides that:

a. With respect to a claim of a kind specified in section 507(a)(1) or 507(a)(2) of the Bankruptcy Code, on the effective date of the plan, the holder of the claim will receive on account of the claim cash equal to the allowed amount of the claim;

b. With respect to a class of claims of a kind specified in section 507(a)(3), 507(a)(4), 507(a)(5), or 507(a)(6) of the Bankruptcy Code, each holder of a claim of the class will receive:

(1) if the class has accepted the plan, deferred cash payments of a value, as of the effective date of the plan, equal to the allowed amount of the claim; or

(2) if the class has not accepted the plan, cash on the effective date of the plan equal to the allowed amount of the claim; and

c. With respect to a claim of a kind specified in section 507(a)(7) of the Bankruptcy Code, the holder of a claim will receive on account of the claim deferred cash payments, over a period not exceeding six years after the date of assessment of such claim, of a value, as of the effective date of the plan, equal to the allowed amount of such claim.

10. If a class of claims is impaired under the plan, at least one class of claims that is impaired has accepted the plan, determined without including any acceptance of the plan by any insider holding a claim of the class.

11. Confirmation of the plan is not likely to be followed by the liquidation, or the need for further financial reorganization, of the debtor or any successor to the debtor under the plan, unless such liquidation or reorganization is proposed in the plan.

12. All fees payable under 28 U.S.C. § 1930, as determined by the Bankruptcy Court at the hearing on confirmation of the plan, have been paid or the plan provides for the payment of all such fees on the effective date of the plan.

13. The plan provides for the continuation after its effective date of payment of all retiree benefits, as that term is defined in section 1114 of the Bankruptcy Code, at the level established pursuant to subsection (e)(1)(B) or (g) of section 1114, at any time prior to confirmation of the plan, for the duration of the period the debtor has obligated itself to provide the benefits.

The Debtors believe that the Plan satisfies all of the statutory requirements of chapter 11 of the Bankruptcy Code, that the Debtors have complied or will have complied with all of the requirements of chapter 11, and that the Plan is proposed in good faith.

The Debtors believe that all holders of Asbestos Claims and all holders of Allowed Claims impaired under the Plan will receive payments under the Plan having a present value as of the Effective Date not less than the amounts they would likely receive if the Debtors were liquidated in a case under chapter 7 of the Bankruptcy Code. At the Confirmation Hearing, the Bankruptcy Court will determine whether holders of Allowed Claims would receive greater distributions under the Plan than they would have received in a liquidation under chapter 7 of the Bankruptcy Code.

C FEASIBILITY

The Bankruptcy Code requires that a debtor demonstrate that confirmation of a plan is not likely to be followed by liquidation or the need for further financial reorganization not proposed in the plan. The Debtors believe that the Plan satisfies the financial feasibility requirement imposed by the Bankruptcy Code. At the Confirmation Hearing, the Bankruptcy Court will determine whether the Plan is feasible.

D BEST INTERESTS TESTS

As described above, the Bankruptcy Code requires that each holder of an impaired Claim or Equity Interest either (i) accept the Plan or (ii) receive or retain under the Plan property of a value, as of the Effective Date, that is not less than the value such holder would receive if the Debtors were liquidated under chapter 7 of the Bankruptcy Code.

The first step in determining whether this test has been satisfied is to determine the dollar amount that would be generated from the liquidation of the Debtors' assets and properties in the context of a chapter 7 liquidation case. The gross amount of Cash that would be available for satisfaction of Claims and Equity Interests would be the sum of the proceeds resulting from the disposition of the unencumbered assets and properties of the Debtors, augmented by any unencumbered Cash held by the Debtors at the time of the commencement of the liquidation case.

The next step is to reduce that gross amount by the costs and expenses of the liquidation itself and by such additional administrative and priority Claims that are projected to result from the liquidation of the Debtors. Any remaining net Cash would be allocated to creditors and stockholders in strict priority in accordance with section 726 of the Bankruptcy Code. Finally, the present value of such allocations (taking into account the time necessary to accomplish the liquidation) are compared to the value of the property that is proposed to be distributed under the Plan on the Effective Date.

The Debtors' costs of liquidation under chapter 7 would include the fees payable to a trustee in bankruptcy, as well as those fees that might be payable to attorneys and other professionals that such a trustee might engage. Other liquidation costs include the expenses incurred during the chapter 11 cases Allowed in the chapter 7 case, such as compensation for attorneys, financial advisors, appraisers, accountants and other professionals for the Debtor, the Asbestos Claimants Committee and the Legal Representative, and costs and expenses of members of the Asbestos Claimants Committee, as well as other compensation Claims.

The foregoing types of Claims, costs, expenses, fees, and other similar charges that may arise in a liquidation case would be paid in full from the liquidation proceeds before the balance of those proceeds would be made available to pay pre-chapter 11 priority and Unsecured Claims.

The Debtors' liquidation analysis is an estimate of the proceeds that may be generated as a result of a hypothetical chapter 7 liquidation of the Debtors. The analysis is based on a number of significant assumptions which are described below. The liquidation analysis does not purport to be a valuation of the Debtors' assets and is not necessarily indicative of the values that may be realized in an actual liquidation.

E LIQUIDATION ANALYSIS

As noted above, the Debtors believe that under the Plan all holders of impaired Claims and Equity Interests will receive property with a value not less than the value such holder would receive in a liquidation of the Debtors under chapter 7 of the Bankruptcy Code. The Debtors' belief is based primarily on (i) consideration of the effects that a chapter 7 liquidation would have on the ultimate proceeds available for distribution to holders of impaired Claims and Equity Interests, including (a) the

unavailability of a section 524(g) channeling injunction in chapter 7, without which the amount a buyer would pay for the stock of BMCA will likely diminish materially, (b) the increased costs and expenses of a liquidation under chapter 7 arising from fees payable to a chapter 7 trustee and professional advisors to the trustee, (c) the erosion in value of assets in a chapter 7 case in the context of the rapid liquidation required under chapter 7 and the "forced sale" atmosphere that would prevail, (d) the adverse effects on BMCA's businesses as a result of the likely departure of key employees and the probable loss of customers, (e) the substantial increases in Claims, such as estimated contingent Claims, which would be satisfied on a priority basis or on parity with the holders of impaired Claims and Equity Interests of the chapter 11 cases, (f) the reduction of value associated with a chapter 7 trustee's operation of the BMCA business, and (g) the substantial delay in distributions to the holders of impaired Claims and Equity Interests that would likely ensue in a chapter 7 liquidation and (ii) the liquidation analysis prepared by the Debtors which will be filed with the Bankruptcy Court prior to the Disclosure Statement Hearing (the "Liquidation Analysis").

The Debtors believe that any liquidation analysis is speculative, as such an analysis necessarily is premised on assumptions and estimates which are inherently subject to significant uncertainties and contingencies, many of which would be beyond the control of the Debtors. Thus, there can be no assurance as to values that would actually be realized in a chapter 7 liquidation, nor can there be any assurance that the Bankruptcy Court will accept the Debtors' conclusions or concur with their assumptions in making its determinations under section 1129(a)(7) of the Bankruptcy Code.

For example, the Liquidation Analysis necessarily contains an estimate of the amount of Claims which will ultimately become Allowed Claims. This estimate is based solely upon (a) the Asbestos Claimants Committee's and Legal Representative's estimate of the number and value of Asbestos Personal Injury Claims and Demands, and (b) for other claims, the Debtors' review of their books and records and the Debtors' estimates as to additional Claims that may be filed in the chapter 11 cases or that would arise in the event of a conversion of the case from chapter 11 to chapter 7. No order or finding has been entered by the Bankruptcy Court or any other court estimating or otherwise fixing the amount of Claims at the projected-amounts of Allowed Claims set forth in the Liquidation Analysis. The estimate of Asbestos Claims and Allowed Claims set forth in the Liquidation Analysis should not be relied on for any other purpose, including any determination of the value of any distribution to be made on account of such Claims under the Plan.

To the extent that confirmation of the Plan requires the establishment of amounts for the chapter 7 liquidation value of the Debtor, funds available to pay Claims, and the reorganization value of the Debtor, the Bankruptcy Court will determine those amounts at the Confirmation Hearing. Accordingly, the annexed Liquidation Analysis is provided solely to disclose to holders the effects of a hypothetical chapter 7 liquidation of the Debtor, subject to the assumptions set forth therein.

F SECTION 1129(B)

The Bankruptcy Court may confirm a plan over the rejection or deemed rejection of the plan by a class of claims or equity interests if the plan "does not discriminate unfairly" and is "fair and equitable" with respect to such class.

1. No Unfair Discrimination

This test applies to classes of Claims or Equity Interests that are of equal priority and are receiving different treatment under the Plan. The test does not require that the treatment be the same or equivalent, only that such treatment be "fair."

2. Fair and Equitable Test

This test applies to classes of different priority and status (*e.g.*, Unsecured Claims and equity) and includes the general requirement that no class of Claims receive more than 100% of the Allowed amount of the Claims in such class. As to the treatment that must be afforded to each rejecting class, the test sets different standards, depending on the type of Claims or interests in such class:

- *Secured Creditors*. Each holder of an impaired secured Claim must either (i) retain its liens on the property, to the extent of the Allowed amount of its secured Claim and receive deferred Cash payments having a value, as of the effective date, of at least the Allowed amount of such Claim, or (ii) have the right to credit bid the amount of its Claim if its collateral security is sold and retain its liens against the proceeds of the sale (or if sold, on the proceeds thereof) or (iii) receive the "indubitable equivalent" of its Allowed secured Claim.

- *Unsecured Creditors*. Either (i) each holder of an impaired Unsecured Claim must receive or retain under the plan property of a value equal to the amount of its Allowed Claim or (ii) the holders of Claims and interests that are junior to the Claims of the dissenting class must not receive any property under the plan.

- *Equity Interests*. Either (i) each Equity Interest holder must receive or retain under the Plan property of a value equal to the greater of (a) the fixed liquidation preference or redemption price, if any, of such stock and (b) the value of the stock, or (ii) the holders of interests that are junior to the Equity Interests of the dissenting class must not receive or retain any property under the Plan.

The Debtors believe the Plan will satisfy the "fair and equitable" requirements.

XI. PROJECTIONS

A INTRODUCTION

This section includes projections for the Reorganized Debtors (as successor to the Debtors) based on information available at the time of the preparation of this Disclosure Statement.

The projections assume an Effective Date of December 31, 2008, with Allowed Claims and Asbestos Claims treated in accordance with the provisions set forth in the Plan. Expenses incurred as a result of the Chapter 11 Cases are assumed to be paid on the Effective Date.

It is important to note that the projections described below may differ from actual performance and are highly dependent on significant assumptions concerning the future operations of BMCA. These assumptions include the growth of certain lines of business, labor and other operating costs, inflation, and the level of investment required for capital expenditures and working capital. Please refer to Section IX for a discussion of many of the factors that could have a material effect on the information provided in this section.

B PROJECTIONS

A copy of G-I's *pro forma* balance sheet and other Debtor financial information is annexed hereto as Exhibit D.

XII. CERTAIN FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN

The following discussion summarizes certain U.S. federal income tax consequences of the implementation of the Plan to the Debtors and to certain holders of Allowed Claims. The following summary does not address the federal income tax consequences to holders of Claims or Equity Interests that are either unimpaired under the Plan or deemed to reject the Plan or to entities having no tax consequences such as governmental holders of Priority Tax Claims.

The following summary is based on the Tax Code, Treasury regulations promulgated thereunder, judicial decisions, and published administrative rules and pronouncements of the Internal Revenue Service (the "IRS"), all as in effect on the date hereof. These rules are subject to change, possibly on a retroactive basis, and any such change could significantly affect the U.S. federal income tax consequences described below.

The federal income tax consequences of the Plan are complex and are subject to significant uncertainties. The Debtors have not requested a ruling from the IRS with respect to any of the tax aspects of the Plan, other than a ruling that the Asbestos Trust is a "qualified settlement fund" under Treasury Regulation section 1.468B-1 *et seq*. Thus, no assurance can be given as to the interpretation that the IRS will adopt. In addition, this summary addresses neither state, local, or foreign income or other tax consequences of the Plan, nor the federal income tax consequences of the Plan to special classes of taxpayers (such as foreign taxpayers, broker-dealers, banks, mutual funds, insurance companies, other financial institutions, small business investment companies, regulated investment companies, tax-exempt organizations, persons holding an equity interest as part of an integrated constructive sale or straddle, and investors in pass-through entities).

Accordingly, the following summary of certain federal income tax consequences is for informational purposes only and is not a substitute for careful tax planning and advice based upon the individual circumstances pertaining to a holder of a Claim.

To ensure compliance with Internal Revenue Service Circular 230, holders of Claims and Equity Interests are hereby notified that: (a) any discussion of federal income tax issues contained or reflected in this Disclosure Statement is not intended or written to be used, and cannot be used, by any holder for the purpose of avoiding penalties that may be imposed on the holder under the Internal Revenue Code; (b) such discussion is written to support the promotion or marketing of the transactions or matters addressed herein; and (c) holders should seek advice based on their particular circumstances from an independent tax advisor.

A. CONSEQUENCES TO DEBTORS

1. Treatment of the Asbestos Trust

The Asbestos Trust is intended to be a "qualified settlement fund" within the meaning of Treasury Regulation section 1.468B-1 *et seq.* In accordance with the Plan, the Debtors have requested a ruling from the IRS confirming such treatment with respect to the Asbestos Trust. Moreover, it is a condition to the effectiveness of the Plan (waivable by the Debtors, with appropriate consents) that a favorable ruling be obtained from the IRS with respect to the qualification of the Asbestos Trust as a "qualified settlement fund" or that the Debtors have received an opinion of counsel with respect to the tax status of the trust reasonably satisfactory to the Debtors, the Asbestos Claimants Committee, and the Legal Representative.

Assuming the Asbestos Trust is treated as a qualified settlement fund, the Debtors generally would be entitled to a current federal income tax deduction for all transfers of cash, stock, and

other property (other than notes) to the Asbestos Trust to the same extent it would have been entitled to a deduction if such amounts had been paid directly to the holder of an Asbestos Claim.

The Debtors expect to obtain a substantial tax deduction upon the funding of the Asbestos Trust on the Effective Date and, consequently, to have substantial Net Operating Losses ("NOL") that may be carried back ten years. The Reorganized Debtors will only be entitled to a deduction with respect to the Trust Note contributed to the Asbestos Trust as and when payments are made on such note.

As a qualified settlement fund, the Asbestos Trust will be subject to a separate entity level tax at the maximum rate applicable to trusts and estates. In accordance with the Plan, the Debtors have requested a ruling from the IRS that: (a) any amounts transferred by the Debtors or the Reorganized Debtors to the Asbestos Trust to satisfy a liability for which the fund is established will be excluded from the trust's income; (b) any sale, exchange, or distribution of property by the Asbestos Trust generally will result in the recognition of gain or loss in an amount equal to the difference between the fair market value of the property on the date of disposition and the adjusted tax basis of the Asbestos Trust in such property; and (c) administrative costs (including state and local taxes) incurred by the Asbestos Trust will be deductible. In general, the adjusted tax basis of property received by the Asbestos Trust pursuant to the Plan will be its fair market value at the time of transfer to the trust.

2. Cancellation of Debt Income

Generally, the discharge of a debt obligation by a taxpayer for an amount less than its adjusted issue price (in most cases, the amount the debtor received on incurring the obligation, with certain adjustments) creates cancellation of debt ("COD") income, which must be included in the taxpayer's income. In an exception to this rule, a debtor in a bankruptcy case excludes COD income from taxable income if the debt discharge giving rise to it is granted by the court or occurs pursuant to a court-approved plan of reorganization. Instead, certain income tax attributes otherwise available and of value to the debtor are reduced, in most cases by the amount of the debt discharged.

In connection with the implementation of the Plan, the Debtors may recognize COD income. Such COD income should be excluded from taxable income under the bankruptcy exception contained in the Tax Code (except, perhaps, in connection with certain Claims of Affiliates), and will result in a reduction of certain tax attributes of the Debtors.

B. CONSEQUENCES TO HOLDERS OF CERTAIN CLAIMS.

1. Consequences to Holders of Certain Claims Receiving Cash

The holder of a Claim (other than Asbestos Claims, Asbestos Property Damage Claims, and Asbestos Property Damage Contribution Claims) that receives cash in satisfaction of the Claim will generally recognize gain or loss in an amount equal to the difference between the amount of cash received (other than cash allocable to interest on the Claim, which will be taxed as ordinary interest income) and the holder's basis in the Claim. Any gain or loss recognized will be capital or ordinary, depending on the status of the Claim in the holder's hands, including whether the Claim constitutes a market discount bond.

Gain or loss recognized by a holder of an Allowed Claim will be a long-term capital gain or loss if the Claim is a capital asset in the holder's hands and if the holder has held the Claim for more than one year, unless the holder has previously claimed a bad debt or worthless securities deduction or the holder has accrued market discount with respect to the Claim. All or part of the cash received by a holder of an Allowed Claim that has previously claimed a bad debt or worthless securities deduction with respect to the Claim may be ordinary income.

2. Distributions in Discharge of Accrued but Unpaid Interest

In general, a Claim holder that was not previously required to include in its taxable income any accrued but unpaid pre-Effective Date interest on the Claim will be required to take such amount into income as taxable interest.

3. Consequences to Holders of Asbestos Claims

Each Asbestos Personal Injury Claim will be liquidated and satisfied in cash (if payable under the Trust Distribution Procedures) solely from the Asbestos Trust, in accordance with the Asbestos Trust Distribution Procedures. The federal income tax treatment of a receipt of payments by a holder of such Claim generally will depend upon the nature of the Claim. Because the amounts received by the holder of an Asbestos Personal Injury Claim generally will be attributable to, and compensation for, such holder's personal physical injuries or sickness, within the meaning of section 104 of the Tax Code, any such amounts received by the holder should be nontaxable. Each holder of an Asbestos Claim should consult his or her own tax advisors as to the proper tax treatment of any amounts received with respect to such Claim.

4. Consequences to Holders of Asbestos Property Damage Claims and Property Damage Contribution Claims

Each Allowed Asbestos Property Damage Claim and Allowed Property Damage Contribution Claim will be satisfied in Cash in an amount equal to its Proportional Share of the PD Existing Insurance. The federal income tax treatment of a receipt of payments by a holder of such Claim generally will depend upon the nature of the Claim. If any amount received by such holder with respect to such Claim is used to restore damaged property to its original condition, such amount generally should be nontaxable to the holder. However, any amount received in respect of property that has been destroyed and will not be replaced by the holder generally should be treated as received in respect of a sale or exchange of such property and may give rise to gain or loss generally equal to the difference between (i) such amount and (ii) the adjusted tax basis of the holder in the destroyed property. To the extent the amount received is used to replace destroyed property with similar property, the holder may be able to avoid recognizing gain under section 1033 of the Tax Code (governing involuntary conversions). Because the tax treatment of any amount received by a holder under the Plan will depend on facts peculiar to each holder, all holders of Asbestos Property Damage Claims and Property Damage Contribution Claims should consult their own tax advisors as to the proper tax treatment of such receipts.

5. Information Reporting and Withholding

All distributions to holders of Allowed Claims under the Plan are subject to any applicable withholding (including employment tax withholding). Under federal income tax law, interest, dividends, and other reportable payments may, under certain circumstances, be subject to "backup withholding" at the then applicable rate (currently 28%). Backup withholding generally applies if the holder (a) fails to furnish its social security number or other taxpayer identification number ("TIN"), (b) furnishes an incorrect TIN, (c) fails properly to report interest or dividends, or (d) under certain circumstances, fails to provide a certified statement, signed under penalty of perjury, that the TIN provided is its correct number and that it is not subject to backup withholding. Certain persons are exempt from backup withholding, including, in certain circumstances, corporations and financial institutions. Backup withholding is not an additional tax but merely an advance payment, which may be refunded to the extent it results in an overpayment of tax and the appropriate information is supplied to the IRS.

The Treasury Regulations generally require disclosure by a taxpayer on its federal income tax return of certain types of transactions in which the taxpayer participated, including, among other types of transactions, the following: (i) certain transactions that result in the taxpayer claiming a

loss in excess of specified thresholds; and (ii) certain transactions in which the taxpayer's book-tax differences exceed a specified threshold in any tax year. Holders are urged to consult their tax advisors regarding these regulations and whether the transactions contemplated by the Plan would be subject to these regulations and require disclosure on the holders' tax returns.

THE FOREGOING SUMMARY HAS BEEN PROVIDED FOR INFORMATIONAL PURPOSES ONLY. ALL HOLDERS OF CLAIMS ARE URGED TO CONSULT THEIR TAX ADVISORS CONCERNING THE FEDERAL, STATE, LOCAL AND OTHER TAX CONSEQUENCES APPLICABLE UNDER THE PLAN.

XIII. CONCLUSION

The Debtors believe the Plan is in the best interests of all creditors and urge the holders of impaired Claims to vote to accept the Plan and to evidence such acceptance by timely returning their Ballots.

Dated: December 3, 2008

Respectfully submitted,

By: /s/ Samuel J. Heyman
Name: Samuel J. Heyman
Title: President and Chief Executive Officer

LIST OF EXHIBITS

EXHIBIT A

SECOND AMENDED JOINT PLAN OF REORGANIZATION

EXHIBIT B

DISCLOSURE STATEMENT ORDER

EXHIBIT C

VOTING PROCEDURES

EXHIBIT D

PROJECTED FINANCIAL INFORMATION

EXHIBIT E

LIQUIDATION ANALYSIS

EXHIBIT F

BMCA 2007 FORM 10-K

Exhibit 4

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-K

(Mark One)

☑ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended December 31, 2011
Or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from to

Commission file number 1-12139

SEALED AIR CORPORATION

(Exact name of registrant as specified in its charter)

Delaware	**65-0654331**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification Number)*
200 Riverfront Boulevard, Elmwood Park, New Jersey	**07407-1033**
(Address of principal executive offices)	*(Zip Code)*

Registrant's telephone number, including area code: (201) 791-7600

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock, par value $0.10 per share	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:
None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☑ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes ☐ No ☑

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☑ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☑

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☑ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐
(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☑

As of the last business day of the registrant's most recently completed second fiscal quarter, June 30, 2011, the aggregate market value of the registrant's common stock held by non-affiliates of the registrant was approximately $3,727,000,000, based on the closing sale price as reported on the New York Stock Exchange.

There were 192,055,662 shares of the registrant's common stock, par value $0.10 per share, issued and outstanding as of January 31, 2012.

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- changes in labor conditions and difficulties in staffing and managing international operations;
- social plans that prohibit or increase the cost of certain restructuring actions;
- the potential for nationalization of enterprises or facilities; and
- unsettled political conditions and possible terrorist attacks against U.S. or other interests.

In addition, there are potential tax inefficiencies in repatriating funds from our non-U.S. subsidiaries.

These and other factors may have a material adverse effect on our international operations and, consequently, on our consolidated financial condition or results of operations.

If the Settlement agreement (as defined in Note 17, "Commitments and Contingencies") is not implemented, we will not be released from the various asbestos-related, fraudulent transfer, successor liability, and indemnification claims made against us arising from a 1998 transaction with Grace. We have no control over the timing of the cash payment required from us under the Settlement agreement. We are also a defendant in a number of asbestos-related actions in Canada arising from Grace's activities in Canada prior to the 1998 transaction.

On March 31, 1998, Sealed Air completed a multi-step transaction (the "Cryovac transaction") involving Grace which brought the Cryovac packaging business and the former Sealed Air Corporation's business under the common ownership of the Company. As part of that transaction, Grace and its subsidiaries retained all liabilities arising out of their operations before the Cryovac transaction (including asbestos-related liabilities), other than liabilities relating to Cryovac's operations, and agreed to indemnify the Company with respect to such retained liabilities. Since 2000, the Company has been served with a number of lawsuits alleging that, as a result of the Cryovac transaction, the Company is responsible for the alleged asbestos liabilities of Grace and its subsidiaries. While they vary, these suits all appear to allege that the transfer of the Cryovac business was a fraudulent transfer or gave rise to successor liability. On April 2, 2001, Grace and certain of its subsidiaries filed for Chapter 11 relief in the U.S. Bankruptcy Court for the District of Delaware (the "Bankruptcy Court"). In connection with Grace's Chapter 11 case, the Bankruptcy Court issued orders dated May 3, 2001 and January 22, 2002, staying all asbestos actions against the Company. However, the official committees appointed to represent asbestos claimants in Grace's Chapter 11 case (the "Committees") received the court's permission to pursue fraudulent transfer and other claims against the Company and its subsidiary Cryovac, Inc. based upon the Cryovac transaction. This proceeding was brought in the U.S. District Court for the District of Delaware (the "District Court") (Adv. No. 02-02210).

On November 27, 2002, we reached an agreement in principle with the Committees to resolve the fraudulent transfer proceeding and all current and future asbestos-related claims made against us and our affiliates in connection with the Cryovac transaction. The Settlement agreement will also resolve the fraudulent transfer claims and successor liability claims, as well as indemnification claims by Fresenius Medical Care Holdings, Inc. and affiliated companies in connection with the Cryovac transaction. The parties to the agreement in principle signed the definitive Settlement agreement as of November 10, 2003 consistent with the terms of the agreement in principle. On June 27, 2005, the Bankruptcy Court signed an order approving the definitive Settlement agreement. Although Grace is not a party to the Settlement agreement, under the terms of the order, Grace is directed to comply with the Settlement agreement subject to limited exceptions. On September 19, 2008, Grace, the Official Committee of Asbestos Personal Injury Claimants, the Asbestos PI Future Claimants' Representative (the "FCR"), and the Official Committee of Equity Security Holders (the "Equity Committee") filed, as co-proponents, a plan of reorganization (as filed and amended from time to time, the "PI Settlement Plan") and several exhibits and associated documents, including a disclosure statement (as filed and amended from time to time, the "PI Settlement Disclosure Statement"), with the Bankruptcy Court. As filed, the PI Settlement Plan would provide for the establishment of two asbestos trusts under Section 524(g) of the United States Bankruptcy Code to which present and future asbestos-related claims would be channeled. The PI Settlement Plan also contemplates that the terms of our definitive Settlement agreement will be incorporated into the PI Settlement Plan and that we will pay the amount contemplated by that agreement.

On January 31, 2011, the Bankruptcy Court entered a memorandum opinion (the "Bankruptcy Court Opinion") overruling certain objections to the PI Settlement Plan. On the same date, the Bankruptcy Court entered an order regarding confirmation of the PI Settlement Plan (the "Bankruptcy Court Confirmation Order"). As entered on January 31, 2011, the Bankruptcy Court Confirmation Order contained recommended findings of fact and conclusions of law, and recommended that the District Court approve the Confirmation Order, and that the District Court confirm the PI Settlement Plan and issue a channeling injunction under Section 524(g) of the Bankruptcy Code. Thereafter, on February 15, 2011, the Bankruptcy Court issued an order clarifying the Bankruptcy Court Opinion and the Bankruptcy Court Confirmation Order (the "Clarifying Order"). Among other things, the Clarifying Order provided that any references in the Bankruptcy Court Opinion and the Bankruptcy Court Confirmation Order to a recommendation that the District Court confirm the PI Settlement Plan were thereby amended to make clear that the PI Settlement Plan was confirmed and that the Bankruptcy Court was requesting that the District Court issue and affirm the Confirmation Order including the injunction under

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Section 524(g) of the Bankruptcy Code. On March 11, 2011, the Bankruptcy Court entered an order granting in part and denying in part a motion to reconsider the Bankruptcy Court Opinion filed by BNSF Railway Company (the "March 11 Order"). Among other things, the March 11 Order amended the Bankruptcy Court Opinion to clarify certain matters relating to objections to the PI Settlement Plan filed by BNSF.

Various parties appealed or otherwise challenged the Bankruptcy Court Opinion and the Bankruptcy Court Confirmation Order, including without limitation with respect to issues relating to releases and injunctions contained in the PI Settlement Plan. On June 28 and 29, 2011, the District Court heard oral arguments in connection with appeals of the Bankruptcy Court Opinion and the Bankruptcy Court Confirmation Order. On January 30, 2012, the District Court issued a memorandum opinion (the "District Court Opinion") and confirmation order (the "District Court Confirmation Order") overruling all objections to the PI Settlement Plan and confirming the PI Settlement Plan in its entirety (including the issuance of the injunction under Section 524(g) of the Bankruptcy Code). On February 2, 2012, Garlock Sealing Technologies LLC ("Garlock") filed a motion (the "Garlock Reargument Motion") with the District Court requesting that the District Court grant reargument, rehearing, or otherwise amend the District Court Opinion and the District Court Confirmation Order insofar as they overrule Garlock's objections to the PI Settlement Plan. On February 13, 2012, the Company, Cryovac, and Fresenius Medical Care Holdings, Inc. filed a joint motion (the "Sealed Air/Fresenius Motion") with the District Court. The Sealed Air/Fresenius Motion does not seek to disturb confirmation of the PI Settlement Plan but requests that the District Court amend and clarify certain matters in the District Court Opinion and the District Court Confirmation Order. Also on February 13, 2012, Grace and the other proponents of the PI Settlement Plan filed a motion (the "Plan Proponents' Motion") with the District Court requesting certain of the same amendments and clarifications sought by the Sealed Air/Fresenius Motion. On February 27, 2012, certain asbestos claimants known as the "Libby Claimants" filed a response to the Sealed Air/Fresenius Motion and the Plan Proponents' Motion (the "Libby Response"). The Libby Response does not oppose the Sealed Air/Fresenius Motion or the Plan Proponents' Motion but indicates, among other things, that: (a) the Libby Claimants have reached a settlement in principle of their objections to the PI Settlement Plan but that this settlement has not become effective and (b) the Libby Claimants reserve their rights with respect to the PI Settlement Plan pending the effectiveness of the Libby Claimants' settlement. In addition, parties have appealed the District Court Opinion and the District Court Confirmation Order to the United States Court of Appeals for the Third Circuit (the "Third Circuit Court of Appeals"). By orders dated February 23, 2012, the Third Circuit Court of Appeals stayed appeals of the District Court Opinion and the District Court Confirmation Order pending disposition of motions filed in the District Court with respect to the District Court Opinion and the District Court Confirmation Order. The District Court has not ruled on the Garlock Reargument Motion, the Sealed Air/Fresenius Motion, or the Plan Proponents' Motion. In addition, on February 27, 2012, Garlock filed a motion (the "Garlock Stay Motion") requesting that the District Court stay the District Court Opinion and the District Court Confirmation Order until the later of 14 days after the disposition of the Garlock Reargument Motion or disposition of any timely appeal by Garlock of the District Court Opinion and the District Court Confirmation Order. The District Court has not ruled on the Garlock Stay Motion.

If it becomes effective, the PI Settlement Plan may implement the terms of the Settlement agreement, but there can be no assurance that this will be the case notwithstanding the confirmation of the PI Settlement Plan by the Bankruptcy Court and the District Court. The terms of the PI Settlement Plan remain subject to amendment. Moreover, the PI Settlement Plan is subject to the satisfaction of a number of conditions which are more fully set forth in the PI Settlement Plan and include, without limitation, the availability of exit financing and the approval of the PI Settlement Plan becoming final and no longer subject to appeal. Parties have appealed the District Court Confirmation Order to the Third Circuit Court of Appeals or otherwise challenged the District Court Opinion and the District Court Confirmation Order. Matters relating to the PI Settlement Plan, the Bankruptcy and District Court Opinions, and the Bankruptcy and District Court Confirmation Orders may be subject to further appeal, challenge, and proceedings before the District Court, the Third Circuit Court of Appeals, or other courts. Parties may designate various issues to be considered in challenging the PI Settlement Plan, the Bankruptcy and District Court Opinions, or the Bankruptcy and District Court Confirmation Orders, including, without limitation, issues relating to releases and injunctions contained in the PI Settlement Plan.

While the Bankruptcy Court and the District Court have confirmed the PI Settlement Plan, we do not know whether or when the Third Circuit Court of Appeals will affirm the District Court Confirmation Order or the District Court Opinion, whether or when the Bankruptcy and District Court Opinions or the Bankruptcy and District Court Confirmation Orders will become final and no longer subject to appeal, or whether or when a final plan of reorganization (whether the PI Settlement Plan or another plan of reorganization) will become effective. Assuming that a final plan of reorganization (whether the PI Settlement Plan or another plan of reorganization) is confirmed by the Bankruptcy Court and the District Court, and does become effective, we do not know whether the final plan of reorganization will be consistent with the terms of the Settlement agreement or if the other conditions to our obligation to pay the Settlement agreement amount will be met. If these conditions are not satisfied or not waived by us, we will not be obligated to pay the amount contemplated by the Settlement agreement. However, if we do not pay the Settlement agreement amount, we and our affiliates will not be released from the various claims against us.

If the Settlement agreement does not become effective, either because Grace fails to emerge from bankruptcy or because Grace does not emerge from bankruptcy with a plan of reorganization that is consistent with the terms of the Settlement agreement, then we and our affiliates will not be released from the various asbestos-related, fraudulent transfer, successor liability, and indemnification claims made against us and our affiliates noted above, and all of these claims would remain pending and would have to be resolved through other means, such as through agreement on alternative settlement terms or trials. In that case, we could face liabilities that are significantly different from our obligations under the Settlement agreement. We cannot estimate at this time what those differences or their magnitude may be. In the event these liabilities are materially larger than the current existing obligations, they could have a material adverse effect on our consolidated financial condition or results of operations.

Since November 2004, the Company and specified subsidiaries have been named as defendants in a number of cases, including a number of

Exhibit 5

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re: SPECIALTY PRODUCTS HOLDING CORP., et al.,[1] Debtors.	Chapter 11 Case No. 10-11780 (JKF) Jointly Administered **Hearing Date: December 19, 2011 at 9:30 a.m.** **Objection Deadline: December 2, 2011 at 4:30 p.m.**

MOTION OF THE OFFICIAL COMMITTEE OF ASBESTOS PERSONAL INJURY CLAIMANTS AND THE FUTURE CLAIMANTS' REPRESENTATIVE FOR ENTRY OF AN ORDER GRANTING LEAVE, STANDING AND AUTHORITY TO PROSECUTE CLAIMS ON BEHALF OF THE DEBTORS' ESTATES

The Official Committee of Asbestos Personal Injury Claimants (the "Committee") and Eric D. Green, the Future Claimants' Representative (the "FCR," and collectively, with the Committee, the "Movants"), hereby move for entry of an order authorizing Movants to prosecute certain claims on behalf of the Debtors' estates including, *inter alia*, claims for (i) avoidance and recovery of fraudulent transfers, (ii) damages proximately related to directors' and officers' breaches of fiduciary duties and RPM International's aiding and abetting those breaches, (iii) illegal dividends, and (iv) unjust enrichment. In Support of this Motion, Movants respectfully state as follows:

PRELIMINARY STATEMENT[2]

1. The Movants seek authority under *Official Comm. of Unsecured Creditors of Cybergenics Corp. ex rel. Cybergenics Corp. v. Chinery*, 330 F.3d 548, 568 (3d Cir. 2003) (en banc) ("*Cybergenics II*"), to file a complaint on behalf of the estates asserting claims arising out

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[1] The last four digits of the debtors' taxpayer identification numbers follow in parentheses: Specialty Products Holding Corp. (0857) and Bondex RPM International, Inc. (4125). The Debtors' address is 4515 St. Clair Avenue, Cleveland, Ohio 44103.

[2] Capitalized terms used but not defined in this Preliminary Statement shall have the meanings assigned to them in the body of this Motion.

the improper and fraudulent transfer from Debtor Specialty Products Holding Corp. ("SPHC") of over 75% of SPHC's value but none of its liabilities (including substantial current and future asbestos-related liabilities to the persons represented by the Movants) to its now corporate parent, RPM International, Inc. ("International"). A draft of the proposed Complaint is being filed as an exhibit hereto under seal.[3]

2. Movants must assert these claims because the Debtors will not, and indeed cannot, credibly do so. First, the Debtors have already stated in open Court that following a purportedly "extensive" investigation, they have determined that International has no liability to the estates, and indeed intended to prosecute a declaratory judgment action (the "Declaratory Judgment Action") ***using the Debtors' resources*** solely for the benefit of International.[4] Second, SPHC's Board of Directors is not independent, having been hand-picked by International, with two of the three directors having previously served as officers of International and being putative defendants in the contemplated litigation. Third, one of the directors named in the Complaint is also SPHC's CEO, who is on leave from International and was only appointed to this position in the days immediately preceding the Debtors' bankruptcy filing. Fourth, the Debtors' special corporate counsel, whom Bondex paid at least $1.31 million[5] in the year preceding the Petition Date to advise the Debtors regarding their bankruptcy filing, is also a defendant in the contemplated litigation, having played an integral role in aiding and abetting the alleged fraud. Fifth, Debtors' bankruptcy counsel also represents International, and thus has conflicts of interest

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[3] Because the Debtors have designated each and every page of their production – which includes numerous indisputably public documents – as "Confidential" under the Agreed Protective Order Governing Confidential Information [D.I. 471] in this proceeding, and because some of the allegations set forth in the draft Complaint derive from those documents, the exhibit is being filed under seal The Movants reserve all rights to challenge the propriety of Debtors' confidentiality designations and anticipate doing so in connection with any Complaint that is ultimately filed.

[4] Debtors' bankruptcy counsel billed the estate at least 131.3 hours for preparation of a complaint intended to commence the Declaratory Judgment Action.

[5] This amount includes the $735,000 retainer Bondex paid to Calfee in connection with these cases.

that prohibit it from pursuing the claims asserted in the Complaint for the benefit of the Debtors' estates. In short, the key decision makers for the Debtors are the very individuals who participated in transactions that isolated the majority of the assets of the RPM empire, in order to prevent asbestos victims from reaching all but a small fraction of the assets that should properly be available to satisfy their claims.

3. Indeed, the filing of these Bankruptcy Cases is the beginning of the final step in the scheme to protect International, the intended and primary beneficiary of the Debtors' bankruptcy filings. Since the bankruptcy itself is part of the scheme to protect International, the Debtors cannot be entrusted to investigate or pursue International and its cohorts properly and thoroughly.

4. Although International has not appeared in these cases – formally or informally – its influence cannot be understated. Relying on the Board and the CEO that International selected to pursue its agenda, the sole purpose of these cases is to fully and finally insulate International from all personal injury claims relating to the manufacture, sale, and/or distribution by the Debtors of asbestos and/or asbestos-containing products ("Bondex-related asbestos claims") against International. On the day that these cases were filed, International issued a public statement that emphasized the benefits that ***it*** would obtain through a section 524(g) injunction entered in these Bankruptcy Cases. While International has been enjoying the benefits of the section 105 injunction obtained at the very start of these case, the Debtors have been primarily engaged (and using their limited assets) in an effort to provide International with leverage to reduce its contribution to the desired section 524(g) injunction by pursuing a novel and aggressive estimation theory that, by definition, would result in a lower estimation of the Debtors' asbestos liabilities.

5. Most notably, acting completely at odds with the interests of their respective chapter 11 estates and contrary to their fiduciary duty to maximize the value of those estates, the Debtors intended to pursue litigation aimed at establishing that the Debtors have no claims against International. Their investigation of potential claims relating to the 2002 Restructuring appears to have been, at best, woefully deficient. The Debtors nevertheless repeatedly have represented to the Court that such investigation provides a basis to use estate resources to pursue the Declaratory Judgment Action ***in favor of International.*** As Debtors' counsel stated to the Court:

> You will not be surprised to learn that we've looked at [claims against the Parent] … But we've looked into it, ***we've extensively looked into it***. We don't believe any claims exist … [and] what we're going to do in the next week or so, maybe two week[s], is we're going to file a declaratory judgment action on behalf of the debtors asking for a declaration that there are no such claims ….

(Hr'g Tr. July 14, 2010 [D.I. 236], at 33:1-16.) (emphasis supplied.)[6] But for the Court's expressed concern at the Debtors' intention to seek to cut off all claims against International through the prosecution of the Declaratory Judgment Action, the Debtors would have pursued that course.

6. When asked by Movants to produce those records upon which they relied, the Debtors took more than ***fifteen*** months to produce what appears to be only some of those records. Further, well more than one-half of these records were produced after the Debtors

[6]The Debtors have not filed the Declaratory Judgment Action. At the March 28, 2011 hearing, the Debtors' counsel informed the Court and the Movants that the Debtors no longer intended to file the Declaratory Judgment Action, but reserved the Debtors' rights to revisit the issue. (Hr'g Tr. March 28, 2011 [D.I. 1135], at 73:25-74:8 ("Now, at this point, just by way of update, I would tell Your Honor that given where we are, we determined not to file a declaratory judgment action as we discussed in July and October and accordingly, I would just withdraw all the comments I made about that at both the July and October hearings. Having said that, we obviously reserve our right to revisit that issue as circumstances develop, but I wanted Your Honor to know by way of update that that's where we are at this point.").) To date, the Debtors have given no indication to the Movants that their position with respect to claims against International has changed.

represented to the Movants and the Court that "[w]e've turned over literally everything that's been requested …." (Hr'g Tr. 3/28/11 at 40:7.) In fact, in the last month alone, the Debtors have produced over a third of the total documents produced. If a thorough investigation had been done, these records should have been available and produced immediately, with perhaps only a small delay to complete a privilege review. That they were not produced raises significant questions as to either the quality of the investigation itself or the Debtors' motives in delaying the Movants' efforts to properly evaluate these potential claims.

7. Still more troubling is the recent revelation that ***International caused the destruction of numerous hard drives and computer equipment*** containing a vast amount of historical information regarding the 2002 Restructuring. Disclosed by the Debtors ***only within the last month***, it appears that many of the documents requested by the Movants were destroyed in August 2009, ***nine months prior to the Debtors' bankruptcy filing*** and at a time when International admits it was contemplating options including this bankruptcy proceeding.[7] It is unclear whether the Debtors only recently learned of the destruction of the equipment and hard drives[8], or whether they concealed this from Movants. Either way, Movants' ability to obtain all of the information sought regarding the 2002 Restructuring has been significantly delayed and impeded. The Movants must now turn to non-party discovery with less than seven months

[7] It is also clear that International ***knew*** at the time of the destruction of this evidence of the potential that claims relating to the 2002 Restructuring would be asserted. Not only had similar claims been asserted by asbestos plaintiffs in the tort system, but also the Debtors were investigating these potential claims. International was named as a defendant for Bondex-related asbestos liabilities in state litigation as early as May, 2006. *See* Joseph and Sybil G. Baer v. Georgia-Pacific Corporation, et al., In the 98th Judicial District Court of Travis County, Texas, Trial Court Cause No. D-1-GN-04-003598. Indeed, the destruction of the hard drives and equipment occurred just two months after International was dismissed in a case in which it was sued, along with RPM, Inc. and Bondex International, for liability based on allegations of being the alter ego of the Debtors was concluded. *See* William and Sharon Willis v. 84 Lumber Company, et al. in the Circuit Court of the Seventh Judicial District, Sangamon County, State of Illinois at Case No. 2007-L-0327, and while a case was still pending in the MDL in the Eastern District of Pennsylvania. *See* Mark W. Stratmann v. Bondex International, et al., Civil Action No. 09-CV-80031.

[8] The failure of the Debtors' counsel to issue a litigation hold letter during its investigation and in anticipation of a bankruptcy filing is yet another indication of the lack of independence and diligence they have shown in connection with these claims.

remaining on the statute of limitations. These facts demonstrate that either the Debtors did not conduct the thorough investigation they claim, or deliberately acted to delay discovery of the facts. Either way, the investigation can no longer be controlled by the Debtors.

8. Despite these delays and roadblocks, the Movants, to the extent possible, have diligently investigated the Debtors' pre-petition transactions over the course of these bankruptcy cases in furtherance of their own fiduciary duties. Based upon their investigation to date, the Movants have concluded, *inter alia*, that the following claims should be brought on behalf of the Debtors' estates against International, its affiliates, its officers and directs, certain professionals and other third parties:[9] (i) avoidance of fraudulent transfers, actual and constructive, related to certain transactions in 1999 and 2002, together with punitive damages for wanton, malicious and willful misconduct; (ii) conspiracy related to the certain transactions in 1999 and 2002, together with punitive damages; (iii) unjust enrichment related to certain transactions in 1999 and 2002; (iv) fraudulent disregard of the corporate form between International and SPHC; (v) illegal dividends related to certain transactions in 2002 given the known asbestos-related liabilities then in existence; (vi) breach of fiduciary duty, including the duties of good faith, loyalty and to refrain from self-dealing and self-enrichment; (vii) aiding and abetting a breach of fiduciary duty; (viii) waste of corporate assets and facilitating the transfer of such assets for inadequate consideration; and (ix) spoliation/willful destruction of critical evidence despite knowledge of ongoing strategy decisions, litigation and associated document retention requests.

9. The Debtors are well aware of the Movants' efforts to discover and investigate these claims. These efforts have been the subject of numerous meetings, correspondence and formal discovery requests since the filing of these cases.

[9] Each of these claims is specified with more particularity in section I.A herein, as well as the draft Complaint attached hereto as **Exhibit A.**

10. The incestuous relationships among the Debtors and the targets of the Complaint, together with the Debtors' conduct thus far as regards these claims and the Movants' investigation thereof, clearly demonstrate that any demand on the Debtors to bring and prosecute this action would be futile.

11. Accordingly, as explained more fully below, the Movants request immediate authority to prosecute the Subject Claims, and any additional claims relating to the 2002 Restructuring that may be identified through further discovery.[10]

JURISDICTION

12. This Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334. Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409. This matter is a core proceeding pursuant to 28 U.S.C. § 157(b)(2). The statutory predicates for the relief requested herein are 11 U.S.C. §§ 105(a), 1103(c)(5), 1107(a) and 1109(b).

FACTUAL BACKGROUND

A. Procedural Background

13. On May 31, 2010 (the "Petition Date"), SPHC and Bondex International, Inc. ("Bondex" collectively, with SPHC, the "Debtors") filed voluntary petitions for relief under chapter 11 of title 11 of the United States Code, 11 U.S.C. §§101-1532 (the "Bankruptcy Code"), commencing the above-captioned bankruptcy cases (the "Bankruptcy Cases"). The Debtors continue to operate their businesses and manage their properties as debtors-in-possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

[10] While a draft Complaint has been filed under seal to assist the Court in evaluating the claims identified to date, the Movants are continuing additional investigation and third party discovery and expect that any final Complaint that will be filed prior to the expiration of the statute of limitations, will reflect additional factual support for the Subject Claims set forth in the attached draft Complaint, as well as additional causes of action.

14. On June 10, 2010, the Office of the United States Trustee appointed the Committee pursuant to Bankruptcy Code section 1102 [D.I. 75]. The Committee was thereafter reconstituted by the UST on October 18, 2010 [D.I. 457], and again on December 14, 2010 [D.I. 666].

15. On September 10, 2010, the Debtors filed their Application for An Order Appointing Eric D. Green as Legal Representative for Future Asbestos Claimants [D.I. 374]. On October 18, 2010, this Court entered its Order Appointing Eric D. Green as Legal Representative for Future Claimants [D.I. 449].

B. **Overview of the Complaint**

16. The factual background related to the estate causes of action, including the corporate background, corporate restructurings, and historical asbestos liabilities, is set forth in detail in the proposed complaint attached hereto as **Exhibit A** (the "Complaint").

17. To briefly summarize, the Complaint details the facts behind a multinational, multibillion dollar corporation's decade-long plan to unfairly and fraudulently escape the asbestos-related legal obligations it owes to unwitting consumers and their families. Specifically, International, its subsidiaries, and officers and directors, with the assistance of their attorneys (collectively, the "Defendants"), undertook a course of conduct that ultimately resulted in the transfer of approximately 75% of the Debtors' assets to a Byzantine corporate structure consisting of a series of holding companies and subsidiaries (the "2002 Restructuring"). These same transactions condemned the Debtors as the corporate repository of the massive asbestos liability that Defendants knew they owed, and which far exceeded the value of the Debtors' remaining assets. The Defendants conceived and executed this reorganization when the RPM entities faced not only an explosion of asbestos related claims, but also the impending exhaustion of available insurance coverage.

18. In the years preceding their bankruptcy filing, the Debtors, acting in concert with International and the attorneys named herein, embarked on a course of conduct designed to fraudulently conceal the true purpose of the reorganization, by, *inter alia*: (1) paying the Debtors' asbestos liability settlements via pooled corporate accounts that concealed that the Debtors were not the real payors; (2) obfuscating the true relationship amongst the corporate entities as it related to those entities that manufactured and sold asbestos-containing products; (3) using numerous name changes involving entities all with various iterations of the initials RPM, until the eve of the bankruptcy filing when RPM, Inc. filed a name change to its current iteration "SPHC"; and (4) destroying the very electronic documents and communications that would have revealed their fraudulent purpose. It was only after the Defendants believed that the statute of limitations for the fraudulent transfers they obtained from Debtors SPHC had expired, that International, at the direction of its founding family, the Sullivans, and the company's officers and directors, put the Debtors into bankruptcy.

19. Through prosecution of the Complaint, the Movants seek to hold International, the Sullivan family, their fellow affiliated officers and directors, and others who participated in the scheme accountable for their role in attempting to prevent those victims from recovering the compensation to which they are entitled. To carry out their own fiduciary duties to the Debtors' estates, the Movants seek the authority to recover damages sufficient to compensate the thousands of victims of asbestos-related personal injury claims caused by exposure to the Debtors' asbestos products.

C. Movants' Efforts to Investigate Estate Claims

20. Since the inception of these chapter 11 proceedings, the Committee has made it a priority to investigate the Debtors' historical structure and in particular the 2002 Restructuring. Shortly after the Petition Date, the Debtors and the Committee agreed to expedited discovery as

part of an agreed order entered in an adversary proceeding initiated by the Debtors. This particular adversary proceeding, also filed on the Petition Date,[11] sought entry of an order extending the automatic stay to International and its affiliates. Pursuant to the Agreed Order Regarding Debtors' Request for Extension or Application of the Automatic Stay to Non-Debtor Affiliates, Adv. Pr. No. 10-51085 [D.I. 19], the Committee served its first sets of Interrogatories and Requests for Production of Documents on June 25, 2010, and proposed a reasonable schedule for expedited discovery. The requests sought both paper records and electronically stored information in the possession or control of the Debtors relevant to the 2002 Restructuring. Documents the Debtors' presumably compiled and reviewed as part of their self-described "extensive" investigation.

21. In the more than 15 months that have passed since the "expedited" discovery was served, the Debtors have produced a relatively limited number of documents, over one-third (37%) of which were produced in the last month, and then only after repeated requests, demands and ultimately threats to resort to the Court for enforcement. And even then, the production appears to be deficient in quality and quantity of the production. The slow pace of this production has been outrageous in itself, and given that the Debtors announced in July 2010 that they had already thoroughly investigated potential claims against International, and their affiliates, and were certain that no valid claims existed, it is alarming. All of the documents relevant to investigating potential estate claims against International should have been identified, organized and reviewed by the Debtors prior to July 14, 2010, yet the Debtors have parsed out these materials to the Movants in sporadic productions over the past year.[12]

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[11] *See* Main Case [D.I. 9]; Adv. Pro. No. 10-51085 [D.I. 1].

[12] On September 10, 2010, the agreed deadline for production of all responsive documents, the Debtors produced 266 documents that included only publicly-available documents, such as corporate press releases, annual reports, and SEC filings, and indicated more documents were to be on a rolling basis, without providing any timeframe. The

22. Most distressing of all, and despite specific discovery requests directed toward, and meet-and-confer sessions dedicated solely to, the discovery of electronically stored information ("ESI"), the Debtors informed the Movants just last month that International destroyed a substantial amount of ESI in August 2009, a mere nine months before the Debtors' bankruptcy filing. The Movants contend that the numerous hard drives and other computer hardware that were destroyed contained a vast amount of historical information of critical relevance to this proceeding[13]. And this was not a routine destruction: the Debtors' bankruptcy filing was already in the planning stages, and International had been sued in asbestos-related actions in the tort system under various theories including piercing the corporate veil and successor liability. (*See* Hr'g Tr. 7/14/10 at 33:2-4 (Mr. Gordon: "I mean, those issues have come up in the state court litigation for years, and there's been allegations that the parent has some responsibility for what happened here . . . .").)[14] The most troubling aspect of this critical fact is that the destruction either was withheld from the Movants for over 15 months, or was never uncovered by the Debtors, despite their purportedly "extensive" investigation.

23. The actions of the Debtors throughout the discovery process, including the failure to notify the Movants of the August 2009 destruction of the server, are indicative of the Debtors' failure to fulfill one of their most fundamental fiduciary duties – the evaluation of potential claims held by the estates. By doing so, the Debtors have allowed much of the two-year post-petition period for filing estate claims to dwindle away. The Movants have no choice at this

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Debtors continued to provide sporadic document productions in October, November, December 2010 and January and on February 1, 2011, what the Debtors' deemed to be their "final" production. The seven productions over this timeframe omitted complete financial information and internal communications and records necessary to investigate estate causes of action. After extensive correspondence from the Movants specifically identifying deficiencies with the Debtors' production, and several meet and confers, the Debtors resumed document production, with nine additional document productions between September 23 and November 9, 2011.

[13] This equipment became the property of International as part of the 2002 Restructuring, having previously belonged to Debtor SPHC.

[14] *See also supra* note 7.

point but to take complete control of the investigation and seek authority under *Cybergenics* to pursue any derivative claims arising out of the 2002 Restructuring.

ARGUMENT

I. The Movants Clearly Satisfy the *Cybergenics* Standard for Derivative Standing

24. It is not reasonably disputable that derivative standing is warranted on the facts of this case. The Third Circuit has made plain that derivative standing is warranted in instances, such as the present case, where the debtor in possession is unable or unwilling to pursue estate claims. *See Cybergenics II*, 330 F.3d at 553 (finding that Bankruptcy Code evinces "Congress's approval of derivative avoidance actions by creditors' committees, and that bankruptcy courts' equitable powers enable them to authorize such suits as a remedy in cases where a debtor-in-possession unreasonably refuses to pursue an avoidance claim" and that such finding "is consistent with the received wisdom that '[n]early all courts considering the issue have permitted creditors' committees to bring actions in the name of the debtor in possession if the committee is able to establish' that a debtor is neglecting its fiduciary duty.") (quoting 7 *Collier on Bankruptcy* ¶ 1103.05[6][a] (15th rev. ed. 2002)); s*ee also In re Centaur, LLC*, No. 10-10799 (KJC), 2010 Bankr. LEXIS 3918, at *13 (Bankr. D. Del. Nov. 5, 2010) ("There is no dispute that under [*Cybergenics II*], the Third Circuit has held that bankruptcy courts can confer derivative standing upon creditors' committees to bring actions to recover property for the benefit of the estate.").

25. While *Cybergenics II* did not specifically set forth the procedures for allowing creditors derivative standing, "[t]he Third Circuit expressed its agreement with guidelines established by the Second and Seventh Circuits that entitlement to derivative standing requires:

(1) a colorable claim, (2) that the trustee unjustifiably refused to pursue the claim, and (3) permission of the bankruptcy court to initiate the action." *Centaur*, 2010 Bankr. LEXIS 3918, at *13 (citing *Infinity Investors Ltd. v. Kingsborough (In re Yes! Entm't Corp.)*, 316 B.R. 141, 145 (D. Del. 2004)). As explained in detail herein, the estates have colorable and potentially extremely valuable claims, and the conflicting loyalties of the Debtors render them incapable of effectively evaluating or pursuing them.

A. <u>The Subject Claims Are Colorable</u>

26. The facts at bar, both set forth herein and in the attached draft Complaint, show a scheme designed and implemented to strip valuable assets away from these estates, with the sole purpose of moving these assets beyond the reach of the Debtors' tort claimants. If the Court accepts the factual allegations set forth in the draft Complaint as true – which it must at this stage of the proceedings – the Complaint undoubtedly states a "colorable claim."[15]

27. To establish a colorable claim, the "derivative standing test requires the Court to decide whether the Committee has asserted 'claims for relief that *on appropriate proof* would support a recovery.'" *G-I Holdings, Inc. v. Those Parties Listed On Exhibit A (In re G-I Holdings, Inc.),* 313 B.R. 612, 631 (Bankr. D.N.J. 2004) (emphasis added) (internal quotation omitted), *rev'd in part and remanded sub nom. Official Comm. Of Asbestos Claimants v. Bank of N.Y. (In re G-I Holdings, Inc.)*, 2006 U.S. Dist. LEXIS 45510 "Because the creditors' committee is *not required to present its proof*, the first inquiry is much the same as that undertaken when a

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[15] Indeed, Movants are not even *required* to provide a draft complaint with this Motion. *See Official Comm. Of Asbestos Claimants v. Bank of N.Y. (In re G-I Holdings, Inc.)*, No. 04-3423 (WGB), 2006 U.S. Dist. LEXIS 45510, at *45-46 (D.N.J. June 21, 2006) ("Although the Committee did not file a proposed complaint in conjunction with its motion for leave to prosecute the . . . [c]laims, it did file a summary of claims to be asserted by the Committee. The motion was sufficiently detailed to provide the Bankruptcy Court with enough information to determine standing." (internal citations omitted)).. The Movants are not required to present proof of the Subject Claims (as defined below) for the Court to grant this Motion. *See In re MIG, Inc.*, Case No. 09-12118 (KG), 2009 Bankr. LEXIS 4313, at *4 (Bankr. D. Del. Dec. 18, 2009) (citing *Unsecured Creditors Comm. Of Debtor STN Enters. V. Noyes (In re STN Enters.)*, 779 F.2d 901, 905-06 (2d Cir. 1985)) (court examines whether "committee presents . . . claims for relief that *on appropriate proof* would support a recovery") (emphasis added).

defendant moves to dismiss a complaint for failure to state a claim." *Id.* at 631 (quoting *In re iPCS, Inc.*, 297 B.R. 283, 291 (Bankr. N.D. Ga. 2003) (quoting *Official Comm. of Unsecured Creditors of America's Hobby Ctr. v. Hudson United Bank (In re America's Hobby Ctr.)*, 223 B.R. 275, 282 (Bankr. S.D.N.Y. 1998); *Official Comm. of Unsecured Creditors of the Debtors v. Austin Fin. Servs., Inc. (In re KDI Holdings, Inc.)*, 277 B.R. 493, 508 (Bankr. S.D.N.Y. 1999)) (emphasis added). "When considering a motion to dismiss, a court must accept as true the allegations and facts pleaded in the complaint and any and all reasonable inferences derived from those facts." *G-I Holdings,* 313 B.R. at 631 (citations omitted). "A complaint should not be dismissed for failure to state a claim unless it appears beyond doubt that the plaintiff can prove no set of facts in support of his or her claim which would entitle him or her to relief." *Id.* (citations, quotations, and marks omitted); *see also In re STN Enters.*, 779 F.2d at 905-06 (the bankruptcy court need not conduct a "mini-trial" to determine whether a "colorable" claim exists).

28. Based upon their investigation to date, the Movants have concluded, *inter alia*, that the following claims (collectively, the "Subject Claims") should be initiated on behalf of the Debtors' estates:

a. claims to avoid, as actual fraudulent transfers pursuant to 11 U.S.C. § 544(b), 11 U.S.C. § 550(a), and applicable non-bankruptcy law, transfers and obligations made in 1999 (the "1999 Transfers and Obligations") and in 2002 (the "2002 Transfers and Obligations"), and to recover the property or value of the property transferred to International, their affiliates, or third parties for the benefit of International, with interest;

b. claims to avoid, as constructively fraudulent transfers pursuant to section 11 U.S.C. § 548(a)(1)(B),11 U.S.C. § 550(a), and applicable non-bankruptcy law, the 1999 Transfers and Obligations and the 2002 Transfers and Obligations, and to recover the property or value of the property transferred to International, their affiliate, or third parties for the benefit of International, with interest and to seek punitive damages for the fraudulent, wanton,

malicious or willful conduct that is the basis for the constructively fraudulent transfers;

c. claims for compensatory and/or punitive damages based on International's conspiring with RPM, Inc. (now SPHC) to effectuate the fraudulent conveyance of the 1999 Transfers and Obligations and the 2002 Transfers and Obligations;

d. claims for appropriate restitution of International's unjust enrichment from the actual and/or constructive fraudulent transfers of the 1999 Transfers and Obligations and the 2002 Transfers and Obligations;

e. claims for disregard of the corporate form between International and SPHC, because the form was used as a sham to perpetrate a fraud on SPHC's creditors primarily for International's direct benefit;

f. claims for illegal dividends in the 2002 Transfers and Obligations, based on International's active procurement and participation in the declaration of RPM, Inc.'s (now SPHC's) dividends in 2002, when RPM, Inc.'s asbestos-related personal injury liabilities exceeded its assets and International knew that its receipt of the dividends was improper and yet reaped the benefits of the improper dividend;

g. claims for International's breach of fiduciary duties to RPM Inc. and RPM Inc.'s creditors by, among other things, orchestrating, authorizing, and carrying out the transfer of RPM, Inc.'s ownership of numerous profitable industrial and consumer market entities to International, and to recover monies International took for its own benefit and to the disadvantage of RPM Inc.'s creditors;

h. claims against one or more of RPM, Inc.'s officers and directors for breach of their fiduciary duties to RPM Inc. and RPM Inc's creditors, including the duty of good faith, the duty of loyalty to always act in RPM, Inc.'s and RPM, Inc.'s creditors' best interest, and the duty to avoid self-dealing and self-enrichment at RPM, Inc.'s and RPM, Inc.'s creditors' expense, by, among other things, orchestrating, authorizing, and carrying out the transfer of RPM, Inc.'s ownership of numerous profitable industrial and consumer market entities to International and recovery of the proximately caused damages from these breaches;

i. claims against International for aiding and abetting one or more of RPM, Inc.'s directors for breach of their fiduciary duties to RPM Inc. and RPM Inc's creditors, including the duty of good faith, the

duty of loyalty to always act in RPM, Inc.'s and RPM, Inc.'s creditors' best interest, and the duty to avoid self-dealing and self-enrichment at RPM, Inc.'s and RPM, Inc.'s creditors' expense, by, among other things, orchestrating, authorizing, and carrying out the transfer of RPM, Inc.'s ownership of numerous profitable industrial and consumer market entities to International and recovery of the proximately caused damages from these breaches;

j. claims against one or more of RPM, Inc.'s officers and directors for waste of RPM, Inc.'s corporate assets, for facilitating the transfer of RPM, Inc.'s ownership of numerous profitable industrial and consumer market entities to International for inadequate consideration and for the improper purpose of segregating RPM, Inc.'s asbestos-related liabilities away from the company's profit centers;

k. claims against Calfee (as defined below) for aiding and abetting one or more of RPM, Inc.'s directors for breach of their fiduciary duties to RPM Inc. and RPM Inc's creditors, including the duty of good faith, the duty of loyalty to always act in RPM, Inc.'s and RPM, Inc.'s creditors' best interest, and the duty to avoid self-dealing and self-enrichment at RPM, Inc.'s and RPM, Inc.'s creditors' expense, by, among other things, orchestrating, authorizing, and carrying out the transfer of RPM, Inc.'s ownership of numerous profitable industrial and consumer market entities to International and recovery of the proximately caused damages from these breaches; and

l. claims against International for spoliation of evidence by, in August 2009, willfully causing the destruction of numerous computer hard drives and almost 7,000 pound of computer hardware containing a vast amount of Debtors' historical asbestos-related information, despite the Debtors' bankruptcy already being in the planning stages, and despite knowledge of ongoing asbestos-related litigation and associated document retention requirements

29. As described above, and as demonstrated by the well-pleaded allegations in the draft Complaint, the Subject Claims are sufficiently colorable for the Court to grant Movants authority to prosecute the Subject Claims on behalf of the Debtors' estates.

B. <u>Any Demand on the Debtors to Bring the Subject Claims Would Be Futile</u>

30. The overlapping relationships between the Debtors and the putative defendants render the Debtors incapable of effectively and credibly investigating and prosecuting the

Subject Claims. The Debtors' own conduct also leaves no doubt of their unwillingness to prosecute the Subject Claims.

31. Movants are thus not required to make a demand that the Debtors themselves prosecute the Subject Claims.[16] As set forth more fully below, such demand is deemed futile because the Debtors and its officers, directors, and professionals are inextricably connected with International and its officers and directors, all of whom are named defendants in the Complaint. *See In re La. World Exposition*, 832 F.2d 1391, 1397-98 (5th Cir. 1987) (court would not remand so that committee could make formal demand upon debtor, where conflicts would likely prevent debtor from pursuing litigation adverse to its directors and officers); *Official Comm. Of Unsecured Creditors of Nat'l Forge Co. v. Clark (In re Nat'l Forge Co.)*, 304 B.R. 214, 222 (Bankr. W.D. Pa. 2004) (demand presumptively futile where would-be defendants were employees and insiders of the debtor); *Official Comm. Of Unsecured Creditors v. Cablevision Sys. Corp. (In re Valley Media, Inc.)*, Nos. 01-11353 & 02-04553, 2003 WL 21956410, at *3 (Bankr. D. Del. Aug. 14, 2003) (demand would be futile where debtor's counsel has conflict of interest sufficient to effectively disqualify counsel from pursuing the otherwise colorable action); *In re First Capital Holdings Corp.*, 146 B.R. 7, 13 (Bankr. C.D. Cal. 1992) (creditors' committee excused from making a demand on a debtor to pursue action against its officers, directors and controlling shareholders where such a demand would be futile).

i. The Extensive Conflicts of Interest of the Debtors' Officers and Directors Prevent Debtors' from Properly Discharging their Obligations as Debtors in Possession with Respect to the Subject Claims.

32. These Chapter 11 Cases present a quintessential example of the fox guarding the henhouse. Stephen Knoop, Michael D. Tellor, and Glenn R. Hasman, each appointed in 2010,

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[16] Movants made a formal demand on October 12, 2011 on the Debtors to turn over prosecution of the Subject Claims to Movants. The Debtors have not consented as of the date hereof.

are the only directors on the Boards of SPHC and Bondex.[17] The Debtors' directors' interests are clearly aligned with International[18] and the other putative defendants, which include two of the three directors on the Debtors' boards. Neither SPHC nor Bondex has a single director on its board of directors who is capable of independently investigating and analyzing the appropriateness of the Subject Claims. *Cf. Katell v. Morgan Stanley Group*, No. 12343, 1993 Del. Ch. LEXIS 5, *15-17 (Del. Ch. Jan. 14, 1993) (holding that for purposes of determining demand futility in a derivative action, the presumption of director disinterestedness is rebutted where a less than a majority of directors are disinterested transaction to be presumed disinterested) (citing *Aronson v. Lewis*, 473 A.2d 805, 812 (Del. 1984); *Kaufman v. Beal*, No. 6485, No. 6526, 1983 Del. Ch. LEXIS 391, *8-9 (Del. Ch. Feb. 25, 1983) (holding that "the controlling factor should be whether the demand would have been futile because a majority of the directors of the corporation could not have impartially considered the request") (internal citation omitted).

33. Each of the current board members of SPHC and Bondex was selected by International and the prior board of SPHC[19], which consisted of individuals who have served as officers of International and/or board members of other International affiliates, and who were also responsible for stripping Bondex of its assets and implementing the 2002 Restructuring.

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[17] *See* Debtors' Responses and Objections of Debtors to First Set of Interrogatories, attached hereto as **Exhibit B**; Bondex's *Statement of Financial Affairs* [D.I. 241] (the "Bondex SOFA"), at Question 21; SPHC's *Statement of Financial Affairs* [D.I. 243] ("SPHC SOFA"), at Question 21.

[18] In addition to the Debtors' conflicts described herein, upon information and belief Mr. Knoop and Mr. Hasman have a significant financial interest in International. *See* Stephen J. Knoop–Stock Portfolio, Equity Hive, http://www.equityhive.com/main/Individual/assetview.aspx?i=1224031 (valuing Mr. Knoop's International stock portfolio as of November 13, 2011 at approximately $1.95 million) (November 13, 2011); Glenn R. Hasman–Stock Portfolio, Equity Hive, http://www.equityhive.com/main/Individual/assetview.aspx?i=1224029 (valuing Mr. Hasman's International stock portfolio as of November 13, 2011 at approximately $655,000 and Mr. Hasman's wife's at approximately $368,000) (November 13, 2011). Printouts of these web pages are attached as **Exhibit C**.

[19] *See* Unofficial Transcript of August 9, 2010 Section 341 Hearing (the "8/9/10 341 Transcript"), at 14. A copy of the 8/9/10 341 Transcript is attached hereto as **Exhibit I**.

Indeed, Debtors' current board members were selected at a time when the chapter 11 filings and potential fraudulent transfer actions were being contemplated.[20]

34. While SPHC claims to have three employees, Knoop, Hasman and Tellor,[21] Knoop and Tellor are not employees of either Debtor, but rather provide services to the Debtors pursuant to an administrative services agreement between International and SPHC as discussed below. Bondex has two employees, Hasman and John Fleming, who serve as Treasurer and President, respectively. Ironically, Mr. Fleming was removed from Bondex's board of directors on May 26, 2010, days before the Bankruptcy Cases were filed.[22]

35. Mr. Knoop, who is currently CEO and Director for both SPHC and Bondex, is also the Senior Vice President of Corporate Development for International.[23] Knoop served as Vice President of Corporate Development of SPHC until October, 2002 when, as part of the 2002 Restructuring, Knoop became Vice President of Corporate Development for International.[24] Prior to becoming Vice President of Corporate Development for SPHC in 1996, Knoop was a partner at Calfee, Halter & Griswold LLP ("Calfee"). As set forth in the Complaint, Mr. Knoop is one of the officers of SPHC against whom the Debtors' estates have colorable claims.

36. Mr. Hasman, the Vice President, Treasurer, Secretary and Director of SPHC and Secretary and Director of Bondex, was also involved in the implementation of the 2002 Restructuring. Hasman served as Vice President of Finance and Communications of SPHC prior to October of 2002 when, as part of the 2002 Restructuring, he became Vice President of Finance

[20] As set forth in response to Question 9 of both the Bondex SOFA and SPHC SOFA, at least as early as June 2009, the Debtors were working with counsel related to a potential bankruptcy filing.
[21] *See* Unofficial Transcript of July 9, 2010 Section 341 Hearing (the "7/9/10 341 Transcript"), at 18. A copy of the 7.9.10 341 Transcript is attached hereto as **Exhibit H**.
[22] *See* Bondex SOFA, at Question 22.
[23] Two months after the Petition Date, Mr. Knoop commenced a temporary leave from his position at International during the pendency of the Chapter 11 Cases.
[24] *See* RPM International, Inc. 2006 Annual Report, RPM_INTL 0000173, 0000238 (VP of Corporate Development).

and Communications at International. Hasman now reports to Knoop in his multiple roles with both SPHC and Bondex. *See* 7/9/10 341 Transcript, at 20. As set forth in the Complaint, Mr. Hasman is one of the officers of SPHC against whom the Debtors' estates have colorable claims.

37. Mr. Tellor, who acts as President, Chief Operating Officer and Director of SPHC and Secretary and Director of Bondex, is also not an employee of either Debtor. *See* 7/9/10 341 Transcript, at 10. Tellor is an employee of non-debtor Kop-Coat, Inc.,[25] and simply acts as President of SPHC pursuant to the Administrative Services Agreement between International and SPHC. Tellor began with SPHC in August of 1985, became president of Rust-Oleum Corporation in 1994 and continued as President of Rust-Oleum till his retirement in 2008. As part of the 2002 Restructuring Tellor was one of three presidents of the consumer group. Accordingly, Tellor, like Knoop and Hasman, was involved in the implementation of the 2002 Restructuring. Tellor rejoined the RPM Entities in May 2010, likely in anticipation of the bankruptcy filing. With respect to Tellor's responsibilities at SPHC, he reports to Knoop and Hasman, and with respect to his responsibilities at Kop-Coat, to the COO of International. *See* 7/9/10 341 Transcript, at 20.

38. As discussed above, the Debtors' assertion at the beginning of these Chapter 11 cases that they intended to commence the Declaratory Judgment Action illustrates that the Debtors' directors do not possess the independence necessary to determine whether commencement and prosecution of the Subject Claims are in the best interest of the Debtors' estates.[26] In fact, this Court noted its concern regarding the inherent conflict in the Debtors' proposed declaratory action, cautioning the Debtors:

---

[25] See Letter Agreement dated June 1, 2010, attached hereto as **Exhibit D**.

[26] The appointment of conflicts counsel to litigate the Subject Claims cannot cure the underlying infirmity presented by the lack of independence of the Debtors' officers and directors.

> Well, I think that is going to be an issue, Mr. Gordon. I mean the debtors do need to maximize the value of the estate, not to minimize it, and to the extent that somebody else thinks there's value there and the debtor is saying, No, there isn't, I mean the debtor doesn't have to be in all accord with everything that the creditors agree with, but nonetheless, to institute the action when somebody is looking at those issues is very curious.
> …
> [T]he debtors' interests, if anything, it would seem, just without knowing the facts, but just as a legal matter, it would seem that the debtors' interest would be to look for contributions from its parent, not so say, My parent doesn't have anything to do with this.
> …
> So, that is troubling, and I think it does raise some issues of conflict.

Hr'g Tr. 7/14/10 at 35:25-37:44.

39. In summary, the Debtors' Directors and Officers have conflicts of interest that prevent them from independently and fairly investigating, evaluating and pursuing causes of action relating to the 2002 Transaction.

40. As the only truly independent entities with fiduciary duties to maximize the value of the Debtors' estates, the Movants should be granted standing to prosecute the Subject Claims.

ii. Debtors' Counsel's Conflicts Disqualify them from Commencing an Action against International and/or its Officers and Directors.

41. Similar to their clients, the Debtors' attorneys have significant conflicts of interest that would prevent them from vigorously prosecuting the claims asserted in the Complaint.[27] *See*

[27] *See* Hr'g Tr. 7/14/10 at 31:3-14 ("THE COURT: Alright, so, if I understand, to the extent that Jones Day or that the Committee, if not the debtor, or some entity, commences litigation against some or all of these entities, then I'm not going to be faced with a circumstance where Jones Day cannot either represent the debtor or the other side, whoever its going to be – Well, it can't be, I guess, the other side, the people who are sued. It will have to be representation of the debtor. If there's a conflict then conflicts counsel will be appointed. Is that the understanding? MS. RAMSEY: That has been my assumption from the conversations, Your Honor.").

[27] The Committee requested, in its *Limited Objection of Committee of Asbestos Personal Injury Claimants to the Application of the Debtors to Retain and Employ Jones Day as Counsel, Nunc Pro Tunc as of the Petition Date* [D.I. 159] (the "Limited Objection"), a supplemental representation that Jones Day's current representation of International will not prevent or otherwise limit its ability to advise and/or represent the Debtors in taking such adverse actions and/or commencing such litigation against the non-debtor subsidiaries of SPHC as appropriate for

generally Valley Media, 2003 WL 21956410, at *2 (stating that demand would be futile where debtor's counsel has a conflict of interest sufficient to effectively disqualify counsel from pursuing the otherwise colorable action). In connection with these Bankruptcy Cases, the Debtors retained Calfee as special corporate counsel. Calfee presently advises International and continues to serve as its general outside counsel.[28] Calfee is the same firm that acted as counsel on behalf of all of the SPHC-related entities, International, and RPM Funding Corp[29] (collectively, the "RPM Entities") in the 2002 Restructuring. Upon information and belief, not only did Calfee play an integral role in devising and effectuating each of the transactions that were part of the 2002 Restructuring, but it was the only counsel involved in the 2002 Restructuring for any of the RPM Entities. Interestingly, Calfee's integral role in the 2002 Restructuring, including its role as counsel to the reorganizing entities, was not disclosed in its retention application (filed June 11, 2010) or Calfee's declaration in support of retention. *See Declaration of Thomas F. McKee* [D.I. 80], at ¶3(c) (stating only that Calfee "has represented or currently represents certain of the current and former officers and directors of the Debtors, International, the Nondebtor Affiliates and the Nondebtor SPHC Subsidiaries," and providing a non-exclusive list of 17 individuals among that group).

42. Moreover, the Debtors' general bankruptcy counsel, Jones Day, is also counsel to International. As recognized at the hearing on Jones Day's retention application, Jones Day concurrently represents International[30] on matters unrelated to this chapter 11 proceeding. The Court further recognized that if litigation were commenced against International, conflicts

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the Debtors' benefit. The Debtors' objected to this request [D.I. 191] and no averment on these issues has ever been made by Jones Day.

[28] According to the testimony of Mr. Knoop, Calfee essentially acts as Debtors and International's in-house legal department. *See* 7/9/10 341 Transcript, at 10-11.

[29] See **Exhibit E** and **Exhibit F**, attached hereto .

[30] *See Application of the Debtors for an Order Authorizing them to Retain and Employ Jones Days as Counsel, Nunc Pro Tunc as of the Petition Date* [D.I. 47], Ex. A.

counsel would have to be appointed.[31] Accordingly, if Jones Day cannot represent the Debtors in litigation against its current client, International,[32] it surely cannot, consistent with its duty of loyalty, effectively advise the Debtors regarding any potential litigation against International. The fact that Jones Day (and Calfee) represents International, also casts serious doubt on the manner in which the Debtors alleged investigation was conducted.

43. The facts at bar suggest that the litigation strategy employed here by International and the Debtors is to frustrate the Movants' ability to effectively conduct their own investigations of the 2002 Restructuring and to "run out the clock" on the prosecution of these claims on behalf of the estate. Under these facts, any demand that the Debtors pursue the Subject Claims would be futile.

C. The Underlying Policy Considerations for the Demand Requirement Have Been Satisfied Obviating the Need for Formal Demand

44. Policy considerations also support excusing Movants from making a formal demand with respect to the Subject Claims. As stated by the *National Forge* court, "[t]he policy concerns underlying the general requirement of a formal demand are to ensure that the debtor is (i) informed of the committee's intent to assert the subject claims and (ii) afforded an opportunity to explain its reasons, if any, for declining to pursue the claims itself." *Official Comm. of Unsecured Creditors of Nat'l Forge Co. (In re Nat'l Forge)*, 326 B.R. 532, 544 (W.D. Pa. 2005).

45. Throughout the discovery process, in both meet-and-confer discussions as well as in correspondence, the Movants candidly discussed how their document requests specifically

[31] *See supra* note 26.
[32] The Committee requested, in the Limited Objection, a supplemental representation that Jones Day's current representation of International will not prevent or otherwise limit its ability to advise and/or represent the Debtors in taking such adverse actions and/or commencing such litigation against the non-debtor subsidiaries of SPHC as appropriate for the Debtors' benefit. The Debtors' objected to this request [D.I. 191] and no averment on these issues has ever been made by Jones Day.

related to the potential estate claims they were investigating. In fact, the Movants explicitly described the potential claims they were investigating as well as initial evidence on those claims in the context of the Movants continued efforts to obtain relevant discovery from the Debtors in July 2011, to wit:

> **Fraudulent Transfer**
>
> The Committee and FCR are currently investigating transactions in both 1999 and 2002. In 1999, it appears that Bondex was stripped of substantial valuable assets and did not receive reasonably equivalent value. It also appears from the limited discovery produced to date that Bondex's own senior officers were unaware or had little, if any involvement, in the transactions. The Committee and FCR are also investigating whether as a result of the 2002 restructuring, RPM International received profitable operating subsidiaries amounting to approximately seventy-five percent of the pre-restructuring assets of RPM, Inc. while leaving that entity, k/n/a Specialty Holding Products Corporation ("SPHC"), with entities such as Bondex and Dryvit, that had no or limited assets to offset substantial present and future tort liability. We are also investigating whether the dividend related to the 2002 reincorporation may constitute a fraudulent conveyance.
>
> **Conspiracy, Unjust Enrichment, Illegal Dividends, Alter Ego**
>
> The Committee and FCR are investigating whether RPM International conspired to effectuate fraudulent conveyances by means of Delaware reincorporation. Based upon our review of the documents produced to date, there is some evidence to suggest that RPM International was unjustly enriched, at the Debtors' expense and that some dividends to RPM International may have been illegal. Furthermore, by causing SPHC to transfer profitable subsidiaries to RPM International, RPM International may be deemed SPHC's alter ego and responsible for payment of asbestos-related claims asserted against SPHC. The corporate form between RPM International and SPHC may be deemed disregarded if such form was used as a sham to perpetrate a fraud.
>
> **Breach of Fiduciary Duty**

> With respect to an investigation of potential claims for breach of fiduciary duty, there is evidence to suggest that RPM International dominated and controlled SPHC., and despite a fiduciary duty not to use its power to its personal advantage, it used such control to the detriment of SPHC's creditors…. Further, SPHC's officers and directors may have breached their fiduciary duties to SPHC. and its creditors by, among other things, orchestrating, authorizing, and carrying out the transfer of SPHC ownership of numerous profitable industrial and consumer market entities to RPM International.[33]

46. The policy considerations for the demand requirement have been met. The Movants previously informed the Debtors of their desire to assert the Subject Claims. The Movants also afforded the Debtors with numerous opportunities to substantiate the Debtors' oft-stated position that the Subject Claims are meritless.[34]

47. Coupled with the impending statute of limitations deadline, the clear pattern of continued delay, and the Debtors' inherent conflicts, seeking a formal refusal from the Debtors is futile and the unjustifiable refusal component of the derivative standing test is satisfied. Accordingly, the Court should exercise its equitable power and authorize Movants to pursue the estates' claims arising from and related to the 2002 Restructuring.

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[33] *See* Letter from M. Sheppard to G. Gordon, dated July 8, 2011(copy attached as **Exhibit G**).

[34] While the Debtors have offered at various times to provide "a presentation explaining" the 2002 Restructuring (the "Presentation"), no such presentation has actually taken place and has been repeatedly rescheduled. The Debtors first offered to give the Presentation approximately a year ago. After repeated requests, the Presentation was finally scheduled for July 12, 2011, for the same date and location as the financial discovery documents meet-and-confer. Less than one month before the presentation meeting, the Debtors unilaterally cancelled, because the meeting was premature or unnecessary given the data requested by the Movants' financial advisors. Despite the Committee's response that it and the FCR continued to believe that a Presentation on July 12, 2011 could be beneficial, the Debtors continued to quash the presentation. The Debtors finally agreed to provide the long awaited Presentation during global case issue discussions that occurred at the end of September, 2011. But while the Movants worked with the Debtors in the beginning of October to schedule the Presentation before filing the instant motion, the Debtors could not supply a presentation date in advance of November 14, 2011 – the last day a motion could be filed to be heard at the December 19, 2011 omnibus hearing. The Presentation is currently rescheduled for November 29, 2011.

II. Conferring Derivative Standing Upon Movants To Bring The Subject Claims Will Benefit The Estates

48. The benefits to the estates warrant the Court permitting Movants to prosecute the Subject Claims. *See Centaur*, 2010 Bankr. LEXIS 3918, at *15 ("Here, the Committee has demonstrated that the Claims are colorable; however, whether the Committee should be allowed to prosecute the Claims turns on the outcome of the cost/benefit analysis."). When determining whether the potential cost and benefit renders it worth a committee pursuing litigation, courts within the Third Circuit will examine the following factors:

> 1. Whether the action is likely to benefit the reorganization estate; 2. The probabilities of legal success in the event the action is pursued; 3. Financial recovery in the event of success; 4. Whether appointment of a trustee or another party to bring the action would be preferable; and 5. The cost to the estate in proceeding with the action and the terms relative to any attorneys fees.

G-I Holdings, 2006 U.S. Dist. LEXIS 45510, at *40.

49. This standard is easily satisfied here. The potential recoveries from the Subject Claims and any other claims that may be identified as discovery proceeds represent a substantial pool of assets that may be used to satisfy the estates' liabilities to unsecured creditors. Given the large amounts at stake, even a relatively small chance of success would weigh strongly in favor of the Movants' pursuit of the Subject Claims. Here, the likelihood of the Movants prevailing is high. Successful prosecution of the Complaint could reasonably result in full payment of all of the asbestos creditors, both present and future, of these estates.

50. The costs and expenses to be incurred in connection with prosecuting the Subject Claims will not be excessive in relation to the potential recovery for the estates. Although litigation costs are a factor to consider, Movants must only provide the Court with "comfort that their litigation will be a sensible expenditure of estate resources."' *See Adelphia Commc'ns*

Corp. v. Bank of America, N.A. (In re Adelphia Commc'ns Corp.), 330 B.R. 364, 386 (Bankr. S.D.N.Y. 2005) ("[C]omfort … means, as a practical matter, providing the Court with a predicate for concluding that the claims will, if proven, provide a basis for recovery, and that the proposed litigation will not be a hopeless fling. It also means, as a practical matter, that the prospective rewards can reasonably be expected to be commensurate with the litigation's foreseeable cost.")[35]

51. In addition, because these are liquidating chapter 11 cases of non-operating Debtors, there is no particular need for the Debtors to remain in control of the Subject Claims. *See Nat'l Forge*, 304 B.R. at 218, 223 (finding in case with liquidating plan that there was "no risk that the Creditors' Committee is usurping the Debtor's role in bringing the Complaint. . . ." because "[a]ny funds that the Creditors' Committee expends in pursuit of the Complaint are funds that would otherwise be available for distribution to its constituents.").

52. Finally, the Movants are the only independent estate fiduciaries that did not participate in the subject transactions and are not conflicted; thus they are the only parties to this case that can fairly and impartially investigate and pursue the Subject Claims. As discussed above, undeniable conflicts exist that prevent the Debtors from prosecuting the Subject Claims.

[35] Unlike the Declaratory Judgment Action suggested by the Debtors at the outset of the case where the estates would have been charged the professional fees associated for both Debtors' counsel for defending the Declaratory Judgment Action (and therefore International's liabilities to the estates and any potential monetary recovery from it) and the Committee's and the FCR's counsel in opposition thereto, here the estates will only be charged with the expenses associated with prosecuting the claims (with potential for significant recovery) and International's defense costs will be paid by International (not these estates).

CONCLUSION

53. For the foregoing reasons, Movants have satisfied the requirements to obtain authority to prosecute, address, litigate, and, if appropriate, settle the Subject Claims, as well as any additional claims that may be identified through further investigation and discovery, and to pursue all other actions, objections and rights with respect to same. The Movants respectfully

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request that the Court enter the attached order granting this Motion.

Dated: Wilmington, Delaware
November 14, 2011

Respectfully submitted,

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Exhibit 6

UNITED STATES BANKRUPTCY COURT
FOR THE WESTERN DISTRICT OF NORTH CAROLINA
Charlotte Division

In re:	:	Case No. 10-BK-31607
GARLOCK SEALING TECHNOLOGIES, LLC, *et al.*,	:	Chapter 11
Debtors.[1]	:	Jointly Administered

JOINT MOTION OF THE OFFICIAL COMMITTEE OF ASBESTOS PERSONAL INJURY CLAIMANTS AND THE FUTURE CLAIMANTS REPRESENTATIVE FOR LEAVE TO CONTROL AND PROSECUTE CERTAIN CLAIMS AS ESTATE REPRESENTATIVES

The Official Committee of Asbestos Personal Injury Claimants (the "**ACC**") and Joseph W. Grier, III, in his capacity as the Legal Representative for Future Asbestos Claimants (the "**FCR**," and together with the ACC, the "**Movants**"), hereby move, pursuant to 11 U.S.C. §§ 105(a), 1103(c)(5), 1106, 1107(a), and 1109(b), for entry of an order of this Court designating the ACC and the FCR as co-representatives of the estate of Garlock Sealing Technologies LLC ("**Garlock**"), clothed with the authority of trustees in lieu of the debtors-in-possession, for the purposes of filing and prosecuting for the benefit of Garlock's estate and creditors all claims set forth in the proposed Complaint, which is annexed hereto as **Exhibit A**, or any amendment thereof that the Court may permit.

The grounds supporting this Motion are set forth in detail in the *Memorandum of the Official Committee of Asbestos Personal Injury Claimants and the Future Claimants Representative in Support of Their (I) Motion for Leave to Control and Prosecute Certain*

[1] The Debtors are Garlock Sealing Technologies LLC, Garrison Litigation Management Group, Ltd., and The Anchor Packing Company.

Claims as Estate Representatives, and (II) Motion to Lift Injunction to Permit Such Claims to Proceed (the "**Memorandum**"), which is being filed concurrently with this Motion and is incorporated by reference as if set forth fully herein.

WHEREFORE, for the reasons set forth in the Memorandum, the ACC and the FCR respectfully request that this Court (a) grant this motion in its entirety; (b) enter the proposed order in the form annexed hereto, designating the ACC and the FCR as representatives of Garlock's estate and clothed with the powers of a bankruptcy trustee for purposes of filing and prosecuting a complaint substantially in the form annexed hereto as **Exhibit A**; and (c) grant to the ACC and the FCR such other and further relief as this Court deems just and appropriate.

Dated: April 30, 2012

Respectfully submitted,

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Exhibit 7

UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

IN RE:	:	Chapter 11
PADDOCK ENTERPRISES, LLC,	:	Case No. 20-10028 (LSS)
Debtor.[1]	:	**Re: Docket No. 113**

THE OFFICIAL COMMITTEE OF ASBESTOS PERSONAL INJURY CLAIMANTS' OPPOSITION TO THE UNITED STATES TRUSTEE'S MOTION TO APPOINT AN EXAMINER

The Official Committee of Asbestos Personal Injury Claimants ("**Committee**" or "**ACC**"), by and through its undersigned counsel, hereby opposes, for the reasons that follow, the *United States Trustee's Motion for an Order Directing the Appointment of an Examiner* (D.I. 113) ("**Motion**") filed by the United States Trustee for Regions 3 and 9 ("**UST**") on February 24, 2020.

PRELIMINARY STATEMENT

The Motion filed by the UST has two parts. The first is the assertion that an examiner should be appointed to examine the so-called Modernization Transaction ("**Restructuring Transaction**"). This request is premature at best and an inappropriate interference with the Committee's role in examining that same transaction. The Committee does not at this time, and may never, need the assistance of an examiner to review the Restructuring Transaction; the Committee is both statutorily authorized to, and has the professionals and resources to, investigate that transaction fully. Indeed, the Committee is the most motivated to do so, and has already commenced that investigation.

[1] The last four digits of the Debtor's federal tax identification number are 0822. The Debtor's mailing address is One Michael Owens Way, Perrysburg, Ohio 43551.

The second is that an examiner should be appointed to investigate the extent to which "the Debtor was paying questionable asbestos claims prior to bankruptcy." This is an inappropriate and unlawful misuse of the Bankruptcy Code's examiner provision, as explained below. The idea that the Debtor will not be vigilant enough in attacking its creditors, who in this case are dying asbestos victims or their survivors, and thus needs an examiner to be appointed to do so, is an absurd position for the UST to take here. Nor does the Court need to appoint an examiner to make plan objections that the government has made itself in other cases.

ARGUMENT

I. THIS COURT HAS THE DISCRETION TO DENY THE MOTION

In support of its Motion, the UST relies principally on 11 U.S.C. § 1104(c)(2) to contend that appointment of an examiner is mandatory. This argument is incorrect for at least two reasons.

A. This Court Has Discretion Over Whether an Investigation Is "Appropriate"

The Code does not, as the UST argues, mandate the appointment of an examiner. Statutes must be construed as a whole and not by cherry-picking individual words. *United States v. Cooper*, 396 F.3d 308, 313 (3d Cir. 2005) ("[W]hen 'interpreting a statute, the court will not look merely to a particular clause in which general words may be used, but will take in connection with it the whole statute. . . .'" (quoting *Kokoszka v. Belford*, 417 U.S. 642, 650 (1974))); *see also Tavarez v. Klingensmith*, 372 F.3d 188, 190 (3d Cir. 2004) (referencing the "cardinal rule that a statute is to be read as a whole, . . . since the meaning of statutory language, plain or not, depends on context" (internal quotation marks omitted) (quoting *King v. St. Vincent's Hosp.*, 502 U.S. 215, 221 (1991))). Although § 1104(c) does include the words "the court shall order the appointment of an examiner," this language must be construed along with the remaining words of that sentence, "to conduct such an investigation of the debtor *as is appropriate*." § 1104(c) (emphasis added).

This interpretation of the statutory language is supported by the legislative history of the statute. The "standards for the appointment of an examiner are the same as those for the appointment of a trustee; the protection must be needed, and the costs and expenses must not be disproportionately high." H.R. REP. NO. 95-595, at 403 (1977), *as reprinted in* 1978 U.S.C.C.A.N. 5963, 6359; *see also In re Table Talk, Inc.*, 22 B.R. 706, 712-13 (Bankr. D. Mass. 1982) ("The legislative history clearly states the standard [for appointing an examiner]: the protection must be needed and the costs must not be disproportionately high.").

Consistent with the statutory language and legislative history, this Court has often reached the conclusion that § 1104(c)(2) does not mandate the appointment of an examiner where such an examination would not be appropriate under the circumstances.[2] *See, e.g., U.S. Bank Nat'l Ass'n v. Wilmington Tr. Co.* (*In re Spansion, Inc.*), 426 B.R. 114, 128 (Bankr. D. Del. 2010) (denying motion to appoint examiner under § 1104(c)(2) because "as is appropriate" language afforded court discretion to deny appointment that would result in waste and delay); *In re SRC Liquidation LLC*, No. 15-10541 (BLS), 2019 Bankr. LEXIS 2851, at *16 (Bankr. D. Del. Sept. 12, 2019) ("[T]his Court will also decline to exercise its equitable authority to appoint an examiner."); Order Denying Motion to Appoint an Examiner with Access to and Authority to Disclose Privileged Materials, *In*

[2] Delaware bankruptcy judges, among others, have thus rejected the Sixth Circuit's decision to the contrary in *Revco* and its progeny cited by the UST. Courts in other jurisdictions have reached similar conclusions. *See, e.g., In re Residential Capital, LLC*, 474 B.R. 112, 121 (Bankr. S.D.N.Y. 2012) (finding that examiner appointments are not mandated by § 1104(c) even where "fixed debts [are] in excess of $5 million" and should be denied "where the evidence establishes that the protection of an examiner is not needed under the facts and circumstances of the case"); *In re Erickson Ret. Cmtys., LLC*, 425 B.R. 309, 314 (Bankr. N.D. Tex. 2010) (denying examiner motion where the movant, per a subordination agreement, had waived his right to file any action until senior creditors were paid); *In re Rutenberg*, 158 B.R. 230, 233 (Bankr. M.D. Fla. 1993) (refusing to appoint examiner based on the "totality of the factors"); *In re Shelter Res. Corp.*, 35 B.R. 304, 305 (Bankr. N.D. Ohio 1983) ("[T]o slavishly and blindly follow the so-called mandatory dictates of Section 1104[] is needless, costly and non-productive and would impose a grave injustice on all parties herein.").

re Allied Nevada Gold Corp., No. 15-10503 (MFW) (D. Del. Bankr. Sept. 15, 2015) (D.I. 995) (denying appointment of examiner), *appeal dismissed*, *Ad Hoc Committee S'holders v. Allied Nev. Gold Corp.* (*In re Allied Nev. Gold Corp.*), 565 B.R. 75 (D. Del. 2016), *aff'd*, 725 F. App'x 144 (3d Cir. 2018); Hr'g Tr. at 170:16-20, *In re Visteon Corp.*, No. 09-11786 (CSS) (Bankr. D. Del. May 12, 2010) (D.I. 3145) (denying appointment of examiner and noting the "absurd result to find that in every case where the financial criteria is met and a party-in-interest asks, the Court must appoint an examiner"); Hr'g Tr. at 97:9-13, *In re Wash. Mut. Inc.*, No. 08-12229 (MFW) (Bankr. D. Del. May 5, 2010) (D.I. 3699) (holding that, even though debtors owed more than $5 million in fixed debt, court had "discretion to determine what appropriate investigation of the debtor should occur and that, if the Court determines that there's no appropriate investigation that needs to be conducted, the Court has the discretion to deny the appointment of an examiner"); Hr'g Tr. at 76:9-12, *In re Am. Home Mortg. Holdings, Inc.*, No. 07-11047 (CSS) (Bankr. D. Del. Oct. 31, 2007) (D.I. 1997) (rejecting mandatory interpretation of § 1104(c)(2) because financial threshold was only part of inquiry and "the other piece of the puzzle is that there has to be an investigation to perform that's appropriate," and denying motion to appoint examiner); Hr'g Tr. at 23:16-18, 82, *In re SA Telecomm., Inc.*, No. 97-2395 (Bankr. D. Del. Mar. 27, 1999) (holding that "this Court has for years consistently viewed 1104(c)(2) as not being a mandatory provision"). The UST's position simply ignores governing principles of statutory construction, the clear legislative history, and this Court's many prior decisions to the contrary.

B. It Is Not Even Clear That the $5 Million Minimum Threshold Has Been Reached

In addition, Bankruptcy Code section 1104(c)(2) provides for the potential appointment of an examiner only if "the debtor's fixed, liquidated, unsecured debts . . . exceed $5,000,000." The words "fixed, liquidated, unsecured" carry separate meanings. The word *fixed* cannot be read as

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a synonym of *liquidated* because that would make the word *fixed* superfluous, and courts should not interpret statutes in such manner. *See Hibbs v. Winn*, 542 U.S. 88, 101 (2004) (stating that a "statute should be construed so that effect is given to all its provisions, so that no part will be inoperative or superfluous, void or insignificant" (internal quotation marks and citation omitted)); *Disabled in Action of Pa. v. SEPTA*, 539 F.3d 199, 210 (3d Cir. 2008) ("We assume . . . that every word in a statute has meaning and avoid interpreting one part of a statute in a manner that renders another part superfluous.").

For this reason, the bankruptcy court in *In re Dewey & LeBoeuf LLP*, 478 B.R. 627 (Bankr. S.D.N.Y. 2012), interpreted "fixed debt" to mean "[g]enerally, a permanent form of a debt commonly evidenced by a bond or debenture; long-term debt." *Id*. at 637 (alteration in original) (quoting *Black's Law Dictionary* at 463 (9th ed. 2009)). By contrast, the *Dewey & LeBoeuf* court found the term "liquidated debt" to mean a "debt whose amount has been determined by agreement of the parties or by operation of law." *Id*. (quoting *Black's Law Dictionary* at 463). The UST points solely to the settled but unpaid prepetition asbestos claims as the unsecured debt in excess of $5 million. But they do not appear to qualify as "fixed debt" because they are not "a permanent form of a debt commonly evidenced by a bond or debenture," nor are they "long-term debt" such as mortgage debt and bond debt. The UST thus cannot assert that appointment of an examiner is mandatory, as the UST has not demonstrated that the $5 million threshold has been met.

II. THIS COURT SHOULD DENY THE MOTION BECAUSE THE UST'S PROPOSED "INVESTIGATION" IS NEITHER APPROPRIATE NOR IN THE INTEREST OF CREDITORS AND OTHER STAKEHOLDERS

A. The ACC Should Be Permitted to Continue Unimpeded with Its Examination of the Restructuring Transaction

After appointing the ACC, the official creditors' committee in this case, the UST should not be permitted to sideline the ACC in favor of a new actor: an examiner. Section 1103(c) of the

Bankruptcy Code, *inter alia*, expressly empowers the Committee to "investigate the acts, conduct, assets, liabilities, and financial condition of the . . . debtor's business . . . and any other matter relevant to the case or to the formulation of a plan." 11 U.S.C. § 1103(c)(2). Such investigation is thus part of the Committee's express statutory powers and duties and, as noted previously and expanded on below, the Committee has already begun its investigation of the Restructuring Transaction. There is no appropriate basis to interfere with this investigation at this juncture. *See, e.g.*, Hr'g Tr. at 77:2-8, *In re Am. Home Mort. Holdings, Inc.*, No. 07-11047 (CSS) (Bankr. D. Del. Oct. 31, 2007) (D.I. 1997) (noting that because there were already ongoing investigations, the Court did not "think . . . there would be anything to be gained by appointing an examiner"); *In re Table Talk, Inc.*, 22 B.R. at 712 ("I cannot see how it is in the best interests of creditors to place another functionary [examiner] in this case when no one has satisfactorily explained what an examiner could do that present functionaries could not do.").

To be absolutely clear, the Restructuring Transaction, which purportedly separated asbestos and environmental liabilities from the operating assets of the O-I glass business, certainly warrants investigation. But such an investigation should be in the hands of the Committee and the future claimants' representative ("**FCR**"). The Restructuring Transaction transformed the Debtor from a publicly traded Fortune 500 company, earning billions of dollars in annual revenue, into a stripped down subsidiary holding real estate, which is expected to receive net rental income of less than $500,000 a year. *See* Declaration of David J. Gordon, President and Chief Restructuring Office of the Debtor in Support of Chapter 11 Petition and First Day Pleadings, ¶¶ 30-32 (D.I. 2). On this basis alone, the Restructuring Transaction has disadvantaged asbestos creditors, and it bears the hallmarks of a textbook fraudulent transfer. But there is more. The Restructuring Transaction converted the Debtor from the ultimate parent holding company to a sister subsidiary

of the subsidiary, Owens-Illinois Group, Inc., that directly and indirectly holds the operating assets. *See id.* ¶ 22. This has enabled the Debtor's former glass business to bypass the Debtor and upstream cash to the new parent holding company, O-I Glass, Inc., which in turn has embarked on paying tens of millions of dollars in quarterly dividends to the Debtor's (former) public shareholders—the next round of quarterly dividends is scheduled to be paid on March 16, 2020. *See* O-I Glass Inc., Current Report (Form 8-K), Feb. 4, 2020. In other words, the Restructuring Transaction has effected an end-run around this Court's supervisory authority over estate assets and violated the absolute priority rule by allowing payments to shareholders ahead of asbestos creditors. *Cf. In re Telegroup, Inc.*, 281 F.3d 133, 139 (3d Cir. 2002) ("Under the absolute priority rule, 'stockholders seeking to recover their investments cannot be paid before provable creditor claims have been satisfied in full.'" (citation omitted)). Indeed, it is similarly outrageous that the Debtor and its controlling affiliates are using this bankruptcy to attempt to preclude or delay payment of the many liquated asbestos settlements reached immediately before the filing, in an apparent attempt to gain leverage over the asbestos constituency.

The Restructuring Transaction has both clearly prejudiced asbestos claimants and represents an attempted abuse of the Bankruptcy Code. The Committee appropriately believes it not only has the right to pursue an appropriate examination of the Transaction, but also to unwind it and to pursue any other related relief it deems appropriate. An examiner, and the scope of the examination proposed by the UST, would interfere with this important work by the Committee.

The Committee is properly incentivized and equipped to get to the bottom of this prepetition restructuring, and the UST certainly has not supplied a factual basis to the contrary. *See In re Gilman Servs., Inc.*, 46 B.R. 322, 327 (Bankr. D. Mass. 1985) (requiring a "factual basis supporting the need for an *independent* investigation") (emphasis added). Indeed, over the past

few weeks, the Committee has engaged, for this very purpose, professionals who are experienced in investigating and examining prebankruptcy corporate restructurings. For example, on March 3, 2020, the Committee filed its application to employ Winston & Strawn LLP as special litigation counsel to support its investigation of the Restructuring Transaction. The Committee has also engaged FTI Consulting to provide financial analysis for the investigation. In addition, the Committee has already sought and received discovery about this prepetition restructuring from the Debtor and begun analyzing it, including performing legal and factual research regarding the transaction.

Based on discovery and investigations by parties in interest, including creditors' committees, courts have declined to appoint examiners. *See, e.g., Spansion, Inc.,* 426 B.R. at 128 (denying appointment of examiner where "the Creditors Committee and various *ad* hoc committees have vigorously represented the interests of unsecured creditors" and "have had ample opportunity to conduct—and have conducted—extensive discovery, and to investigate the Debtors"); *In re Mechem Fin. of Ohio, Inc.*, 92 B.R. 760, 761 (Bankr. N.D. Ohio 1988) (denying appointment of examiner where, among other things, creditors' committee was supervising debtor's activities, was authorized to perform investigations, and could pursue preference claims); *In re Sletteland*, 260 B.R. 657, 672 (Bankr. S.D.N.Y. 2001) (noting that the appointment of an examiner may be unwarranted where an official committee could appropriately perform the investigation); Hr'g Tr. at 98-99, *In re Wash. Mut. Inc.*, No. 08-12229 (MFW) (Bankr. D. Del. May 5, 2010) (D.I. 3699) (rejecting examiner request based in part on investigations "conducted . . . by the debtor and the creditors' committee"); Hr'g Tr. at 72:19-25, *In re Am. Home Mort. Holdings, Inc.*, No. 07-11047 (CSS) (Bankr. D. Del. Oct. 31, 2007) (D.I. 1997) (denying motion for examiner to investigate debtor's previous loan origination and servicing practices, *inter alia*,

because "we have a Creditors Committee in the case" that is "watching the case very closely, and taking steps . . . in the best interest of creditors"). As in *Spansion, Inc.*, an examiner here "would cause undue cost to the estate, which would be harmful to the Debtor[] and would delay the administration of this chapter 11 case." 426 B.R. at 128.

B. The UST's Proposed Investigation of Alleged "Abuse" in the Tort System Is Both Inappropriate and Irrelevant

In addition to the Restructuring Transaction, the UST seeks an examiner to investigate an alleged "disparity" between what the prepetition Debtor was paying in respect of tort claims and what the Debtor believed it should have been paying. The UST attempts to justify such an investigation by insinuating that this alleged "disparity is due to the payment of invalid or non-meritorious claims by the Debtor" and asserts that the "possibility of abusive claims need[s] to be examined." Motion ¶ 19.[3] Ironically, even the Debtor is not making those allegations at this time, and to the extent it ever attempts to do so in the future, the Committee will be fully prepared to respond. Any argument that the Debtor, and its legion of legal and financial professionals, would need an examiner's help in this regard is ludicrous. Moreover, the idea that it would be appropriate for the UST to appoint an examiner to attack asbestos victims and their survivors is appalling, and should be rejected by this Court.

Indeed, such appointment would also go beyond the clear language of § 1104(c), pursuant to which an examiner can only be ordered to "conduct such an investigation of the debtor as is appropriate, including an investigation of any allegations of fraud, dishonesty, incompetence, misconduct, mismanagement, or irregularity in the management of the affairs of the debtor of or by current or former management of the debtor." That provision says nothing about appointing an

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[3] Even taken at face value, these allegations do not establish any wrongdoing.

examiner to investigate creditors, much less former creditors, and under controlling principles of statutory construction, such an expansion of the statutory language is to be avoided.[4]

When considering motions to appoint an examiner, courts place the burden of proof on the movant to demonstrate that the appointment is proper under § 1104(c). *See, e.g.*, Hr'g Tr. at 90-91, *In re Allied Nevada Gold Corp.*, Case No. 15-10503 (MFW) (Bankr. D. Del. Sept. 11, 2015) ("Anybody who files a motion for appointment of an examiner has the burden of establishing that there is a reason for such appointment. It has to be in the interest of creditors and shareholders, and in determining that I also have to consider the cost and delay that would be inherent in the appointment of an examiner."); Hr'g Tr. at 196-97, *In re EV Energy Partners, L.P.*, Case No. 18-10814 (CSS) (Bankr. D. Del. (May 16, 2018) ("[T]here has to be an actual examination that needs to be done, an appropriate inquiry that needs to be pursued and I think the Movant in a motion to appoint an examiner has the burden of proof of establishing something, some reason that it would be helpful to appoint an examiner"); *Dewey & LeBoeuf LLP*, 478 B.R. at 636 ("The moving party has the burden to prove that an examiner should be appointed."); *Mechem Fin. of Ohio, Inc.*, 92 B.R. at 761 ("[T]he U.S. Trustee's application for appointment of an Examiner is denied, the U.S. Trustee having failed to meet his burden of proof that appointment is required or warranted."); *In re Am. Bulk Transp. Co.*, 8 B.R. 337, 341 (Bankr. D. Kan. 1980) ("The principal issue in this matter is whether . . . [the movant] has met its burden of showing that an examiner should be

[4] *See Madar v. U.S. Citizenship & Immigration Servs.*, 918 F.3d 120, 123 (3d Cir. 2019) ("Under the interpretive canon *expressio unius est exclusio alterius*, we presume that '[t]he expression of one thing implies the exclusion of others." (citation omitted) (alteration in original)); *Devon Robotics, LLC v. DeViedma*, 798 F.3d 136, 142-43 (3d Cir. 2015) ("And under the canon of *expressio unius est exclusio alterius* ('the express mention of one thing excludes all others'), Congress's enumeration of several categories of appealable orders, but not orders denying summary judgment, indicates that Congress intended orders denying summary judgment to fall outside the scope of [appealable order under 9 U.S.C.] § 16.").

appointed to investigate the debtor."). Yet, the UST fails to meet this burden, and his proposed investigation into alleged "abuse" is irrelevant here and would inflict substantial unnecessary costs and delay on the estate and its creditors.

The UST's proposed investigation into alleged past claiming "abuse" is irrelevant to what the Debtor seeks to accomplish, which is to resolve current and future asbestos claims under a plan that will provide for an settlement trust and channeling injunction under 11 U.S.C. § 524(g). To obtain such a trust and injunction, several prerequisites set forth in § 524(g) must be satisfied. According to the Third Circuit, these prerequisites "are designed to protect the interests of future claimants whose claims are permanently enjoined. Among these, the plan must be approved by a super-majority of current claimants . . . ." *In re Combustion Eng'g, Inc.*, 391 F.3d 190, 237 (3d Cir. 2004), *as amended* (Feb. 23, 2005). Satisfying these prerequisites, including the supermajority support of current claimants, requires negotiation and, ultimately, consensus. *See In re Thorpe Insulation Co.*, 671 F.3d 1011, 1027 (9th Cir. 2012) ("If . . . [the debtor] did not negotiate with asbestos claimants and their representatives to set a plan that they would support, a successful reorganization would not have been possible."). It is up to those parties—not an examiner—to figure out the extent of the Debtor's current and future asbestos liabilities, which in turn will inform whether the proposed funding of a 524(g) trust is adequate. Granting an examiner broad license to crisscross the country to unearth alleged "abuse" in past asbestos cases will not inform plan negotiations, and will thus prove to be costly and unhelpful.

The Debtor was in the tort system for decades, had sophisticated counsel defending it, and was resolving and paying claims in accordance with the claims handling agreements it had entered into. The suggestion that the Debtor was bamboozled into paying deficient or meritless claims in the tort system is nonsense. The Debtor's current and future asbestos liability is a confirmation

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issue that must be resolved between the Debtor on the one hand and the ACC and FCR on the other, not an examiner acting as some nationwide quasi-governmental roving commission expressing pro-defendant policy preferences. Courts have refused appointing examiners where the key issues in question pertain directly to plan confirmation and thus should be resolved by the key stakeholders in the case. *See Spansion, Inc.*, 426 B.R. at 128 (denying appointment of examiner where, *inter alia*, where "the allegations of bad faith against the Debtors' management" provided "a classic confirmation dispute, rather than grounds for an investigation by an examiner"); Hr'g Tr. at 171-73, *In re Visteon Corp.*, No. 09-11786 (CSS) (Bankr. D. Del. May 12, 2010) (D.I. 3145) (concluding that the "case does not need an examiner" where the issues gave rise to "a good old fashioned fight over a debtor that has some value," which should be contested and resolved at confirmation); *see also* Hr'g Tr. at 167:21-168:3, *In re Innkeepers USA Trust*, No. 10-13800 (Bankr. S.D.N.Y. Sept. 30, 2010) (D.I. 546) ("[C]ourts have quite understandably and properly, I believe, pushed back and declined to appoint an examiner to join an otherwise crowded fray, in which the many combatants are well armed and highly motivated.").

The UST asserts that an examiner's investigation of the tort system is necessary to determine "whether additional safeguards would be needed to protect recoveries of persons with valid claims against the Debtor, including in any plan to be proposed or in the operations of any asbestos trust to be created." Motion ¶ 15. What happens in the tort system is also logically separate from what happens under a claims settlement process such as that typically created in asbestos bankruptcies, as further described below. Consequently, supposed conclusions by an examiner about the tort system would be largely or entirely irrelevant.

In addition, any consensual 524(g) plan proposed in this case will be accompanied by proposed trust distribution procedures ("**TDP**") that will govern the resolution and payment of

eligible asbestos claims going forward. Virtually every TDP proposed in an asbestos bankruptcy case includes medical criteria and exposure criteria that claimants must satisfy to receive a settlement offer from the trust. In other words, all TDPs have safeguards built into them to ensure that only eligible claims are paid. And the Third Circuit has made its view clear that "the trusts appear to have fulfilled Congress's expectation that they would serve the interests of both current and future asbestos claimants and corporations saddled with asbestos liability. In particular, observers have noted the trusts' effectiveness in remedying some of the intractable pathologies of asbestos litigation, especially given the continued lack of a viable alternative providing a just and comprehensive resolution." *In re Federal-Mogul Glob. Inc.*, 684 F.3d 355, 362 (3d Cir. 2012).

In any event, if the UST were to determine that any TDP safeguards proposed in this case are inadequate, the UST could make an objection at the disclosure stage or, more appropriately, at confirmation, and this Court could decide that objection then. This has been the process followed in several other cases. For example, in the case of *In re Kaiser Gypsum, Inc.*,[5] before the very court that rendered the *Garlock* estimation opinion, the U.S. Department of Justice[6] objected to the debtors' disclosure statement, arguing, among other things, "[t]he [proposed] Trust Distribution Procedures authorize a black box of confidentiality that could facilitate fraud that is similar to the fraud that this Court recently uncovered in . . . [*Garlock*]."[7] In response, not only did the bankruptcy court overrule the Justice Department's objection, but also clarified its view of

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[5] No. 16-31602 (Bankr. W.D.N.C.).

[6] The UST has no jurisdiction in the bankruptcy courts of North Carolina, which instead uses a "Bankruptcy Administrator" to perform the role of the UST. Consequently, the Department of Justice appeared in this case rather than any particular UST office.

[7] United States' Objection to Debtors' Motion for an Order (I) Approving Their Disclosure Statement, (II) Establishing Procedures for Solicitation and Tabulation of Votes to Accept or Reject Proposed Joint Plan of Reorganization and (III) Scheduling a Hearing on Confirmation of Proposed Joint Plan of Reorganization and Approving Related Notice Procedures, at 8-9, *In re Kaiser Gypsum, Inc.*, No. 16-31602 (Bankr. W.D.N.C. Nov. 6, 2018) (D.I. 1299).

the *Garlock* estimation opinion and limited its application.[8] The court first noted that the estimation opinion "was written narrowly, but has been read broadly and it is, admittedly, based on a . . . limited number of instances of suppression of evidence by plaintiffs' firms, only 15 [out of hundreds of thousands]" and that "that case was settled and . . . [the estimation opinion was] never tested on appeal."[9] Moreover, the court questioned any reading of the estimation opinion "as an indictment of the tort system as a whole or a suggestion that all those good people in the state courts need this little bankruptcy court to protect them from fraud."[10]

The UST in *In re Duro Dyne National Corp.*[11] also objected to confirmation of the chapter 11 plan on the ground that the plan and its related asbestos trust documents did not adequately safeguard against alleged potential fraud and abuse. The bankruptcy court summarily rejected those arguments and confirmed the plan over the UST's objection:

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[8] Hr'g Tr. at 51:13-52:6, *In re Kaiser Gypsum, Inc.*, No. 16-31602 (Bankr. W.D.N.C. Sept. 4, 2019).

[9] *Id.* at 51:14-20.

[10] *Id.* at 51:21-24. In yet another case, *In re Sepco Corp.*, the UST objected to the debtor's disclosure statement on the ground that the proposed plan was patently unconfirmable for its "lack of safeguards against fraudulent and abusive claims," again relying on the *Garlock* estimation opinion and academic articles about it to "evidence" such fraud and abuse. *See, e.g.*, Objection of United States Trustee to Motion of Debtor for an Order Approving (I) the Disclosure Statement; (II) the Solicitation and Voting Procedures; (III) Forms of Ballots; (IV) Deadlines and Procedures to File Objections to the Disclosure Statement and the Plan; (V) a Hearing Date to Consider Confirmation of the Plan; and (VI) the Form, Scope, and Manner of Notice of the Plan and Confirmation Hearing, at 3-5, 20, *In re Sepco Corp.*, No. 16-50058 (AMK) (Bankr. N.D. Ohio Aug. 7, 2019) (D.I. 620). The *Sepco* court similarly overruled the UST's objections and approved the disclosure statement. Order, *In re Sepco Corp.*, No. 16-50058 (AMK) (Bankr. N.D. Ohio Dec. 16, 2019) (D.I. 669).

[11] No. 18-27963 (MBK) (Bankr. D.N.J.).

> As an initial matter, this Court observes that the UST's concerns are bottomed on alarms raised in industry studies and academic works. Indeed, apart from the *Garlock* case (which this Court deems to be premised on a different factual scenario and involved unrelated concerns), the UST has not been able to point to any concrete illustrations or to identify any actual harms which have manifested in the extended history of asbestos cases in our bankruptcy courts.[12]

There is no reason for this Court to, in effect, rule on a premature confirmation objection.

To launch now a wide-ranging investigation of the Debtor's asbestos history and experience in the tort system would be inappropriate, would not be conducive to reaching a consensual 524(g) plan, and would impose significant cost and delay. It is thus not in the interests of the Debtor's creditors, equity holder, or other interests in the estate, nor is it surprising, therefore, that no such stakeholders are requesting that such an examiner be appointed. The Motion should be denied.

CONCLUSION

For the reasons stated above, this Court should enter an order denying the UST's Motion and granting such other and further relief as this Court deems just and appropriate.

[Signatures on following page]

[12] Report and Recommendation for Entry of: (A) Findings of Fact and Conclusions of Law with Respect to the Third Amended Plan of Reorganization; and (B) Confirmation Order, para. 138, *In re Duro Dyne Nat'l Corp.*, No. 18-27963 (MBK) (Bankr. D.N.J. July 16, 2019) (D.I. 784-1).

Dated: March 11, 2020

Respectfully submitted,

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UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

IN RE:	:	Chapter 11
PADDOCK ENTERPRISES, LLC,	:	Case No. 20-10028 (LSS)
Debtor.[1]	:	

CERTIFICATE OF SERVICE

I, Mark T. Hurford, of Campbell & Levine, LLC, hereby certify that on March 11, 2020, I caused a copy of the foregoing to be served upon the individuals on the attached service list via first class mail and via email, where indicated.

Dated: March 11, 2020

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Exhibit 8

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	Chapter 11
PADDOCK ENTERPRISES, LLC,[1]	Case No. 20-10028 (LSS)
Debtor.	**Ref. Docket No. 113**

OBJECTION OF FUTURE CLAIMANTS' REPRESENTATIVE TO THE UNITED STATES TRUSTEE'S MOTION FOR AN ORDER DIRECTING THE APPOINTMENT OF AN EXAMINER

James L. Patton, Jr., the proposed legal representative (the "Future Claimants' Representative") for persons who have not yet asserted an asbestos-related personal injury claim against the debtor and debtor-in-possession (the "Debtor") in the above-captioned chapter 11 case (the "Chapter 11 Case") but may in the future assert such a claim (the "Future Claimants"), by and through his undersigned counsel, hereby responds and objects (this "Objection") to the *United States Trustee's Motion for an Order Directing the Appointment of an Examiner* [Docket No. 113] (the "Examiner Motion") as follows:

PRELIMINARY STATEMENT[2]

The Examiner Motion should be denied because the relief requested under section 1104(c) of the Bankruptcy Code is neither mandatory nor appropriate in this case.

The Future Claimants' Representative and the UST-appointed ACC, in accordance with their statutory mandates and fiduciary obligations, have already undertaken the investigation the UST seeks related to the prepetition Corporate Transactions. Appointing an examiner to conduct the same investigation would not only result in increased costs and a fundamental duplication of efforts,

[1] The last four digits of the Debtor's tax identification number are 0822. The Debtor's mailing address is One Michael Owens Way, Perrysburg, Ohio 43551.

[2] Capitalized terms used but not defined in this Preliminary Statement shall have the meanings ascribed to them in the body of this Objection or the Examiner Motion, as applicable.

but would also unnecessarily delay the Plan Process to the detriment of creditors. Because the UST has not alleged that the Future Claimants' Representative and the ACC are incapable of completing the requested investigation, the appointment of an examiner would impose significant delay and additional administrative burden without any discernable benefit.

Moreover, the Examiner Motion fails to account for the fact that the Future Claimants' Representative has a fundamental responsibility under section 524(g) of the Bankruptcy Code to negotiate a chapter 11 plan that is fair and equitable to Future Claimants, and includes appropriate trust distribution procedures, the terms of which will be subject to review by the Court and the UST. To be sure, the UST is well equipped to challenge the plan and trust distribution procedures at the appropriate time if he believes they are inadequate. See, e.g., In re Maremont, Case No. 19-10118 (KJC) (Bankr. D. Del. 2019) [Docket No. 112] (UST objection to plan and trust distribution procedures); In re Duro Dyne National Corp., Case No. 18-27963 (MBK) (Bankr. D. N.J. 2018) [Docket No. 753] (same).

Courts in this jurisdiction have made it clear that the appointment of an examiner is not mandatory, and this Court should exercise its discretion and deny the Examiner Motion, or otherwise adjourn the matter for at least ninety (90) days to provide the Future Claimants' Representative and the ACC the opportunity to continue their ongoing investigations and commence negotiations with the Debtor on the terms of a chapter 11 plan and trust distribution procedures for the benefit of all parties in interest.

BACKGROUND

1. On January 5, 2020 (the "Petition Date"), the Debtor filed a voluntary petition for relief under chapter 11 of title 11 of the United States Code, 11 U.S.C. §§ 101 *et seq.* (the "Bankruptcy Code").

2. On the Petition Date, the Debtor filed that certain *Declaration of David J. Gordon, President and Chief Restructuring Officers of the Debtor, in Support of Chapter 11 Petition and First Day Pleadings* [Docket No. 2] (the "First Day Declaration"). The First Day Declaration provides that the primary purpose of the Chapter 11 Case is to address and comprehensively resolve the Debtor's legacy asbestos-related liabilities by promptly negotiating and ultimately confirming a plan of reorganization pursuant to sections 524(g) and 1129 of the Bankruptcy Code (the "Plan Process"). First Day Declaration, ¶ 5.

3. The First Day Declaration further provides that, as part of the Debtor's prepetition out-of-court corporate restructuring (the "Corporate Transactions"), the Debtor became party to a support agreement that purportedly guarantees its solvency in the Chapter 11 Case. See First Day Declaration, ¶ 28 and Ex. B.

4. On January 16, 2020, the Office of the United States Trustee for the District of Delaware (the "UST") appointed the official committee of asbestos personal injury claimants (the "ACC") [Docket No. 47].

5. On January 22, 2020, the Debtor submitted to this Court a motion for entry of an order appointing James L. Patton, Jr. as the Future Claimants' Representative in the Chapter 11 Case, effective as of the Petition Date [Docket No. 58] (the "Proposed FCR Appointment").[3]

6. On February 24, 2020, the UST filed the Examiner Motion, seeking the appointment of an examiner pursuant to section 1104(c)(1), or alternatively, section 1104(c)(2) of the Bankruptcy Code.

[3] On March 4, 2020, the UST filed an objection to the Proposed FCR Appointment to allow time for an examination into whether the proposed Future Claimants' Representative had knowledge of the Corporate Transactions (as defined below) [Docket No. 126]. The proposed Future Claimants' Representative and his proposed counsel will file supplemental declarations confirming that neither had any knowledge whatsoever of the Corporate Transactions until publicly disclosed.

ARGUMENT

I. The Appointment of an Examiner Is Not in the Best Interests of Creditors or Other Parties in Interest Under Section 1104(c)(1).

7. The appointment of an examiner is not in the best interest of creditors and other parties in interest in this case for two primary reasons.

8. First, the UST's requested investigation of the Corporate Transactions would merely duplicate the investigation that is already underway by the Debtor's statutory constituents,[4] saddling the Debtor's estate with unnecessary administrative expense and delaying the Plan Process in a case where time is of the essence given the advanced age of many creditors. To suggest, at this early stage of the case, that an examiner is needed to investigate potentially fraudulent conveyances, which claims are subject to a two-year statute of limitations,[5] would needlessly usurp the rights of existing estate fiduciaries, imposing both strategic and economic costs on all respective constituencies without any corresponding benefit. Indeed, the Examiner Motion ignores the reality that the Future Claimants' Representative and the ACC are among the parties (not including an examiner) who would be responsible for pursuing any such avoidance claims to the extent necessary and appropriate.

9. Second, the Examiner Motion fails to account for the fact that the Future Claimants Representative has a duty to protect the interests of Future Claimants, as well as a seasoned ability to evaluate and negotiate appropriately tailored trust distribution procedures. An examination of the Debtor's past payment practices will not advance this case at all. The UST's

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[4] See 11 U.S.C. §§ 524(g)(4)(B)(i) (requiring appointment of a legal representative for the purpose of protecting the rights of persons that might assert demand for payment from a trust created pursuant to a channeling injunction); 11 U.S.C. § 1103(c)(2) (providing that a statutorily appointed committee may investigate the acts, conduct, assets, liabilities, and financial condition of the debtor, the operation of the debtor's business and the desirability of the continuation of such business, and any other matters relevant to the case or to the formulation of a plan).

[5] 11 U.S.C. § 546.

well-worn narrative about the Garlock decision is misplaced and does not support the UST's allegation of ubiquitous abusive claims submissions practices. In any event, the Future Claimants' Representative is fully prepared to address any such issues through the negotiated terms of a chapter 11 plan and trust distribution procedures, which will be subject to Court approval on notice to parties in interest, including the UST.

10. Notably, the UST has not alleged that either the Future Claimants' Representative or the ACC is incapable of completing their ongoing investigations or pursuing any resulting causes of action. Absent such allegations, courts have declined to appoint an examiner when the same investigation can be more efficiently undertaken by a committee or other stakeholder. See, e.g., In re Spansion, Inc., 426 B.R. 114, 128 (Bankr. D. Del. 2010) (declining to appoint an examiner based, in part, on a finding that the ad hoc committee of equity security holders, while not an official committee, had been extraordinarily active in the chapter 11 proceeding and had advocated vigorously views of equity); In re Gliatech, Inc., 305 B.R. 832, 836 (Bankr. N.D. Ohio 2004) (denying motion to appoint an examiner where the creditor "can investigate the facts that would support . . . an objection on its own nickel"); In re Sletteland, 260 B.R. 657, 672 (Bankr. S.D.N.Y. 2001) (declining to appoint an examiner and noting that it would be inappropriate to impose the costs of an examiner on the estate where the committee could perform any necessary investigation); In re Bradlees Store, 209 B.R. 36, 39 (Bankr. S.D.N.Y. 1997) (declining to appoint an examiner where such would be "duplicative, needless and wasteful"); In re Shelter Res. Corp., 35 B.R. 304, 305 (Bankr. N.D. Ohio 1983) (denying a request for an examiner when it would "entail undue delay in the administration of this estate and most likely cause the debtor to incur substantial and unnecessary costs and expenses detrimental to the interests of creditors and parties in interest [when] [t]here [was] currently in place a [statutory committee] to carry on . . . an investigation as

may be appropriate."); see also In re Wash. Mut. Inc., No. 08–12229 (MFW) (Bankr. D. Del. May 5, 2010), Hr'g Tr. at 98:12–100:21 [Docket No. 3699] (examiner motion denied where the debtor had been "investigated to death," and where the cost would be high with little ascertainable benefit to parties in the case)).

11. The Future Claimants' Representative and the ACC are well positioned to (i) investigate and pursue causes of action in connection with the Corporate Transactions, and (ii) negotiate appropriate trust distribution procedures to resolve asbestos claims. The estate need not bear the financial burden of a duplicative investigation that brings negotiations between the economic parties to a halt.

12. Indeed, the cases on which the UST relies are cases in which an economic party sought appointment of an examiner. No such request has been made here. See In re Caesars Entm't Op. Co., Inc., Case No. 15-00145 (ABG) (Bankr. N.D. Ill.) (debtors *and* official committee sought examiner appointment to investigate prepetition transactions that were the subject of pending litigation); In re Dynegy Holdings, LLC, Case No. 11-38111 (CGM) (Bankr. S.D.N.Y.) (indenture trustee for bondholders moved for appointment of an examiner to investigate Debtor's prepetition sale of its profitable coal-fired power plants, valued at $1.25 billion, to its parent company made in exchange for an illiquid, unsecured, highly unusual financial instrument called an "undertaking").

II. Appointment of an Examiner Under Section 1104(c)(2) is not Mandatory or Appropriate in the Chapter 11 Case.

13. The appointment of an examiner under section 1104(c)(2) of the Bankruptcy Code is not mandatory simply because certain financial criteria are met.[6] Rather, the appointment of an examiner must still be appropriate under the facts and circumstances of the case. To hold otherwise would require the appointment of an examiner in nearly every case filed in this district,

[6] The UST has not established that the Debtor's fixed, liquidated liabilities exceed $5 million.

without regard to whether such appointment is reasonable or necessary. As set forth above, appointment of an examiner is not reasonable or necessary here.

14. The UST, however, relying on non-controlling case law,[7] asserts that the appointment of an examiner under section 1104(c)(2) is mandatory in this case because "it is highly likely that the Debtor's liquidated portion of the Debtor's unsecured liabilities (particularly in the form of liquidated but unpaid tort settlements) exceed $5 million, especially given the Debtor's representation that its total liabilities range from $100 million to $500 million." Examiner Motion, p. 13.

15. The UST is wrong in asserting that section 1104(c)(2) eliminates this Court's discretion to determine the appropriateness of examiner appointment. Such contention is both inconsistent with the language of the statute and with prior rulings of this Court.

16. By its very terms, section 1104(c)(2) calls for the appointment of an examiner, after "notice and a hearing," only "to conduct such an investigation of the debtor *as is appropriate*" into matters such as "fraud, dishonesty, incompetence, misconduct, mismanagement or irregularity" by the present or former management of the debtor. See 11 U.S.C. § 1104(c)(2) (emphasis added).

17. Moreover, this Court already addressed this specific issue in Spansion and declined to appoint an examiner, despite the fact that the statutory debt threshold of section 1104(c)(2) was met. See 426 B.R. 114. In his written opinion, Judge Carey held that the record did not provide sufficient evidence of conduct that would make an investigation of the Debtors "appropriate" and that the allegations of bad faith against the Debtors' management for rejecting a rights offering was a "classic confirmation dispute," rather than grounds for an investigation by a third party. Id. at 128. The Court expressly "[found] no sound purpose in appointing an examiner,

[7] See Examiner Motion, p.13 (citing Morgenstern v. Revco D.S., Inc. (In re Revco D.S., Inc.), 898 F.2d 498 (6th Cir. 1990)).

only to significantly limit the examiner's role where there exists insufficient basis for an investigation[,]" and stated that, "to appoint an examiner with no meaningful duties strikes me as a wasteful exercise, a result that could not have been intended by Congress." Id. at 127.

III. Should the Court Decide, in Its Discretion, to Appoint an Examiner, It Should Exercise Its Unquestionable Discretion to Define an "Appropriate" Role, as well as the Timing and Duration, for the Examiner Under the Specific Facts and Circumstances of This Case.

18. The Future Claimants' Representative submits that the UST has failed to demonstrate that the appointment of an examiner "is in the best interests of such debtor's creditors, any security holders, and other interests of the estate" as required by section 1104(c)(1) of the Bankruptcy Code or that such appointment is mandatory or otherwise appropriate under section 1104(c)(2) of the Bankruptcy Code.

19. The Examiner Motion should be denied, or, at a minimum, adjourned for a period of no less than ninety (90) days to provide the Future Claimants' Representative and the ACC an opportunity to continue their investigations and commence negotiations with the Debtor. If there is an economic deal to be had that pays creditors in full and includes adequate funding for Future Claimants, then the Court and all parties in interest, including the UST, will have an opportunity to review such resolution in the form of a plan and trust distribution procedures.

20. If, however, that the Court is inclined to grant the relief requested in the Examiner Motion, the Future Claimants' Representative reserves any and all rights and arguments with respect to issues related to the examiner's duties and authority, including, but not limited to the scope, budget, timing and duration of the appointment.

CONCLUSION

WHEREFORE, the Future Claimants' Representative respectfully requests that the Court enter an Order denying the Examiner Motion, or alternatively, adjourning the hearing on the Examiner Motion for a period of at least ninety (90) days, and granting such other and further relief as the Court deems just and proper.

Dated: March 11, 2020

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Proposed Counsel to the Proposed Future Claimants' Representative

Exhibit 9

Laureen M. Ryan Rebuttal Report, dated February 26, 2021

Filed Provisionally Under Seal Per Agreed Protective Order Governing Confidential Information

Exhibit 10

Minutes of Boards of Managers of Aldrich Pump LLC and Murray Boiler LLC for the meetings held on May 15, 2020, May 22, 2020, May 29, 2020, and June 5, 2020

Filed Provisionally Under Seal Per Agreed Protective Order Governing Confidential Information

Exhibit 11

Future Claimants' Representative's Closing Presentation

In re DBMP LLC

Case Number: 20-30080

March 3, 2021

The Debtor Does Not Need a Preliminary Injunction to Reorganize

Numerous cases have confirmed a plan without a preliminary injunction

- Maremont Corp. (2019)
- Duro Dyne National Corp., et al., (2018)
- Sepco Corporation (2016)
- Budd Company (2014)
- Reichhold Holdings, Inc. (2014)
- Metex Mfg. Corp. (2012)
- Plant Insulation Co. (2009)
- Durabla Manufacturing Co. (2009)
- Thorpe Insulation Co. (2007)
- API, Inc. (2005)
- JT Thorpe, Inc. (2004)
- C.E. Thurston (2003)
- Congoleum Corp. (2003)
- Muralo Co. (2003)
- Plibrico Co. (2002)
- Atra Group, Inc. (2002)
- USG Corp. (2001)
- Federal Mogul (2001)
- Swan Transportation Co. (2001)
- Owens Corning Corp./Fireboard (2000)
- Armstrong World Industries (2000)

Exhibit 12

EX-99.1 5 dex991.htm DISCLOSURE STATEMENT WITH RESPECT TO SIXTH AMENDED JOINT PLAN OF REORGANIZATION

Exhibit 99.1

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

IN RE:	)	
	)	Chapter 11
OWENS CORNING, et al.,	)	
	)	Case No. 00-03837 (JKF)
Debtors.	)	
	)	Jointly Administered
	)	

DISCLOSURE STATEMENT WITH RESPECT TO SIXTH AMENDED JOINT PLAN OF REORGANIZATION FOR OWENS CORNING AND ITS AFFILIATED DEBTORS AND DEBTORS-IN-POSSESSION

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Dated as of: June 30, 2006

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NOTICE WITH RESPECT TO INJUNCTIONS

THE SIXTH AMENDED JOINT PLAN OF REORGANIZATION FOR OWENS CORNING AND ITS AFFILIATED DEBTORS AND DEBTORS-IN-POSSESSION (THE "PLAN"), WHICH IS ATTACHED AS APPENDIX A TO THIS DISCLOSURE STATEMENT, CONTAINS AN ASBESTOS PERSONAL INJURY PERMANENT CHANNELING INJUNCTION UNDER 11 U.S.C. § 524(g). THE PLAN ALSO CONTAINS AN INJUNCTION UNDER 11 U.S.C. § 105, WHICH CHANNELS ALL ASBESTOS PROPERTY DAMAGE CLAIMS AGAINST FIBREBOARD CORPORATION, AN INJUNCTION UNDER 11 U.S.C. § 105 WITH RESPECT TO CLAIMS AGAINST CERTAIN INSURERS, AN INJUNCTION WITH RESPECT TO CLAIMS AGAINST RELATED PERSONS OF THE DEBTORS BY HOLDERS OF CLAIMS WHO VOTE IN FAVOR OF THE PLAN, AND AN INJUNCTION UNDER 11 U.S.C. § 105 WITH RESPECT TO CLAIMS AGAINST THE NON-DEBTOR, SUBSIDIARIES OF THE DEBTORS BY HOLDERS OF BANK HOLDER CLAIMS WHICH ARE INJUNCTIONS AGAINST CONDUCT NOT OTHERWISE ENJOINED UNDER THE BANKRUPTCY CODE. FOR A DESCRIPTION OF THE ACTS TO BE ENJOINED AND THE IDENTITY OF THE ENTITIES THAT WOULD BE SUBJECT TO EACH OF THESE INJUNCTIONS, SEE THE FOLLOWING SECTIONS OF THIS DISCLOSURE STATEMENT:

(1) THE ASBESTOS PERSONAL INJURY PERMANENT CHANNELING INJUNCTION: SECTION VIII.C OF THIS DISCLOSURE STATEMENT ENTITLED "THE ASBESTOS PERSONAL INJURY TRUST—THE ASBESTOS PERSONAL INJURY PERMANENT CHANNELING INJUNCTION" AND SECTION 5.17(b) OF THE PLAN;

(2) THE INJUNCTION WITH RESPECT TO CLAIMS AGAINST CERTAIN INSURERS: SECTION VII. D.14(d) OF THIS DISCLOSURE STATEMENT ENTITLED "INJUNCTION WITH RESPECT TO CLAIMS AGAINST CERTAIN INSURERS" AND SECTION 5.16(d) OF THE PLAN;

(3) THE INJUNCTION WITH RESPECT TO CLAIMS AGAINST RELATED PERSONS OF THE DEBTORS BY HOLDERS OF CLAIMS WHO SUBMIT A BALLOT AND DO NOT ELECT TO WITHHOLD CONSENT TO RELEASES OF THE RELEASED PARTIES BY MARKING THE APPROPRIATE BOX ON THE BALLOT: SECTION VII.D.15(b) OF THIS DISCLOSURE STATEMENT ENTITLED "RELEASES AND INJUNCTIONS RELATED TO RELEASES — RELEASES BY HOLDERS OF CLAIMS AND INTERESTS" AND SECTION VII.D.15(c) ENTITLED "INJUNCTION RELATED TO RELEASES" AND SECTIONS 5.16(b) AND 5.16(c) OF THE PLAN; AND

(4) THE INJUNCTION UNDER 11 U.S.C. § 105 WITH RESPECT TO CLAIMS AGAINST THE NON-DEBTOR SUBSIDIARIES OF THE DEBTORS BY HOLDERS OF BANK HOLDER CLAIMS: SECTION 5.14(e) OF THE PLAN AND SECTION VII.D.15(e) ENTITLED "RELEASES AND INJUNCTIONS RELATED TO RELEASES — SUPPLEMENTARY SECTION 105(a) INJUNCTION."

DISCLAIMER

THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT IS INCLUDED HEREIN FOR PURPOSES OF SOLICITING ACCEPTANCES OF THE SIXTH AMENDED JOINT PLAN OF REORGANIZATION FOR OWENS CORNING AND ITS AFFILIATED DEBTORS AND DEBTORS-IN-POSSESSION (THE "PLAN"), FILED BY OWENS CORNING ("OCD") AND THOSE ENTITIES LISTED ON SCHEDULE I OF THE PLAN (COLLECTIVELY, THE "SUBSIDIARY DEBTORS" AND, TOGETHER WITH OCD, THE "DEBTORS"), JAMES J. MCMONAGLE, THE LEGAL REPRESENTATIVE FOR FUTURE CLAIMANTS ("FUTURE CLAIMANTS' REPRESENTATIVE"), AND THE OFFICIAL COMMITTEE OF ASBESTOS CLAIMANTS ("ASBESTOS CLAIMANTS' COMMITTEE") (THE DEBTORS, THE FUTURE CLAIMANTS' REPRESENTATIVE, AND THE ASBESTOS CLAIMANTS' COMMITTEE, COLLECTIVELY, THE "PLAN PROPONENTS"). THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT MAY NOT BE RELIED UPON FOR ANY PURPOSE OTHER THAN TO DETERMINE HOW TO VOTE ON THE PLAN. NO PERSON MAY GIVE ANY INFORMATION OR MAKE ANY REPRESENTATIONS, OTHER THAN THE INFORMATION AND REPRESENTATIONS CONTAINED IN THIS DISCLOSURE STATEMENT, REGARDING THE PLAN OR THE SOLICITATION OF ACCEPTANCES OF THE PLAN.

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

THIS DISCLOSURE STATEMENT HAS BEEN PREPARED IN ACCORDANCE WITH SECTION 1125 OF THE UNITED STATES BANKRUPTCY CODE, 11 U.S.C. §§ 101-1330 (AS AMENDED, THE "BANKRUPTCY CODE") AND RULE 3016 OF THE FEDERAL RULES OF BANKRUPTCY PROCEDURE (THE "BANKRUPTCY RULES") AND NOT NECESSARILY IN ACCORDANCE WITH FEDERAL OR STATE SECURITIES LAWS OR OTHER NON-BANKRUPTCY LAWS.

EXCEPT WHERE SPECIFICALLY NOTED, THE FINANCIAL INFORMATION CONTAINED HEREIN HAS NOT BEEN AUDITED BY A CERTIFIED PUBLIC ACCOUNTING FIRM AND HAS NOT BEEN PREPARED IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES.

THIS DISCLOSURE STATEMENT HAS NEITHER BEEN APPROVED NOR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION (THE "SEC") OR THE SECURITIES REGULATORS OF ANY STATE, AND NEITHER THE SEC NOR ANY STATE REGULATORS HAS PASSED UPON THE ACCURACY OR ADEQUACY OF THE STATEMENTS CONTAINED HEREIN. ANY REPRESENTATION TO THE CONTRARY MAY CONSTITUTE A CRIMINAL OFFENSE. PERSONS OR ENTITIES TRADING IN OR OTHERWISE PURCHASING, SELLING OR TRANSFERRING SECURITIES OF OR CLAIMS AGAINST OCD OR ANY OF THE SUBSIDIARY DEBTORS AND DEBTORS-IN-POSSESSION IN THESE CASES SHOULD EVALUATE THIS DISCLOSURE STATEMENT AND THE PLAN IN LIGHT OF THE PURPOSE FOR WHICH THEY WERE PREPARED.

NO REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY OTHER FEDERAL OR STATE SECURITIES OR "BLUE SKY" LAWS HAS BEEN FILED WITH THE SEC OR ANY OTHER AGENCY BY THE DEBTORS WITH RESPECT TO THE RIGHTS OR THE NEW COMMON STOCK THAT WILL BE ISSUED ON THE EFFECTIVE DATE OF THE PLAN AND THAT MAY BE DEEMED TO BE OFFERED BY VIRTUE OF THIS SOLICITATION. ALTHOUGH THE PLAN INTENDS THAT SECTION 1145 OF THE BANKRUPTCY CODE AND OTHER APPLICABLE LAW EXEMPT CERTAIN NEW COMMON STOCK FROM REGISTRATION, THE DEBTORS RECOMMEND THAT POTENTIAL RECIPIENTS OF ANY SECURITIES OF ANY SECURITIES PURSUANT TO THE PLAN CONSULT THEIR OWN LEGAL COUNSEL CONCERNING THE SECURITIES LAWS GOVERNING THE TRANSFERABILITY OF ANY SUCH SECURITIES.

CERTAIN STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT, INCLUDING PROJECTED FINANCIAL INFORMATION AND OTHER FORWARD-LOOKING STATEMENTS, ARE BASED ON ESTIMATES AND ASSUMPTIONS, THERE CAN BE NO ASSURANCE THAT SUCH STATEMENTS WILL BE REFLECTIVE OF ACTUAL OUTCOMES. FORWARD-LOOKING STATEMENTS ARE PROVIDED IN THIS DISCLOSURE STATEMENT PURSUANT TO THE SAFE HARBOR ESTABLISHED UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995 AND SHOULD BE EVALUATED IN THE CONTEXT OF THE ESTIMATES, ASSUMPTIONS, UNCERTAINTIES AND RISKS DESCRIBED HEREIN, NOTHING CONTAINED IN THIS DISCLOSURE STATEMENT, EXPRESS OR IMPLIED, IS INTENDED TO GIVE RISE TO ANY COMMITMENT OR OBLIGATION OF THE DEBTORS OR WILL CONFER UPON ANY PERSON ANY RIGHTS, BENEFITS OR REMEDIES OF ANY NATURE WHATSOEVER.

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

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

THIS DISCLOSURE STATEMENT HAS NOT BEEN APPROVED BY THE BANKRUPTCY COURT AT THIS TIME. A HEARING TO CONSIDER THE ADEQUACY OF THIS DISCLOSURE STATEMENT UNDER SECTION 1125 OF THE BANKRUPTCY CODE HAS BEEN SET BY THE BANKRUPTCY COURT FOR JULY 10, 2006 AT 9:00 A.M., AS IT MAY BE CONTINUED FROM TIME TO TIME BY THE BANKRUPTCY COURT. THE PLAN PROPONENTS RESERVE THE RIGHT TO MODIFY OR SUPPLEMENT THIS DISCLOSURE STATEMENT PRIOR TO AND UP TO THE TIME OF THE CONCLUSION OF SUCH HEARING.

NOTE ON DEFINED TERMS

For purposes of this Disclosure Statement, all capitalized terms not otherwise defined shall have the meanings ascribed to them in Article I of the Plan, attached to the Disclosure Statement as Appendix A, except as expressly provided or unless the context clearly requires otherwise. Whenever the context requires, such meanings shall be equally applicable to both the singular and plural form of such terms, and the masculine gender shall include the feminine and the feminine gender shall include the masculine. Any term used in initially capitalized form in this Disclosure Statement that is not defined herein but that is used in the Bankruptcy Code shall have the meaning ascribed to such term in the Bankruptcy Code.

DISCLAIMER

ALTHOUGH EVERY REASONABLE EFFORT WAS MADE TO BE ACCURATE, THE PROJECTIONS OF ESTIMATED RECOVERIES ARE ONLY AN ESTIMATE. ANY ESTIMATES OF CLAIMS OR INTERESTS IN THIS DISCLOSURE STATEMENT MAY VARY FROM THE FINAL AMOUNTS ALLOWED BY THE BANKRUPTCY COURT. AS A RESULT OF THE FOREGOING AND OTHER UNCERTAINTIES WHICH ARE INHERENT IN THE ESTIMATES, THE ESTIMATES OF RECOVERIES IN THIS DISCLOSURE STATEMENT MAY VARY FROM THE RECOVERIES RECEIVED. IN ADDITION, THE ABILITY TO RECEIVE DISTRIBUTIONS UNDER THE PLAN DEPENDS UPON THE ABILITY OF THE PLAN PROPONENTS TO OBTAIN CONFIRMATION OF THE PLAN AND MEET THE CONDITIONS TO CONFIRMATION AND EFFECTIVENESS OF THE PLAN, AS DISCUSSED IN THIS DISCLOSURE STATEMENT.

SUMMARY OF TREATMENT OF CLAIMS AND INTERESTS

CLASS	DESCRIPTION	TREATMENT	ESTIMATED ALLOWED CLAIMS (in millions)	ESTIMATED RECOVERY[1]
Unclassified Claims	DIP Facility Claims	N/A	$0	100%
Unclassified Claims	Administrative Claims	N/A	$45-50 (excluding Intercompany Claims)	100%
Unclassified Claims	Priority Tax Claims	N/A	$66-99	100%
Classes A1 to U1 Claims	Other Priority Claims	Unimpaired	$.2-2.6	100%
Classes A2-A to U2-A Claims	Other Secured Tax Claims	Unimpaired	$3.24-3.5	100%
Classes A2-B to U2-B Claims	Other Secured Claims	Unimpaired	$8-9.25	100%
Classes A3 to U3 Claims	Convenience Claims	Impaired	$9.0-9.2	100%
Classes A4 to I4 Claims	Bank Holders Claims	Unimpaired	$1.475 billion (excluding approximately $69 million of undrawn pre-petition letters of credit)[2]	164.2%, as of October 31, 2006 (includes post-petition interest at Base Rate plus 2%, calculated on a compounding basis (computed quarterly), plus accrued and unpaid post-petition letter of credit and facility fees), plus accrued interest thereon, calculated on a compounding basis (computed quarterly), in the form of Cash).

1 Each of these estimated recovery amounts is based on the low end of the range of current estimates and these estimates remain subject to further changes. The actual recovery amounts will be based on a number of considerations set forth in the Plan which cannot be determined with certainty at this time. Moreover, the terms of the Plan will govern the actual recoveries for the various Classes.

2 This estimate of Class A4 Claims represents the amount outstanding under the 1997 Credit Agreement as of the Petition Date, including certain amounts related to letters of credit drawn or expected to be drawn prior to the Effective Date, less the application of certain frozen funds. It does not include any amounts for post-petition interest or fees.

Class A5 Claims	Bondholders Claims	Impaired	$1,389	(i) if Class A5 accepts the Plan, 58.4% in the form of 100% New OCD Common Stock; or (ii) if Class A5 rejects the Plan, potentially 46.4% in the form of approximately 14% Cash and 86% New OCD Common Stock.
Class A6-A Claims	OCD General Unsecured Claims	Impaired	$104-127	(i) if Class A5 and Class A6-A accept the Plan, 49.8%, in the form of 100% Cash; (ii) if Class A5 rejects the Plan, potentially 45.2%, in the form of approximately 14% Cash and 86% New OCD Common Stock; or (iii) if Class A5 accepts and Class A6-A rejects the Plan, potentially 45.2% , in the form of 100% Cash.
Class A6-B Claims	OCD General Unsecured/Senior Indebtedness Claims	Impaired	$218-224	(i) if Class A5 and Class A6-B accept the Plan, 58.4%, in the form of 100% Cash; (ii) if Class A5 rejects the Plan, potentially 46.4%, in the form of approximately 14% Cash and 86% New OCD Common Stock; or (iii) if Class A5 accepts and Class A6-B rejects the Plan, potentially 46.4% , in the form of 100% Cash.
Classes A7 and I7 Claims	OC Asbestos Personal Injury Claims (including administrative escrows)	Impaired	Class A7 Aggregate Amount equal to $7,000 less certain amounts described in the Plan	(i) if Class A5 rejects the Plan, potentially 54.6% (in the form of approximately 14% Cash and 86% New OCD Common Stock), excluding amounts received from administrative escrows; or (ii) if Class A5, Class A6-A and Class A6-B accept the Plan, 51.8% in the form of 100% Cash.
Class B8 Claims	FB Asbestos Personal Injury Claims	Impaired	Class B8 Aggregate Amount equal to $3,200	49.2%, including $1,445 Cash from the Fibreboard Insurance Settlement Trust and $140 from the FB Sub-Account Settlement Payment (in the form of 100% New OCD Common Stock if Class A5 accepts, or in the form of approximately 14% Cash and 86% New OCD Common Stock if Class A5 rejects).
Class B6 Claims	FB General Unsecured Claims	Impaired	$4.5	100% (in the form of 100% Cash)
Class C6 Claims	ESI General Unsecured Claims	Impaired	$62-69	100% (in the form of 100% Cash)
Class D6 Claims	Vytec General Unsecured Claims	Impaired	Not currently applicable*	100% (in the form of 100% Cash)

Class E6 Claims	Soltech General Unsecured Claims	Impaired	$1.6	100% (in the form of 100% Cash)
Class F6 Claims	OCFT General Unsecured Claims	Impaired	$.2	100% (in the form of 100% Cash)
Class G6 Claims	OC Sweden General Unsecured Claims	Impaired	Not currently applicable*	100% (in the form of 100% Cash)

Class H6 Claims	IPM General Unsecured Claims	Impaired	Not currently applicable*	100% (in the form of 100% Cash)
Class I6 Claims	Integrex General Unsecured Claims	Impaired	$4.2-4.6	100% (in the form of 100% Cash)
Class J6 Claims	CDC General Unsecured Claims	Impaired	$.5	100% (in the form of 100% Cash)
Class K6 Claims	OCHT General Unsecured Claims	Impaired	$.8	100% (in the form of 100% Cash)
Class L6 Claims	OC Remodeling General Unsecured Claims	Impaired	de minimis	100% (in the form of 100% Cash)
Class M6 Claims	Engineered Yarns General Unsecured Claims	Impaired	de minimis	100% (in the form of 100% Cash)
Class N6 Claims	Falcon Foam General Unsecured Claims	Impaired	$.1-.8	100% (in the form of 100% Cash)
Class O6 Claims	HOMExperts General Unsecured Claims	Impaired	de minimis	100% (in the form of 100% Cash)
Class P6 Claims	Professional Services General Unsecured Claims	Impaired	de minimis	100% (in the form of 100% Cash)
Class Q6 Claims	Testing Systems General Unsecured Claims	Impaired	de minimis	100% (in the form of 100% Cash)
Class R6 Claims	Supply Chain Solutions General Unsecured Claims	Impaired	de minimis	100% (in the form of 100% Cash)
Class S6 Claims	Ventures General Unsecured Claims	Impaired	de minimis	100% (in the form of 100% Cash)
Class T6 Claims	Jefferson Holdings General Unsecured Claims	Impaired	de minimis	100% (in the form of 100% Cash)
Class U6 Claims	OC Overseas General Unsecured Claims	Impaired	de minimis	100% (in the form of 100% Cash)
Class A10 Claims	OCD Intercompany Claims	Impaired	$2,473	N/A[3]
Class B10 Claims	FB Intercompany Claims	Impaired	$763	N/A
Class C10 Claims	ESI Intercompany Claims	Impaired	$393	N/A
Class D10 Claims	Vytec Intercompany Claims	Impaired	Not currently applicable*	N/A
Class E10 Claims	Soltech Intercompany Claims	Impaired	$58	N/A
Class F10 Claims	OCFT Intercompany Claims	Impaired	$511	N/A
Class G10 Claims	OC Sweden Intercompany Claims	Impaired	Not currently applicable*	N/A
Class H10 Claims	IPM Intercompany Claims	Impaired	Not currently applicable*	N/A
Class I10 Claims	Integrex Intercompany Claims	Impaired	$318-1,151	N/A
Class J10 Claims	CDC Intercompany Claims	Impaired	$.4	N/A
Class K10 Claims	OCHT Intercompany Claims	Impaired	$6.5	N/A

[3] The holders of Allowed Intercompany Claims in Classes A10 through U10 will be credited with value in the amounts set forth in the Plan. Accordingly, holders of such Allowed Intercompany Claims will not receive actual distributions of Cash or New OCD Common Stock on account of such Claims.

* As Vytec, OC Sweden, and IPM have not filed under Chapter 11 as of the date of this Plan, the classification and treatment provisions described herein are presently for illustrative purposes, and shall only apply in the event that such entities file for bankruptcy prior to the Confirmation Hearing.

Class L10 Claims	OC Remodeling Intercompany Claims	Impaired	$1.7	N/A
Class M10 Claims	Engineered Yarns Intercompany Claims	Impaired	de minimis	N/A
Class N10 Claims	Falcon Foam Intercompany Claims	Impaired	de minimis	N/A
Class O10 Claims	HOMExperts Intercompany Claims	Impaired	de minimis	N/A
Class P10 Claims	Professional Services Intercompany Claims	Impaired	de minimis	N/A
Class Q10 Claims	Testing Systems Intercompany Claims	Impaired	de minimis	N/A
Class R10 Claims	Supply Chain Solutions Intercompany Claims	Impaired	de minimis	N/A
Class S10 Claims	Ventures Intercompany Claims	Impaired	de minimis	N/A
Class T10 Claims	Jefferson Holdings Intercompany Claims	Impaired	de minimis	N/A
Class U10 Claims	OC Overseas Intercompany Claims	Impaired	de minimis	N/A
Class A11 Claims	OCD Subordinated Claims	Impaired	$277	0%; May Receive Class A11 Warrants
Class A12-A Interests	Existing OCD Common Stocks	Impaired	N/A	Cancelled, Extinguished and Retired; May Receive Class A12-A Warrants
Class A12-B Interests	OCD Interests Other Than Existing OCD Common Stock	Impaired	N/A	Cancelled, Extinguished and Retired; No Distribution
Class B12 Interests	FB Interests	Unimpaired	N/A	Retained
Class C12 Interests	ESI Interests	Unimpaired	N/A	Retained
Class D12 Interests	Vytec Interests	Unimpaired	N/A	Retained
Class E12 Interests	Soltech Interests	Unimpaired	N/A	Retained
Class F12 Interests	OCFT Interests	Unimpaired	N/A	Retained
Class G12 Interests	OC Sweden Interests	Unimpaired	N/A	Retained
Class H12 Interests	IPM Interests	Unimpaired	N/A	Retained
Class I12 Interests	Integrex Interests	Impaired	N/A	Cancelled and Extinguished
Class J12 Interests	CDC Interests	Unimpaired	N/A	Retained
Class K12 Interests	OCHT Interests	Unimpaired	N/A	Retained
Class L12 Interests	OC Remodeling Interests	Unimpaired	N/A	Retained
Class M12 Interests	Engineered Yarns Interests	Unimpaired	N/A	Retained
Class N12 Interests	Falcon Foam Interests	Unimpaired	N/A	Retained
Class O12 Interests	HOMExperts Interests	Unimpaired	N/A	Retained
Class P12 Interests	Professional Services Interests	Unimpaired	N/A	Retained
Class Q12 Interests	Testing Systems Interests	Unimpaired	N/A	Retained

Class R12 Interests	Supply Chain Solutions Interests	Unimpaired	N/A	Retained
Class S12 Interests	Ventures Interests	Unimpaired	N/A	Retained
Class T12 Interests	Jefferson Holdings Interests	Unimpaired	N/A	Retained
Class U12 Interests	OC Overseas Interests	Unimpaired	N/A	Retained

THE PLAN PROPONENTS BELIEVE THAT THE PLAN PROVIDES THE BEST RECOVERIES POSSIBLE FOR HOLDERS OF CLAIMS AGAINST THE DEBTORS AND THUS STRONGLY RECOMMEND THAT YOU VOTE TO ACCEPT THE PLAN.

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I. INTRODUCTION

Owens Corning, a Delaware corporation ("OCD"), certain of its direct and indirect Subsidiaries that are also debtors and debtors-in-possession (the "Subsidiary Debtors" and, together with OCD, the "Debtors") in the reorganization cases (the "Chapter 11 Cases") under Chapter 11 of the Bankruptcy Code ("Chapter 11"), James J. McMonagle, the Legal Representative for Future Claimants (the "Future Claimants' Representative"), and the Official Committee of Asbestos Claimants (the "Asbestos Claimants' Committee") (the Debtors, the Future Claimants' Representative, and the Asbestos Claimants' Committee, collectively, the "Plan Proponents") submit this disclosure statement (the "Disclosure Statement") pursuant to Section 1125 of Title 11 of the United States Code (the "Bankruptcy Code") for use in the solicitation of votes on the Sixth Amended Joint Plan of Reorganization for Owens Corning and its Affiliated Debtors and Debtors-in-Possession, dated as of June 5, 2006 (the "Plan"), as it may be further amended from time to time in accordance with its terms and in accordance with Section 1127 of the Bankruptcy Code and Bankruptcy Rule 3019, proposed by the Plan Proponents and filed with the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court").

On May 10, 2006, the Debtors (subject to approval by the Bankruptcy Court), the Asbestos Claimants' Committee, the Future Claimants' Representative, the Official Representatives of Bondholders and Trade Creditors (the "Official Representatives"), the Ad Hoc Equity Holders' Committee, and the Ad Hoc Bondholders' Committee executed an agreement in principle setting forth the agreed upon key terms of a new plan of reorganization, to be proposed by Owens Corning, including the treatment to be provided to the various classes of creditors (the "Settlement Term Sheet"), which terms are now incorporated in the Plan and described in this Disclosure Statement. The Settlement Term Sheet assumes an enterprise value of Owens Corning of $5.858 billion, and fixes Owens Corning's asbestos personal injury claims at $7 billion. The Settlement Term Sheet further provides that under the Plan, the existing equity of OCD will be extinguished and 131.4 million shares of common stock of Reorganized OCD (or one of its affiliates) (the "New OCD Common Stock") will be issued. In addition, under the Plan, consistent with the Settlement Term Sheet, on or before the Effective Date, a $2.187 billion Rights Offering (as defined below) and a $1.8 billion Exit Facility shall have each been executed and consummated. The Settlement Term Sheet provides that the Plan must be effective no later than October 30, 2006, or such later date as the Plan Proponents shall unanimously agree. The Settlement Term Sheet is attached as Exhibit A to the Plan Support Agreement (defined below), which is attached hereto as Appendix G. A copy of the Plan is attached as Appendix A to this Disclosure Statement.

Additionally, on May 10, 2006, Owens Corning, the Asbestos Claimants' Committee, the Future Representative and certain holders of pre-petition bonds issued by Owens Corning (the "Supporting Holders") entered into a plan support agreement (the "Plan Support Agreement") with respect to the terms set forth in the Settlement Term Sheet. The Plan Support Agreement provides that the Supporting Holders have agreed to accept the treatment provided for their claims in the Settlement Term Sheet and, subject to the terms of the Plan Support Agreement and the Bankruptcy Code, to support a plan of reorganization consistent with the terms of the Settlement Term Sheet. The Plan Support Agreement also provides that Owens Corning and the other Plan Proponents shall prepare all documents needed to effectuate a plan of reorganization

consistent with the terms of the Settlement Term Sheet and the Plan Support Agreement. On May 23, 2006, the Debtors filed the Motion for Order Authorizing the Debtors to Execute and Implement the Terms of the Plan Support Agreement Pursuant to 11 U.S.C. §§ 105(a) and 363(b) and Rule 9019 of the Federal Rules of Bankruptcy Procedure (the "PSA Motion") with the Bankruptcy Court. The Bankruptcy Court heard arguments on the PSA Motion at a hearing on June 19, 2006, and, at hearing on June 23, 2006, approved the motion in a bench ruling. The Bankruptcy Court entered a final order approving the PSA Motion on June 29, 2006. See discussion in Section V.I of this Disclosure Statement entitled "Agreement Among Major Constituencies and Settlement Term Sheet".

Consistent with the terms of the Settlement Term Sheet, on May 10, 2006, Owens Corning and J.P. Morgan Securities Inc. ("J.P. Morgan" or the "Investor") executed an equity commitment agreement (the "Equity Commitment Agreement"), which is subject to Bankruptcy Court approval. The Equity Commitment Agreement contemplates a $2.187 billion rights offering (the "Rights Offering"), whereby holders of eligible Class A5 Claims, Class A6-A Claims and Class A6-B Claims would be offered the opportunity to subscribe for up to their *pro rata* share of 72,900,000 shares of the New OCD Common Stock at a purchase price of $30.00 per share. The Equity Commitment Agreement provides for the Investor to purchase a number of shares of New OCD Common Stock equal to 72,900,000 minus the number of shares of New OCD Common Stock properly subscribed for pursuant to the Rights Offering on or before its expiration. The Equity Commitment Agreement provides for the Investor to receive a backstop fee of $100,000,000 from Owens Corning following approval of the Equity Commitment Agreement by the Bankruptcy Court in consideration of, among other things, the backstop commitment of the Investor through the Termination Date (October 31, 2006, unless extended up to December 15, 2006) to purchase any and all shares not properly subscribed for under the Rights Offering prior to its expiration. The Equity Commitment Agreement may be terminated by J.P Morgan if, among other things, it has not been approved by the Bankruptcy Court by June 30, 2006. The Bankruptcy Court has scheduled a hearing for June 19, 2006, on the Debtors' motion to approve the Equity Commitment Agreement. A copy of the Equity Commitment Agreement is attached as Exhibit O to the Plan. One June 29, 2006, the Bankruptcy Court entered an order approving the Equity Commitment Agreement. See discussion in Section V.I of this Disclosure Statement entitled "Agreement Among Major Constituencies and Settlement Term Sheet".

On May 10, 2006, the Debtors filed notices attaching the executed copies of the Settlement Term Sheet, Plan Support Agreement and Equity Commitment Agreement.

The steering committee of Bank Holders (the "Steering Committee") supports the Plan, pursuant to the terms of the letter, dated December 30, 2005, appended to the Disclosure Statement as Appendix K.

This Disclosure Statement sets forth certain information regarding the Debtors' operating and financial history prior to October 5, 2000, the Petition Date, the reasons for seeking protection and reorganization under Chapter 11, significant events that have occurred since the Chapter 11 Cases were commenced, and the anticipated organization, operations and financing of the Debtors upon emergence from Chapter 11 (the "Reorganized Debtors"). This Disclosure Statement also describes certain terms and provisions of the Plan, including certain alternatives

to the Plan, certain effects of confirmation of the Plan, certain risk factors associated with securities to be issued under the Plan, and the manner in which distributions will be made under the Plan. In addition, this Disclosure Statement discusses the confirmation process and the voting procedures that holders of Claims entitled to vote under the Plan must follow for their votes to be counted.

Unless otherwise noted herein, all dollar amounts provided in this Disclosure Statement and in the Plan are given in United States dollars.

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

ALTHOUGH THE PLAN PROPONENTS BELIEVE THAT THE SUMMARIES OF THE PLAN AND RELATED DOCUMENT SUMMARIES ARE FAIR AND ACCURATE, SUCH SUMMARIES ARE QUALIFIED TO THE EXTENT THAT THEY DO NOT SET FORTH THE ENTIRE TEXT OF SUCH DOCUMENTS OR STATUTORY PROVISIONS. FACTUAL INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT HAS BEEN PROVIDED BY THE DEBTORS' MANAGEMENT, EXCEPT WHERE OTHERWISE SPECIFICALLY NOTED. THE PLAN PROPONENTS DO NOT WARRANT OR REPRESENT THAT THE INFORMATION CONTAINED HEREIN, INCLUDING THE FINANCIAL INFORMATION, IS WITHOUT ANY MATERIAL INACCURACY OR OMISSION.

THE PLAN PROPONENTS BELIEVE THAT THE PLAN WILL ENABLE THE DEBTORS TO SUCCESSFULLY REORGANIZE AND ACCOMPLISH THE OBJECTIVES OF CHAPTER 11 AND THAT ACCEPTANCE OF THE PLAN IS IN THE BEST INTERESTS OF THE DEBTORS AND THE HOLDERS OF CLAIMS AND INTERESTS. THE PLAN PROPONENTS URGE ALL HOLDERS OF CLAIMS WHOSE VOTES ARE BEING SOLICITED TO VOTE TO ACCEPT THE PLAN.

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

II. PLAN VOTING INSTRUCTIONS AND PROCEDURES

A. Definitions

All capitalized terms used herein and not otherwise defined herein have the meanings given to them in Article I of the Plan, which is attached hereto as Appendix A, if

defined in the Plan, except as expressly provided or unless the context clearly requires otherwise. Whenever the context requires, such meanings shall be equally applicable to both the singular and plural form of such terms, and the masculine gender shall include the feminine and the feminine gender shall include the masculine. Any term used in initially capitalized form in this Disclosure Statement that is not defined herein but that is used in the Bankruptcy Code shall have the meaning ascribed to such term in the Bankruptcy Code. Additionally, the rules of construction contained in Section 102 of the Bankruptcy Code apply to the construction of this Disclosure Statement.

B. Notice to Holders of Claims and Interests

This Disclosure Statement is being transmitted to holders of Impaired Claims that are entitled under the Bankruptcy Code to vote on the Plan, as well as other parties. See Section XVI of this Disclosure Statement entitled "The Solicitation; Voting Procedure" for a description of the Classes of Claims and Interests that are entitled to vote on the Plan. Holders of Integrex Interests do not receive any distributions under the Plan on account of their Interests, are deemed to have rejected the Plan and are not entitled to vote on the Plan. The primary purpose of this Disclosure Statement is to provide adequate information to enable holders of Claims against the Debtors to make a reasonably informed decision whether to vote to accept or reject the Plan.

Approval by the Bankruptcy Court of this Disclosure Statement means the Bankruptcy Court has found that this Disclosure Statement contains information of a kind and in sufficient and adequate detail to enable such Claim holders to make an informed judgment whether to accept or reject the Plan. THE BANKRUPTCY COURT'S APPROVAL OF THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE EITHER A GUARANTEE OF THE ACCURACY OR COMPLETENESS OF THE INFORMATION CONTAINED HEREIN OR AN ENDORSEMENT OF THE PLAN BY THE BANKRUPTCY COURT.

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

THIS DISCLOSURE STATEMENT IS THE ONLY DOCUMENT AUTHORIZED BY THE BANKRUPTCY COURT TO BE USED IN CONNECTION WITH THE SOLICITATION OF VOTES TO ACCEPT OR REJECT THE PLAN. No solicitation of votes may be made except after distribution of this Disclosure Statement, and no person has been authorized to distribute any information concerning the Debtors other than the information contained herein. No such information shall be relied upon in making a determination to vote to accept or reject the Plan.

CERTAIN OF THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT IS BY ITS NATURE FORWARD LOOKING AND CONTAINS ESTIMATES, ASSUMPTIONS AND PROJECTIONS THAT MAY BE MATERIALLY DIFFERENT FROM ACTUAL FUTURE RESULTS. Except with respect to the Pro Forma Financial Projections and Reorganization Balance Sheet set forth in Appendix B attached hereto and except as otherwise specifically and expressly stated herein, this Disclosure Statement does not purport to reflect any events that may occur subsequent to the date hereof and that may have a material impact on the information contained in this Disclosure Statement. The Debtors do not undertake any obligation to, and do not intend to, update the Financial Projections; thus, the Financial Projections will not reflect the impact of any subsequent events not already accounted for in the assumptions underlying the Financial Projections. Further, the Debtors do not anticipate that any amendments or supplements to this Disclosure Statement will be distributed to reflect such occurrences. Accordingly, the delivery of this Disclosure Statement shall not under any circumstance imply that the information herein is correct or complete as of any time subsequent to the date hereof.

EXCEPT WHERE SPECIFICALLY NOTED, THE FINANCIAL INFORMATION CONTAINED HEREIN HAS NOT BEEN AUDITED BY A CERTIFIED PUBLIC ACCOUNTING FIRM AND HAS NOT BEEN PREPARED IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES.

C. Solicitation Package

Each person entitled to vote to accept or reject the Plan is being transmitted: (1) this Disclosure Statement; (2) the Plan (attached as Appendix A to this Disclosure Statement); (3) notification of (a) the time by which Ballots or Master Ballots, as applicable, to accept or reject the Plan must be submitted, (b) the date, time and place of the hearing to consider confirmation of the Plan and related matters, and (c) the time for filing objections to confirmation of the Plan; and (4) a Ballot or Master Ballot, as applicable (and return envelopes), to be used in voting to accept or reject the Plan. Any person who receives this Disclosure Statement but does not receive a Ballot or Master Ballot and who believes that he is entitled to vote to accept or reject the Plan or who believes he received an incorrect Ballot or Master Ballot should contact the Voting Agent at the address or telephone number set forth in Section XVI of this Disclosure Statement.

D. Voting Procedures, Ballots and Voting Deadline

After carefully reviewing the Plan, this Disclosure Statement and all related material including, without limitation, the Voting Procedures attached hereto as Appendix J (the "Voting Procedures"), creditors should indicate acceptance or rejection of the Plan by voting in favor of or against the Plan on the enclosed Ballot or Master Ballot and return it in the envelope provided. Only original Ballots and Master Ballots will be accepted.

Each Ballot and Master Ballot has been coded to reflect the Class of Claims it represents. Accordingly, in voting to accept or reject the Plan, only the coded Ballots or Master Ballots accompanying this Disclosure Statement may be used.

IN ORDER FOR VOTES TO BE COUNTED, BALLOTS AND MASTER BALLOTS MUST BE PROPERLY COMPLETED AS SET FORTH ABOVE AND IN ACCORDANCE WITH THE VOTING PROCEDURES AND RECEIVED NO LATER THAN [DATE], AT [TIME] (-_- TIME) (THE "VOTING DEADLINE") BY OMNI MANAGEMENT GROUP, LLC (THE "VOTING AGENT") OR BY FINANCIAL BALLOTING GROUP LLC (THE "SPECIAL VOTING AGENT"). NO STOCK CERTIFICATES OR DEBT INSTRUMENTS OR OTHER INSTRUMENTS OR DOCUMENTS REPRESENTING CLAIMS OR INTERESTS SHOULD BE RETURNED WITH THE BALLOT OR MASTER BALLOT.

Questions about (1) the Voting Procedures, (2) the packet of materials that has been transmitted, (3) the amount of a Claim or (4) requests for an additional copy of the Plan, this Disclosure Statement or any appendices or exhibits to such documents (for which a charge may be imposed unless otherwise specifically provided by Federal Rule of Bankruptcy Procedure 3017(d)) should be directed to:

OWENS CORNING
c/o Omni Management Group, LLC
16161 Ventura Blvd., PMB 517
Encino, CA 91436
818-905-6542 (fax)
contact@omnimgt.com

Bondholders and stockholders may contact the Special Voting Agent, Financial Balloting Group LLC, at 646-282-1800.

FOR FURTHER INFORMATION AND INSTRUCTION ON VOTING TO ACCEPT OR REJECT THE PLAN, SEE SECTION XVI OF THIS DISCLOSURE STATEMENT ENTITLED "THE SOLICITATION; VOTING PROCEDURE."

E. Confirmation Hearing and Deadline for Objections to Confirmation

Pursuant to Section 1128 of the Bankruptcy Code and Federal Rule of Bankruptcy Procedure 3017(c), a hearing has been scheduled on confirmation of the Plan (the "Confirmation Hearing") for September 18, 2006, at 9:00 a.m. The Confirmation Hearing may be adjourned from time to time without further notice except for the announcement of the adjournment date made at the Confirmation Hearing or at any subsequent adjourned Confirmation Hearing. Objections to confirmation of the Plan must be made in writing and must specify in detail the name and address of the objector, all grounds for the objection, and the amount and class of the Claim. Any such objection must be filed with the Bankruptcy Court on or before _____, 2006 at _____p.m. Objections to confirmation of the Plan are governed by Bankruptcy Rule 9014. Additional information regarding the filing of any objections to confirmation of the Plan is contained in the Notice accompanying this Disclosure Statement.

III. GENERAL INFORMATION CONCERNING THE DEBTORS

The following information is only a summary and is qualified in its entirety by reference to OC's Annual Report on Form 10-K for the year ended December 31, 2005, OC's

Quarterly Report on Form 10-Q for the quarter ended March 31, 2006, OC's Annual Report on Form 10-K for the year ended December 31, 2004, OC's Annual Report on Form 10-K for the year ended December 31, 2003, OC's Annual Report on Form 10-K for the year ended December 31, 2002, OC's Annual Report on Form 10-K for the year ended December 31, 2001, and OC's Annual Report on Form 10-K for the year ended December 31, 2000, copies of which may be obtained, free of charge, through OC's website at www.owenscorning.com. Readers of this Disclosure Statement are directed to the full text of those reports for additional information concerning the historical business and operations of OC. OC's Annual Report on Form 10-K for the year ended December 31, 2005, may also be obtained by sending a written request. See directions for obtaining this document in Appendix D.

A. History and Description of Business

1. Introduction

OCD began as a glass fiber joint venture in the 1930's between Owens-Illinois and Corning Glass. At the end of 1938, the year in which it was incorporated, OCD reported sales of $2,555,000 and had 632 employees. Today, OCD, along with its approximately 90 direct and indirect subsidiaries in the United States and throughout the world (collectively, OCD and its subsidiaries are referred to as "OC" or the "Company") is a global leading producer of glass fiber materials used in composites and a leading building products company. For the year ended December 31, 2005, OC had over $6.3 billion in sales, approximately 20,000 employees around the world, and manufacturing, sales and research facilities, including joint venture and licensee relationships, in more than 30 countries. See Schedule XX to the Plan for a description of the anticipated corporate structure of the Reorganized Debtors after the Effective Date.

2. General Description of OC's Business

OC operates in two business segments: Building Materials Systems and Composite Solutions. In 2005, the Building Materials Systems segment accounted for approximately 80% of OC's total sales, while Composite Solutions accounted for the remainder. The products and systems provided by OC's Building Materials Systems segment are used in residential remodeling and repair, commercial improvement, new residential and commercial construction, and other related markets. The products and systems offered by OC's Composite Solutions segment are used in end-use markets such as building construction, automotive, telecommunications, marine, aerospace, energy, appliance, packaging and electronics. Many of OC's products are marketed under registered trademarks, including Cultured Stone®, Propink®, Advantex® and/or the color PINK.

OC has affiliate companies in a number of countries. Generally, affiliated companies' sales, earnings and assets are not included in either operating segment unless OC owns more than 50% of the affiliate and the ownership is not considered temporary.

Revenue from external customers, income from operations and total assets attributable to each of OC's operating segments and geographic regions, as well as information concerning the dependence of its operating segments on foreign operations, for each of the years 2005, 2004, and 2003, are contained in Note 3 to OC's Consolidated Financial Statements,

entitled "Segment Data" contained in OC's Annual Report on Form 10-K for the year ended December 31, 2005. See also OC's Annual Report on Form 10-K for the year ended December 31, 2004, OC's Annual Report on Form 10-K for the year ended December 31, 2003, OC's Annual Report on Form 10-K for the year ended December 31, 2002, and OC's Annual Report on Form 10-K for the year ended December 31, 2001, copies of which may be obtained, free of charge, through OC's website at www.owenscorning.com. OC's Annual Report on Form 10-K for the year ended December 31, 2005, may also be obtained by sending a written request. See directions for obtaining this document in Appendix D.

(a) Building Materials Systems

Principal Products and Methods of Distribution. Building Materials Systems operates primarily in the United States and Canada. It also has a presence in Asia Pacific and Mexico. Building Materials Systems sells a variety of products and systems in two major categories: (i) insulating systems, including thermal and acoustical insulation, air ducts formed from glass wool fibers, and foam insulation; and (ii) exterior systems for the home, including roofing shingles, vinyl siding and accessories, windows and doors, manufactured stone veneer building products, and branded housewrap. These products are used primarily in the home improvement, new residential construction, manufactured housing and commercial construction markets.

Sales of building insulation systems, roofing shingles and accessories, housewrap, and vinyl siding are made primarily through home centers, lumberyards, retailers and distributors. Other channels of distribution for insulation systems in North America include insulation contractors, wholesalers, specialty distributors, metal building insulation laminators, mechanical insulation distributors and fabricators, manufactured housing producers and appliance, and automotive manufacturers. Foam insulation and related products are sold to distributors and retailers who resell to residential builders, remodelers and do-it-yourself customers; commercial and industrial markets through specialty distributors; and, in some cases, large contractors, particularly in the agricultural and cold storage markets. Some building materials products are also sold through the Company's retail distribution centers.

OC sells asphalt products that are used internally in the manufacture of residential roofing products and are also sold to other shingle manufacturers. In addition, asphalt is sold to roofing contractors and distributors for Built-Up Roofing Asphalt systems and to manufacturers in a variety of other industries, including automotive, chemical, rubber and construction.

In Latin America, OC sells building and mechanical insulation primarily through a subsidiary in Mexico, as well as exports from U.S. plants. In Asia Pacific, OC sells primarily insulation through joint venture businesses, including two majority owned insulation plants and an insulation fabrication center in China, a minority owned joint venture in Saudi Arabia, and licensees.

Seasonality. Sales of the Building Materials Systems segment tend to follow industry seasonal patterns in the home improvement, remodeling and renovation, and new construction markets. The peak season for home construction and remodeling generally corresponds with the second and third calendar quarters. Sales levels for the segment, therefore, are typically lower in the winter months.

Major Customers. No customer of the Building Materials Systems segment accounted for more than 7% of the segment's sales in 2005.

(b) Composite Solutions Segment

Principal Products and Methods of Distribution. Composite Solutions operates in North America, Europe, Latin America and Asia Pacific, with affiliates and licensees around the world.

OC is a leading producer of glass fiber materials used in composites. Composites are made up of two or more components (e.g., plastic resin and a fiber, traditionally a glass fiber) and are used in various applications to replace traditional materials, such as aluminum, wood, and steel. In addition to providing base glass reinforcement materials, OC is increasingly fabricating more specialized composite systems that are designed for a particular end-use application, and entail a material, a proprietary process and a fully assembled part or system. The global composites industry has thousands of end-use applications, and OC has selected strategic markets and end-users where OC provides integral solutions, such as the building construction and transportation markets.

Within the building construction market, OC sells glass fiber and/or mat directly to a small number of major shingle manufacturers, including its own roofing business. Tubs, showers and other related internal building components used for both remodeling and new construction are major applications of composite materials in the construction market. These end-use products are some of the first successful material substitution conversions normally encountered in developing countries. Glass fiber reinforcements and composite material solutions for these markets are sold to direct accounts, and to distributors around the world, who in turn service thousands of customers.

A significant portion of transportation-related composite solutions are used in automotive applications. Non-automotive transportation applications include heavy trucks, rail cars, shipping containers, refrigerated containers, trailers and commercial ships. Growth continues in automotive applications, as composite systems create new applications or displace other materials in existing applications. There are hundreds of composites applications, including body panels, door modules, integrated front-end systems, instrument panels, chassis and underbody components and systems, pick-up truck beds, and heat and noise shields. These composite parts are either produced by original equipment manufacturers or are purchased by original equipment manufacturers from first-tier suppliers.

The Composite Solutions segment also serves thousands of applications within the consumer, industrial and infrastructure markets, which include sporting goods and marine applications. OC sells composite materials to original equipment manufacturers and other finished goods manufacturers, both directly and through distributors.

Major Customers. No customer of the Composite Solutions segment accounted for more than 7% of the segment's sales in 2005.

(c) Business Realignment Preceding Commencement of Chapter 11 Cases

Prior to the commencement of the Chapter 11 Cases, OC consummated several significant acquisitions and divestitures of non-strategic businesses and realigned existing businesses.

During the period 1994 through 1996, OC made a number of acquisitions for its Building Materials Systems segment in the United States and Europe. The combined purchase price for the acquisitions totaled approximately $370 million. The largest of these acquisitions was the $110 million acquisition in 1994 of Pilkington Insulation Limited and Kitsons Insulation Products Limited, the United Kingdom-based insulation manufacturing and industrial supply businesses of Pilkington PLC.

On June 27, 1997, OC acquired Fibreboard Corporation ("Fibreboard"), a North American manufacturer of vinyl siding and accessories, and manufactured stone. At the time of the acquisition, Fibreboard was a leading producer of vinyl siding and accessories, with plants in Georgia, Missouri and North Carolina in the United States, and British Columbia and Ontario in Canada. Marketing products under the brand names Norandex and Vytec, Fibreboard also operated more than 130 company-owned distribution centers in 32 states. The purchase price of the acquisition totaled approximately $660 million, including assumed debt of $138 million.

On July 28, 1997, OC acquired Amerimark Building Products, Inc. ("Amerimark") (including its wholly-owned subsidiaries, Wolverine Coil Coating, Inc. and RBP, Inc.) for a purchase price of approximately $317 million. Amerimark was a specialty building products company serving the exterior residential housing industry. Major product lines included vinyl siding, vinyl windows and aluminum accessories for the exterior of the home.

In April 1998, OC completed the sale of its 50% interest in the Alpha/Owens Corning, L.L.C. joint venture, a manufacturer and marketer of unsaturated polyester and vinylester resins. OC sold its interest to the joint venture and Alpha Corporation of Tennessee. OC and Alpha Corporation of Tennessee had created the joint venture in 1994, combining their existing resin businesses to form the largest manufacturer of polyester resins in North America.

In September 1998, OC completed the formation of a joint venture with a U.S. subsidiary of Groupe Porcher Industries. The joint venture manufactured and sold yarns and specialty materials. OC contributed two manufacturing plants and certain proprietary technology to the joint venture, in return for a 49% interest in the joint venture. The remaining 51% interest in the joint venture was sold to the Groupe Porcher subsidiary for approximately $550 million. OC's 49% interest was extinguished as a result of a bankruptcy case filed by the joint venture.

In late 1999, certain OC entities, including Fibreboard, underwent an internal reorganization. On December 15, 1999, OCD approved the transfer of the assets and liabilities of Cultured Stone Corporation ("Cultured Stone"), a Fibreboard subsidiary, to OCD in exchange for the transfer by OCD of stock of Amerimark to Fibreboard. Effective December 31,

1999, Cultured Stone and Vytec Sales Corporation, also a Fibreboard subsidiary, merged with and into Fibreboard. On that same date, Fibreboard exchanged the Cultured Stone assets and liabilities for the Amerimark stock. Also on the same date, Fabwel, Inc. ("Fabwel"), a Fibreboard subsidiary, and the newly acquired Amerimark were merged with and into Norandex, Inc. ("Norandex"), a Fibreboard subsidiary, which then changed its name to Exterior Systems, Inc. ("Exterior Systems").

During 2000, OC implemented the first phase of a strategic restructuring program, which continued throughout 2001. On February 2, 2000, OC completed the sale of the assets of Falcon Foam, a producer of expanded polystyrene foam insulation in Michigan and California, to Atlas Roofing Corp. for net proceeds of approximately $50 million. On June 5, 2000, OC completed the sale of its European building materials business to Alcopor Owens Corning Holding AG ("Alcopor Owens Corning"), an unconsolidated joint venture between OC and Alcopor Holding AG, in which OC retained a 40% interest. Proceeds from the sale, net of OC's $34 million cash infusion into the joint venture, were $177 million.

3. Acquisitions, Divestitures and Business Realignments During the Pendency of the Chapter 11 Cases

(a) Business Realignments

Beginning in 2000, and continuing after the filing with the Bankruptcy Court of voluntary petitions for relief under Chapter 11 made by OCD and the Subsidiary Debtors (the "Filing"), OC reviewed its cost structures at that time as a response to the overall slowed economy in both the building materials and composites industries. As a result of that review, various restructuring programs were put into place as OC assessed cost structures of certain businesses and facilities as well as overhead expenditures for the entire company. One result of such assessments was the determination to exit certain businesses and consolidate in others, leading to significant restructuring charges as assets were written down to realizable value or other exit costs were recognized. In addition, a strategic review of OC's businesses resulted in additional restructuring charges in 2002.

By Order dated December 9, 2002, OC received Bankruptcy Court approval for the restructuring of two of OC's joint ventures in China, namely OC Shanghai and OC Guangzhou. The restructuring involved the extension of certain debt maturities and the reduction of principal by the China Lenders (as defined below), who were owed approximately $22 million, which debt was originally guaranteed by OCD. The restructuring, pursuant to the terms of the parties' "China Standstill Agreement", extended the debt maturities through December 31, 2005, and reduced the principal. The amounts due under this restructuring have been satisfied at an agreed discount. See Section V.F.4(b). In consideration for the maturity extensions and reduction in principal, OC agreed that the China Lenders have an Allowed unsecured guaranty Claim against the Estate in the aggregate amount of $22 million.

(b) Acquisitions

In June 2002, OC received Bankruptcy Court approval to consummate the restructuring of OC's Indian joint venture, Owens-Corning (India) Limited ("OCIL"), a producer of composite material. As part of the restructuring, OC, through its

wholly-owned subsidiary, IPM Inc. ("IPM"), contributed approximately $3 million of cash into OCIL and agreed to allow a guaranty claim in the amount of approximately $19 million in its Chapter 11 proceedings in respect of OCIL's junior debt. In addition, OCIL's senior debt maturities were extended, and its junior debt was converted to approximately $7 million of redeemable convertible debentures. Through these restructuring efforts, OC's ownership interest in OCIL increased from approximately 50% to approximately 60%. OC began consolidating OCIL on July 1, 2002, when the restructuring was consummated by all of the parties to the restructuring and approved by the Indian Government.

As of the Petition Date, Owens Corning VF Holdings, Inc. ("OCVF"), a wholly-owned subsidiary of IPM, owned 40% of Vitro OCF, SA de C.V. ("VF"), a Mexican holding company for subsidiaries engaged in the manufacturing and selling of fiberglass insulation and reinforcements in Mexico, the United States, Central and South America and the Caribbean. The remaining 60% of VF was owned by Vitro Envases Norteamerica, S.A. de C.V. ("VENA"), a corporation organized under the laws of Mexico. By Order dated March 22, 2004, the Bankruptcy Court authorized Owens Corning and OCVF to consummate the terms of a Stock Purchase Agreement with VENA and VENA's corporate parent, Vitro, S.A. de C.V. ("Vitro"). Among other things, the Stock Purchase Agreement provided for OCVF to purchase VENA's 60% interest in VF for approximately $73 million. With approval of the Bankruptcy Court, OCVF obtained the funds necessary to purchase the stock via a sale of its preferred stock to Owens Corning Canada, Inc. ("OCC"), a wholly-owned, non-debtor, indirect subsidiary of IPM.

In September 2005, the Bankruptcy Court authorized Exterior Systems, Inc. to purchase substantially all of the assets of Wolverine Fabricating, Inc., a California corporation engaged in the business of supplying fabricated parts to customers in the recreational vehicle and cargo trailer industries. The purchase price for this acquisition was approximately $15 million, subject to certain adjustments and various terms and conditions. In connection with the transaction, the parties also executed lease, consulting, transition services and other agreements. This acquisition was designed to enable the Debtors to expand their recreational vehicle exterior business and operations to the West Coast, serve the recreation vehicle fabrication needs of California, Oregon and Washington and enable the Debtors to add new product lines to the Debtors' recreational vehicle exterior business.

On February 3, 2006, the Bankruptcy Court entered an order approving certain agreements regarding the acquisition by Owens Corning Japan Ltd. ("OC Japan"), a wholly-owned subsidiary of IPM, of the stock of a newly-formed company that owns certain composite-related assets previously owned by Asahi Fiber Glass Co., Ltd. Such agreements provided for the following: (a) Asahi Fiber Glass Co., Ltd.'s transfer of its reinforcement and compounding businesses to NewCo, a newly-formed, wholly-owned subsidiary of Asahi Fiber Glass Co., Ltd.; (b) OC Japan's purchase of 100% of the shares of NewCo; (c) NewCo's lease of certain buildings and land from Asahi Fiber Glass Co., Ltd.; (d) the lease of certain precious metals from Asahi Fiber Glass Co., Ltd.; and (e) the allocation among the parties of certain potential liabilities for specified environmental, health and safety obligation. Closing occurred on or about May 1, 2006.

(c) Divestitures

During the first quarter of 2001, OC completed the sale of the majority of its interest in Engineered Pipe Systems, Inc. ("EPS"), a producer of glass-reinforced plastic pipe with operations mostly in Europe. EPS and Saudi Arabian Amiantit Co. ("Amiantit") had entered into a Stock Purchase Agreement, dated February 28, 2001, pursuant to which EPS sold to Amiantit all of the capital stock of its wholly-owned subsidiaries, Flowtite A/S and Flowtite Technology A/S. Also pursuant to the Stock Purchase Agreement, Amiantit purchased from Norske EPS BOT A/S, its interest in Flowtite Botswana Ltd. The purchase price was $2 million. By letter dated May 29, 2001, the Official Committee of Unsecured Creditors (the "Unsecured Creditors' Committee") represented to the Debtors that it had no objection to the Stock Purchase Agreement, or the implementation of the transactions related to these agreements. Net proceeds from the sale were $22 million.

OC completed its divestiture of the pipe business with a sale of certain other operations to Amiantit pursuant to a Stock Purchase Agreement, dated November 21, 2001. The purchase price for the sale of these interests was $2.6 million. By letter dated November 29, 2001, the Unsecured Creditors' Committee represented to the Debtors that it had no objection to the Stock Purchase Agreement or the implementation of the transactions provided for under the agreement.

During the fourth quarter of 2001, OC sold its remaining 40% interest in Alcopor Owens Corning, an unconsolidated joint venture for net proceeds of $23 million. On October 29, 2001, OC received approval from the Bankruptcy Court to finalize the transaction, as modified.

During the first quarter of 2003, OC sold the assets of its metal systems and mineral wool businesses to ALSCO Metals Corporation. The purchase price for the sale of these assets was $56 million. The company received Bankruptcy Court approval to sell such assets on May 19, 2003. See Section V.F.18(g).

B. Financial Structure of the Company at the Petition Date

1. Capitalization

The following table sets forth the consolidated current liabilities and capitalization of OC as of the dates indicated. The table does not reflect OC's pre-petition asbestos liability. This information is qualified in its entirety by, and should be read in connection with, the Consolidated Financial Statements of OC (including the notes thereto) that are included in OC's Annual Report on Form 10-K for the year ended December 31, 2005, as well as the Consolidated Financial statements of OC included in OC's other reports filed with the SEC, which may be obtained, free of charge, through OC's website at www.owenscorning.com. OC's Annual Report on Form 10-K for the year ended December 31, 2005, may also be obtained by sending a written request. See directions for obtaining this document in Appendix D.

(in millions of dollars)

	As of October 4, 2000	As of December 31, 2005
Current Liabilities		
Accounts Payable and Accrued Liabilities	$ 281	1,032
Accrued Post-petition interest	—	735
Short-term Debt	50	6
Long-term Debt – current portion	10	13
Long-term Debt	66	36
Other		
Other employee benefits liability	322	410
Pension Plan liability	41	684
Other	133	199
Liabilities Subject to Compromise (excluding Asbestos)	3,503	3,304
Company-obligated Securities of Entities Holding Solely Parent Debentures-subject to compromise	195	200
Minority Interest	47	47
Total Liabilities and Minority Interest	$ 4,648	6,666
Stockholders' Equity		
Common Stock	6	6
Additional Paid-In Capital	694	692
Deficit	(1,876)	(8,546)
Accumulated other comprehensive loss	(103)	(297)
Other	(9)	(2)
Total Stockholders' Equity	(1,288)	(8,147)
Total Liabilities and Stockholders' Equity (excluding Asbestos)	$ 3,360	(1,481)

2. Pre-petition Indebtedness

As of the Petition Date, OCD, the Subsidiary Debtors and certain Non-Debtor Subsidiaries were parties to a Credit Agreement, dated as of June 26, 1997 (the "Credit Agreement"), with certain banks listed in Annex A thereto and with Credit Suisse First Boston, as agent for the lenders signatory thereto. The Credit Agreement initially provided a revolving credit line of up to $2 billion available in the form of revolving loans. The initial borrowers under the Credit Agreement were: OCD, European Owens-Corning Fiberglas S.A., N.V., Owens-Corning S.A., Owens-Corning Canada Inc., Owens-Corning UK Holdings Ltd. and Sierra Corp. (and Fibreboard as successor to Sierra Corp. after the merger of Sierra Corp. with Fibreboard). The Credit Agreement was amended by Amendment No. 1, dated as of February 20, 1998 ("Amendment No. 1"), pursuant to which Owens-Corning Fiberglas (U.K.) Ltd., Owens Corning Building Products (U.K.) Ltd., Owens Corning Polyfoam UK Ltd. and Owens-Corning Isolation France S.A. were added as borrowers under the credit facility. In addition, Amendment No. 1, among other things, reduced the maximum amount of the

commitment under the credit facility to $1.8 billion. The Credit Agreement was again amended by Amendment No. 2, dated as of November 30, 1998, pursuant to which, among other things, certain financial covenants were modified to accommodate the National Settlement Program ("NSP") ("Amendment No. 2", and the Credit Agreement as amended by Amendment No. 1 and Amendment No. 2, the "1997 Credit Agreement"). The obligations under the 1997 Credit Agreement were guaranteed by certain Subsidiaries of OCD (collectively, the "Subsidiary Guarantors"). OCD was a guarantor, in addition to a borrower, under the 1997 Credit Agreement.

At the Petition Date, IPM, Vytec Corporation, Owens-Corning Fiberglas Sweden Inc., Falcon Foam Corporation, Integrex, Fibreboard, Exterior Systems, Inc., Owens-Corning Fiberglas Technology Inc., and Soltech, Inc. were Subsidiary Guarantors of the obligations under the 1997 Credit Agreement. As of the Petition Date, the principal amount outstanding under the 1997 Credit Agreement was $1,565,919,519 (including contingent liabilities for undrawn letters of credit in the amount of $250,919,519). Certain joint plans filed by the Plan Proponents which pre-dated the current Plan provided for substantive consolidation of the Debtors who were borrowers or guarantors under the 1997 Credit Agreement. Based on the proposed substantive consolidation, the Bank Holders would have had a single claim against the consolidated Debtors. Under the previously proposed plans, the Bank Holders would likely have not been paid in full and claims for postpetition interest would not have been Allowed.

On August 15, 2005, the United States Court of Appeals for the Third Circuit (the "Third Circuit") reversed the Memorandum and Order Concerning Substantive Consolidation (the "Substantive Consolidation Order") previously issued by the District Court. In the Substantive Consolidation Order, the District Court had granted the motion of OCD and certain of its subsidiaries for substantive consolidation. Petitions for rehearing were denied by the Third Circuit on September 28, 2005. Petitions for writ of certiorari filed by the Official Representatives and Future Claimants' Representative were denied by the Supreme Court on May 1, 2006. The Third Circuit's reversal of the District Court's Substantive Consolidation Order has resulted in significant modifications of the Plan and impacts the relative amounts ultimately payable to various creditor classes, including the extent to which post-petition interest and certain other post-petition fees are payable to the Bank Holders. See also Section V.F.11(b)(i).

As a result of the Third Circuit's reversal of the District Court's Substantive Consolidation Order and the Debtors' evaluation of the distributable values of OCD and its subsidiaries considered on a non-substantively consolidated basis, OC recorded, for the period ended December 31, 2005, expenses with respect to the obligations under the 1997 Credit Agreement for the period from October 5, 2000, the Petition Date, through December 31, 2005, in the amount of $747 million relating to post-petition interest and certain other post-petition fees, and an additional $54 million for the period January 1 through March 31, 2006. These expenses were accrued because the Debtors have determined that, based upon the Third Circuit's reversal of the Substantive Consolidation Order and the Debtors' resulting evaluation of the distributable values (considered on a non-substantively consolidated basis) of OCD and certain of its debtor and non-debtor subsidiaries, it is probable that such expenses will be payable by certain of the debtors and/or non-debtor subsidiaries which are either obligors under, or guarantors of, the 1997 Credit Agreement. The recorded amount of $801 million is the Debtors'

best estimate of the potential liability for post-petition interest and certain other post-petition fees under the 1997 Credit Agreement through March 31, 2006, and, with respect to interest, reflects the application of the Base Rate plus 2% (as described below) applied on a compounding basis (compounded quarterly). However, this estimate is based on numerous factual and legal uncertainties, including the interpretation of contractual provisions concerning such interest and other fees, and the Debtors reserve the right to object, if and as appropriate in its judgment, to the ultimate entitlements to such interest and other fees and to the amount of such interest and other fees in the Chapter 11 cases (or other proceedings). Moreover, the actual amount of post-petition interest and fees, if any, that may be payable with respect to the 1997 Credit Agreement is subject to various factors, including the outcome of negotiations among various creditor constituencies and/or the resolution of litigation between various claimants regarding the liability of OCD and its subsidiaries for certain pre-petition liabilities. Absent developments that alter the Debtors' determination as to the probability that post-petition interest and other fees will be payable or the best estimate of the amount of post-petition interest and other fees that may be payable, and subject to the distributable values it estimates from time to time are available to satisfy such post-petition interest and other fees under the 1997 Credit Agreement on a non-substantively consolidated basis, the Debtors expect to continue to accrue interest on the obligations under the 1997 Credit Agreement in future periods, to the extent required under applicable law, at a rate equal to the Base Rate (as defined in the 1997 Credit Agreement) plus 2% applied on a compounding basis (compounded quarterly), and post-petition fees. The Base Rate (as defined in the 1997 Credit Agreement) is a floating rate equal to the higher of (i) the prime commercial lending rate of Credit Suisse First Boston and (ii) the Federal Funds Rate plus 0.50% per annum. The actual amounts of post-petition interest and other fees, to be payable under the 1997 Credit Agreement for the period from the petition date through the Effective Date of the Plan are estimated in Schedule XII to the Plan as it may be amended up to ten (10) Business Days prior to the Objection Deadline.

See Section V.F.11(b)(i) of this Disclosure Statement entitled "Substantive Consolidation Proceedings" and Section V.F.10 entitled "Implementation of Process for Resolution of Inter-Creditor Issues" and Section V.G. entitled "Avoidance Actions in the Chapter 11 Cases" of this Disclosure Statement, for further description of the litigation relating to the Subsidiary Guarantees.

OC's other principal loan indebtedness as of the Petition Date (excluding intercompany indebtedness) included:

Notes	Aggregate Original Principal Amount	Amount Outstanding (principal and accrued interest) as of October 1, 2000
$400 Million Debentures due 2018 (7.5%)	$ 400,000,000	$ 405,333,333
		$ (400,000,000 / $5,333,333)
$550 Million Term Notes (First Series) due 2005 (7.500%)	$ 300,000,000	$ 309,625,000
		$ (300,000,000 / $9,625,000)
$550 Million Term Notes (Second Series) due 2008 (7.700%)	$ 250,000,000	$ 258,234,722
		$ (250,000,000 / $8,234,722)
$250 Million Notes due 2009 (7.000%)	$ 250,000,000	$ 250,923,611
		$ (250,000,000 / $923,611)
$150 million 8.875% Debentures of the $300 Million High Coupon Debentures due 2002	$ 150,000,000	$ 41,269,153
		$ (40,045,000 / $1,224,153)
$150 million 9.375% Debentures of the $300 Million High Coupon Debentures due 2012	$ 150,000,000	$ 7,213,654
		$ (6,988,000 / $225,654)
130 Million DEM Bearer Bonds due 2000 (7.250%)	130,000,000 DEM	$ 62,776,357
		$ (60,572,174 / $2,204,183)
Industrial Revenue Bonds		$ 9,950,000
TOTAL		**$ 1,345,325,830**
		$ (1,317,555,174 / $27,770,656)

Collectively, the debt securities listed above are referred to as the "Pre-petition Bonds". The amounts outstanding as stated above are based on the Debtors' books and records. Approval of this Disclosure Statement and solicitation of the Plan are without prejudice to the rights of the Pre-petition Indenture Trustees to assert a different amount is outstanding as of the Petition Date under any of the Pre-petition Bond Indentures. See Section VII.B.3.(c)(ii) of this Disclosure Statement for a description of the treatment of Bondholders Claims under the Plan.

In May 1995, Owens-Corning Capital L.L.C., a special purpose Delaware limited liability company, issued and sold four million shares of 6.5% Convertible Monthly Income Preferred Securities (the "MIPS") for aggregate gross proceeds of approximately $200 million. Owens-Corning Capital L.L.C. then lent the proceeds from the MIPS issuance, together with the proceeds from the issuance of common limited liability company interests, to OCD, which loan was evidenced by the issuance by OCD to Owens-Corning Capital L.L.C. of approximately $253 million in aggregate principal amount of OC's 6.5% Convertible Subordinated Debentures due 2002. As of December 31, 2004, $253,104,600 of these convertible subordinated debentures remained outstanding. Under the Plan, the term "MIPS Claims and Interests" are defined to mean all Claims directly or indirectly against OCD (or Interests to the extent any such Claims may be characterized as Interests) by the holders of the 6.5% Convertible Monthly Income Preferred Securities issued by Owens-Corning Capital L.L.C. or any Person (including any trustee) asserting such Claims derivatively or otherwise on behalf of such holders, including (i) the Claims of Owens-Corning Capital L.L.C. for approximately $253 million original aggregate principal amount arising from OCD's 6.5% Convertible Subordinated Debentures due 2002, issued pursuant to an indenture dated as of May 10, 1995, between OCD, Owens-Corning Capital L.L.C. and Harris Trust and Savings Bank, as trustee, (ii) Claims arising under the guarantee agreement, dated as of May 10, 1995, in respect of such Convertible Subordinated Debentures executed by OCD as guarantor, (iii) the Claim of The Bank of New York ("BONY"), as Special Trustee on behalf of the holders of the 6.5% Convertible Monthly Income Preferred Securities, and (iv) any Interests of the foregoing to the extent any rights of such holders may be characterized as OCD Interests. The rights against OCD under the Convertible Subordinated Debentures, to the extent they are Claims, are contractually subordinated to Senior Indebtedness Claims. As a result, under the Plan, the distributions which would otherwise be made to holders of the MIPS Claims, had the MIPS Claims not been subordinated, will be paid or issued to the holders of Allowed Claims in Classes A5 and A6-B (and, under certain circumstances, to holders of Allowed Class A4 Claims) in accordance with the subordination provisions of the agreements or instruments providing for the subordination. See Section VII.B.3(c)(ii) and VII.B.3(e)(ii) of this Disclosure Statement and

Sections 3.3(c)(ii) and 3.3(e)(ii) of the Plan. Any Interests in OCD with respect to the MIPS, including, but not limited to, conversion rights to OCD stock, shall be cancelled, extinguished and retired. However, if Classes A5, A6-A, A6-B, A7, A10 and A11 all accept the Plan, the Class A11 Warrants shall be issued to the holders of Allowed Class A11 Claims on a Pro Rata basis. If Classes A5, A6-A, A6-B, A7, A10, A11 and A12-A all accept the Plan, the Class A12-A Warrants shall be issued to the holders of Allowed Class A12-A Interests (Existing OCD Common Stock) on a Pro Rata basis. For a discussion of the treatment of OCD Subordinated Claims, See Section VII.B.3__ of this Disclosure Statement entitled "Class A11: OCD Subordinated Claims." For a discussion of the treatment of OCD Interests, see Section VII.B.3(i) and (j)of this Disclosure Statement entitled "Class A12-A: Existing OCD Common Stock and Class A12-B: OCD Interests Other Than Existing OCD Common Stock.

BONY, as successor Trustee under the Indenture dated as of May 10, 1995, for the 6.5% Convertible Subordinated Debentures due 2002 (the "MIPS Indenture"), and certain holders of MIPS Claims and Interests have alleged several defects in prior plans with respect to its asserted claims and the rights of the holders of the MIPS. BONY and such holders have asserted: (a) that, to the extent the Plan's definition of "MIPS Claims" includes claims of BONY for fees and expenses, the Plan improperly classifies claims that are not subordinated with subordinated claims; and (b) that the Plan improperly discriminates between The Bank of New York's claim for fees and expenses and the claims of Pre-petition Indenture Trustees, by excluding the MIPS Indenture from the Plan's definition of Pre-Petition Bond Indentures. The Debtors disagree with each of these assertions. Although the Plan gives BONY, as trustee, different treatment, regarding fees and expenses, than it provides to Pre-petition Indenture Trustees (e.g., by not providing for BONY to retain its liens, if any, on any payments or distribution made to the holders of the MIPS Claims and Interests), the Debtors believe such disparate treatment is justified. Other than certain warrants, the holders of Subordinated Claims and the holders of Interests receive no distributions under the Plan and, as a consequence, BONY will not be disbursing any funds to such holders and there will be no property to which its lien could attach.

In 1991, OCD formed O. C. Funding B.V. ("O.C. Funding"), a closed company with limited liability organized under the laws of The Netherlands, as a wholly-owned subsidiary of OCD for the purposes of obtaining financing for OCD and its subsidiaries. O.C. Funding subsequently issued $150,000,000 aggregate principal amount of its 10% Guaranteed Debentures due 2001 (the "O.C. Funding B.V. Debentures"), which were guaranteed as to payment of principal and interest, on an unsubordinated basis, by OCD. The O.C. Funding B.V. Debentures were issued pursuant to an indenture dated as of May 15, 1991, between O.C. Funding, OCD and The Bank of New York, as trustee. The guarantee by OCD was issued pursuant to that indenture.

Substantially all of the net proceeds of the issuance of the O.C. Funding B.V. Debentures were lent by O.C. Funding to OCD pursuant to a loan agreement dated June 11, 1991. The intercompany loan was evidenced by a promissory note in the principal amount of $148,000,000 (the "Debentures Intercompany Note"). Payment on the intercompany loan was made subject to the terms of an attached schedule containing certain subordination provisions.

As of the Petition Date, $42,395,000 aggregate principal amount of the O.C. Funding B.V. Debentures remained outstanding. Wilmington Trust Company, as successor trustee, filed a proof of claim against OCD in the amount of $43,855,272 on account of the foregoing guaranty plus accrued interest.

KBC Bank Nederland N.V. ("KBC Bank") loaned $20 million to O.C. Funding under a Credit Agreement dated August 10, 1999, between O.C. Funding and KBC Bank (the "KBC Agreement"). The loan to O.C. Funding was guaranteed on an unsubordinated basis by OCD. O.C. Funding subsequently lent the proceeds of its borrowing under the KBC Agreement to OCD, which intercompany borrowing was represented by a promissory note in the principal amount of $20,000,000.

Westdeutsche Landesbank Girozentrale ("West LB") loaned $10 million to O.C. Funding under a Credit Facility dated February 24, 2000, between O.C. Funding and West LB (the "West LB Facility"). The loan to O.C. Funding was guaranteed on an unsubordinated basis by OCD. O.C. Funding subsequently lent the proceeds of its borrowing under the KBC Agreement to OCD, which intercompany borrowing was represented by a promissory note in the principal amount of $11,800,000.

As of the Petition Date, $20,379,264 (including accrued interest) was outstanding under the KBC Agreement, and $10,135,236 (including accrued interest) was outstanding under the West LB Facility. KBC Bank filed a proof of claim based on its guaranty from OCD in the amount of $20,379,264 and West LB filed a proof of claim based on its guaranty from OCD in the amount of $10,135,236, exclusive of postpetition interest.

In July 2003, certain holders of the outstanding O.C. Funding B.V. Debentures advised OCD that they were cooperating with the holders of the outstanding debt under the KBC Agreement and West LB Facility concerning the assertion of claims relating to the O.C. Funding B.V. Debentures, the KBC Agreement and the West LB Facility (collectively, the "O.C. Funding Creditors"). The O.C. Funding Creditors made a number of claims relating to the indebtedness under the O.C. Funding B.V. Debentures, including that the subordination provisions governing certain of the intercompany indebtedness were not enforceable. A holder of the O.C. Funding B.V. Debentures, in its capacity as a creditor of O.C. Funding, began court proceedings in The Netherlands seeking, among other relief, to compel O.C. Funding to assert its claim under such intercompany indebtedness on an unsubordinated basis. Although OCD believed that it had meritorious positions with respect to the assertions made by the O.C. Funding Creditors, OCD believed it was in the best interests of its creditors and the maintenance of undisrupted business operations to settle the O.C. Funding Creditors' claims by reaching an agreement as to the amount and priority of claims that OCD would support as allowed claims in the bankruptcy proceedings. Accordingly, OCD reached an agreement with the O.C. Funding Creditors pursuant to which there would be (i) Allowed Claims in Class A5 aggregating $43,855,272 in respect of the claims of the holders of the O.C. Funding B.V. Debentures, Allowed Claims in Class A6-B aggregating $20,387,333 under the KBC Agreement and Allowed Claims in Class A6-B aggregating $10,135,236 under the West LB Facility arising under the direct guarantees by OCD of each such obligation, (ii) Allowed Claims in Class A6-A aggregating $50,858,291 in respect of a negotiated portion of the claims of O.C. Funding against OCD under the intercompany notes entered into for financings relating to the loan of proceeds

from the O.C. Funding B.V. Debentures, the KBC Agreement and the West LB Facility, and (iii) an Allowed Claim in Class A11 of $23,336,305 in respect of the remaining claims of O.C. Funding against OCD under the intercompany notes entered into for financings relating to the loan of proceeds from the O.C. Funding B.V. Debentures, the KBC Agreement and the West LB Facility (the "OCFBV Settlement Agreement"). The OCFBV Settlement Agreement was approved by the Bankruptcy Court by Order entered June 25, 2004.

OC's other indebtedness subject to compromise at the Petition Date and as of March 31, 2006, consisted of other long-term debt through 2012 at rates from 6.25% to 13.8% in an aggregate amount of $62 million and $92 million, respectively. For a description of other indebtedness, see OC's Annual Report on Form 10-K for the year ended December 31, 2005, OC's Quarterly Report on Form 10-Q for the quarter ended March 31, 2006, OC's Annual Report on Form 10-K for the year ended December 31, 2004, OC's Annual Report on Form 10-K for the year ended December 31, 2003, OC's Annual Report on Form 10-K for the year ended December 31, 2002, OC's Annual Report on Form 10-K for the year ended December 31, 2001, and OC's Annual Report on Form 10-K for the year ended December 31, 2000, copies of which may be obtained, free of charge, through OC's website at www.owenscorning.com. OC's Annual Report on Form 10-K for the year ended December 31, 2005, and OC's Quarterly Report on Form 10-Q for the quarter ended March 31, 2006, may also be obtained by sending a written request. See directions for obtaining these documents in Appendix D.

3. Pre-petition Intercompany Debt

In addition to the foregoing pre-petition indebtedness, the Debtors' Amended and Restated Schedules reflected intercompany indebtedness as of the Petition Date. For a discussion of prepetition Intercompany Claims, see Section V.F.14(e).

4. Pre-petition Equity

Prior to the Petition Date, OCD's common stock, par value $0.10 per share (the "Existing OCD Common Stock") was listed on the New York Stock Exchange ("NYSE") under the ticker symbol "OWC." As of the Petition Date, OCD had 100 million shares of authorized common stock, of which 55,423,132 shares were outstanding. Effective January 30, 2003, OCD's common stock was removed from listing and registration on the NYSE for failing to meet certain continued listing standards of the NYSE. Effective December 19, 2002, OCD's common stock has been traded on the Over-The-Counter Bulletin Board under the ticker symbol "OWENQ."

OCD declared and paid regular dividends of $.075 per share of Existing OCD Common Stock for each of the first two quarters of 2000. OCD declared but did not pay, as a result of the Filing, the regular dividend for the third quarter of 2000. See Section V.G.3(a) of this Disclosure Statement entitled "Dividend Action" for a discussion of certain actions that have been filed in the Chapter 11 Cases to avoid certain dividends paid to certain of the Debtors' shareholders and to recover such dividends for the Debtors' Estates as a fraudulent conveyance.

As of January 31, 2006, there were 6,516 stockholders of record of the Existing OCD Common Stock.

See Section V.F.21 of this Disclosure Statement entitled "Notice Procedures and Transfer Restrictions on Trading of Equity Securities."

See Section VII.B.3(i) of this Disclosure Statement for a description of the treatment of the Existing OCD Common Stock under the Plan.

IV. BACKGROUND OF ASBESTOS-RELATED LITIGATION

A. Pre-Petition Claims Against OCD

Prior to the Petition Date, numerous claims had been asserted against OCD alleging personal injuries arising from inhalation of asbestos fibers. Virtually all of these claims arose out of OCD's manufacture, distribution, sale or installation of an asbestos-containing calcium silicate, high temperature insulation product, the manufacture and distribution of which was discontinued in 1972. OCD received approximately 18,000 asbestos personal injury claims during 2000, approximately 32,000 such claims during 1999 and approximately 69,000 such claims during 1998.

B. Pre-Petition Claims Against Fibreboard

Prior to 1972, Fibreboard manufactured asbestos-containing products, including insulation products. Fibreboard has since been named as a defendant in many thousands of personal injury claims for injuries allegedly caused by asbestos exposure. Fibreboard received approximately 22,000 asbestos personal injury claims during 2000.

1. The Fibreboard Insurance Settlement Trust

In an effort to deal with the financial impact of its existing and future asbestos-related personal liability in the early 1990's, Fibreboard entered into a settlement agreement with two of its insurers, ultimately resulting in the creation of a trust (the "Fibreboard Insurance Settlement Trust"). See Section IV.C.3(c) of this Disclosure Statement entitled "Insurance Settlement" for a discussion of the Insurance Settlement entered into by Fibreboard with respect to its asbestos-related liability.

During the fourth quarter of 1999, the Fibreboard Insurance Settlement Trust was funded with $1.873 billion in proceeds from the settlement referred to above. The terms of the Fibreboard Insurance Settlement Trust provided for the funds in the trust to be applied solely to the costs of resolving pending and future Fibreboard asbestos-related liabilities, whether incurred as a result of a judgment in litigation or a settlement, or otherwise.

During 2000 prior to the Petition Date, payments made out of the Fibreboard Insurance Settlement Trust for asbestos-related claims against Fibreboard totaled $820 million, including $45 million in defense, claims processing and administrative expenses. As a result of the Filing, no payments for such claims have been made from the Fibreboard Insurance Settlement Trust since the Petition Date.

The assets of the Fibreboard Insurance Settlement Trust are comprised of marketable securities. The Fibreboard Insurance Settlement Trust has received a ruling from the

United States Internal Revenue Service ("IRS") that it is a "qualified settlement fund" for United States federal income tax purposes. At March 31, 2006, the fair value of assets in the Fibreboard Insurance Settlement Trust was $1.309 billion. In addition, there are approximately $127 million in Administrative Deposits held in settlement accounts to pay applicable Fibreboard asbestos claim settlements. See Section IV.C.4 of this Disclosure Statement entitled "NSP Administrative Deposits" for a discussion of these Administrative Deposits.

2. The Committed Claims Account

Fibreboard also has an interest of approximately $33 million in the balance of the account (the "Committed Claims Account") established by Fibreboard and Continental Casualty Company ("Continental") pursuant to the Agreement Between Fibreboard and Continental On Remaining Issues, dated December 13, 1999, which was the subject of a Stipulation and Agreed Order Between Debtors and Continental Casualty Company Regarding Status and Disposition of Funds in Committed Claims Account and Related Matters Under Buckets Agreement, entered by the Bankruptcy Court on June 27, 2001. Under the Plan, the Committed Claims Account is being transferred to the FB Sub-Account of the Asbestos Personal Injury Trust for the benefit of the holders of Allowed Claims in Class B8, FB Asbestos Personal Injury Claims. See Section VII.B.4(d)(iii) of this Disclosure Statement entitled "Impaired Classes of Claims — Class B8: FB Asbestos Personal Injury Claims —Funding of the FB Sub-Account."

C. National Settlement Program

1. General

Beginning in late 1998, OCD implemented the NSP to resolve personal injury asbestos claims through settlement agreements with individual plaintiffs' law firms (the "NSP Agreements").

The NSP was intended to better manage the asbestos liabilities of OCD and to help OCD better predict the timing and amount of indemnity payments for both pending and future asbestos claims. The number of law firms participating in the NSP expanded from approximately 50 when the NSP was established to approximately 120 as of the Petition Date. The NSP Agreements extended through at least 2008 and provided for the resolution of existing asbestos claims, including unfiled claims pending with the participating law firm at the time it entered into an NSP Agreement ("Initial Claims"). The NSP Agreements also established procedures and fixed payments for resolving, without litigation, claims against either OCD or Fibreboard, or both, arising after a participating firm entered into an NSP Agreement ("Future Claims").

Settlement amounts for both Initial Claims and Future Claims were negotiated with each firm participating in the NSP, and each firm was to communicate with its respective clients to obtain authority to settle individual claims. Payments to individual claimants were to vary based on a number of factors, including the type and severity of disease, age and occupation. All such payments were subject to delivery of satisfactory evidence of a qualifying medical condition and exposure to OCD's and/or Fibreboard's products, delivery of customary releases by each claimant, and other conditions. Certain claimants settling non-malignancy

claims with OCD and/or Fibreboard were entitled to an agreed pre-determined amount of additional compensation if they later developed a more severe asbestos-related medical condition.

As to Future Claims, each participating NSP firm agreed (consistent with applicable legal requirements) to recommend to its future clients, based on appropriately exercised professional judgment, to resolve their asbestos personal injury claims against OCD and/or Fibreboard through an administrative processing arrangement, rather than litigation. In the case of Future Claims involving non-malignancy, claimants were required to present medical evidence of functional impairment, as well as the product exposure criteria and other requirements set forth above, to be entitled to compensation.

2. OCD's Experience with the NSP

(a) NSP Claims Against OCD

As of the Petition Date, the NSP covered approximately 239,000 Initial Claims against OCD, approximately 150,000 of which had satisfied all conditions to final settlement, including receipt of executed releases, or other resolution (the "Final NSP Settlements") at an average cost per claim of approximately $9,300. As of the Petition Date, approximately 89,000 of such Final NSP Settlements had been paid in full or otherwise resolved, and approximately 61,000 were unpaid in whole or in part. As of such date, the remaining balance payable under NSP Agreements in connection with these unpaid Final NSP Settlements was approximately $510 million. Through the Petition Date, OCD had received approximately 6,000 Future Claims under the NSP.

(b) Non-NSP Claims Against OCD

As of the Petition Date, approximately 29,000 asbestos personal injury claims were pending against OCD outside the NSP. This compares to approximately 25,000 such claims pending on December 31, 1999. The information needed for a critical evaluation of pending claims, including the nature and severity of disease and definitive identifying information concerning claimants, typically becomes available only through the discovery process or as a result of settlement negotiations, which often occur years after particular claims are filed. As a result, OCD has limited information about many of such claims.

OCD resolved (by settlement or otherwise) approximately 10,000 asbestos personal injury claims outside the NSP during 1998, 5,000 such claims during 1999 and 3,000 such claims during 2000 prior to the Petition Date. The average cost of resolution was approximately $35,900 per claim for claims resolved during 1998, $34,600 per claim for claims resolved during 1999, and $44,800 per claim for claims resolved during 2000 prior to the Petition Date. Generally, these claims were settled as they were scheduled for trial, and they typically involved more serious injuries and diseases. Accordingly, OCD does not believe that such average costs of resolution are representative of the value of the non-NSP claims then pending against OCD.

(c) Asbestos-Related Payments by OCD

As a result of the Filing, OCD has not made any asbestos-related payments since the Petition Date except for approximately $20 million paid on its behalf by third parties pursuant to appeal bonds issued prior to the Petition Date. During 1999 and 2000 (prior to the Petition Date), OCD made asbestos-related payments falling within four major categories: (1) settlements in respect of verdicts incurred or claims resolved prior to the implementation of the NSP; (2) NSP settlements; (3) non-NSP settlements covering cases not resolved by the NSP; and (4) defense, claims processing and administrative expenses, as follows:

	1999 (In millions of dollars)	2000 (through October 4)[1] (In millions of dollars)
Pre-NSP Settlements	$ 170	$ 51
NSP Settlements	570	538
Non-NSP Settlements	30	42
Defense, Claims Processing and Administrative Expenses	90	54
Total[2]	$ 860	$ 685

Prior to the Petition Date, OCD deposited certain amounts in settlement accounts to facilitate claims processing under the NSP ("Administrative Deposits"). See Section IV.C.4 of this Disclosure Statement entitled "NSP Administrative Deposits."

3. Fibreboard's Experience with the NSP

(a) NSP Claims Against Fibreboard

As described above, OCD acquired Fibreboard in 1997. Fibreboard executed the NSP Agreements and became a participant in the NSP effective in the fourth quarter of 1999. The NSP Agreements settled asbestos personal injury claims that had been filed against Fibreboard by participating plaintiffs' law firms and claims that could have been filed against Fibreboard by such firms following the lifting, in the third quarter of 1999, of an injunction which had barred the filing of asbestos personal injury claims against Fibreboard.

As of the Petition Date, the NSP covered approximately 206,000 Initial Claims against Fibreboard, approximately 118,000 of which had satisfied all conditions to final settlement, including receipt of executed releases, or other resolution as Final NSP Settlements at an average cost per claim of approximately $7,400. As of the Petition Date, approximately 62,000 of such Final NSP Settlements had been paid in full or otherwise resolved, and approximately 56,000 were unpaid in whole or in part. As of such date, the remaining balance payable under NSP Agreements in connection with these unpaid Final NSP Settlements was approximately $330 million. The NSP Agreements also provided for the resolution of Future Claims under the NSP against Fibreboard through the administrative processing arrangement described above. Through the Petition Date, Fibreboard had received approximately 6,000 Future Claims under the NSP.

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1 Since the Petition date, all pre-petition asbestos claims and pending litigation against the Debtors, including, without limitation, claims under the NSP, have been automatically stayed.

2 Amounts shown are before tax and application of insurance recoveries.

(b) Non-NSP Claims Against Fibreboard

As of the Petition Date, approximately 9,000 asbestos personal injury claims were pending against Fibreboard outside the NSP. This compares to approximately 1,000 such claims pending on December 31, 1999. Fibreboard resolved (by settlement or otherwise) approximately 2,000 asbestos personal injury claims outside the NSP during 2000 prior to the Petition Date at an average cost of resolution of approximately $45,000 per claim. Generally, these claims were settled as they were scheduled for trial, and they typically involved more serious injuries and diseases. Accordingly, OC does not believe that such average costs of resolution are representative of the value of the non-NSP claims then pending against Fibreboard.

(c) Insurance Settlement

In 1993, Fibreboard entered into certain settlement arrangements in an attempt to address the financial impact of its existing and future asbestos-related personal injury liabilities. One such arrangement was an insurance settlement (the "Insurance Settlement") between Fibreboard and two of its insurers, Continental and Pacific Indemnity Company ("Pacific"). Under the terms of the Insurance Settlement, Continental and Pacific were, among other things, to provide up to $2 billion minus interim settlements, plus accrued interest, to resolve asbestos personal injury claims pending against Fibreboard as of August 27, 1993 and all future asbestos personal injury claims asserted against Fibreboard after such date, including defense costs. These funds were to be put into the Fibreboard Insurance Settlement Trust. See Section V.F.7of this Disclosure Statement entitled "Insurance" and OC's Annual Report on Form 10-K for the year ended December 31, 2005 (which is available free of charge from OC's website, www.owenscorning.com), for a further description of the Insurance Settlement. OC's Annual Report on Form 10-K for the year ended December 31, 2005, may also be obtained by sending a written request. See directions for obtaining this document in Appendix D.

The Insurance Settlement became effective in 1999 and, during the fourth quarter of 1999, Continental and Pacific funded the Fibreboard Insurance Settlement Trust with $1.873 billion.

(d) Asbestos-Related Payments by Fibreboard

As a result of the Filing, Fibreboard has not made any asbestos-related payments since the Petition Date. During 2000 (prior to the Petition Date), gross payments for asbestos-related claims against Fibreboard, all of which were paid/reimbursed by the Fibreboard Insurance Settlement Trust, fell within four major categories, as follows:

	2000 (through October 4, 2000)[3] (In millions of dollars)
Pre-NSP Settlements	$ 29
NSP Settlements	705
Non-NSP Settlements	41
Defense, Claims Processing and Administrative Expenses	45
Total	$ 820

The payments for settlements under the NSP include certain administrative deposits during the reporting period in respect of Fibreboard claims. [Of this, approximately $127 million remains in settlement accounts may be the subject of litigation to determine if any of these funds are recoverable for the benefit of the FB Sub-Account of the Asbestos Personal Injury Trust. See Section IV.C.4 of this Disclosure Statement entitled "NSP Administrative Deposits."

4. NSP Administrative Deposits

As referred to above, prior to the Petition Date, OCD and Fibreboard entered into settlement agreements with four law firms including Baron & Budd, P.C. ("B&B"), whereby OCD and Fibreboard would make certain Administrative Deposits to facilitate claims processing under the NSP Agreements. These Administrative Deposits were made to settlement accounts maintained by such law firms for the benefit of their clients under the NSP Agreements. Each of the NSP Agreements contemplated that clients of the four firms, who received written approval from OCD and/or Fibreboard that they qualified for settlement payments pursuant to the terms of the particular NSP Agreement, would receive their settlement distribution from the Administrative Deposits maintained by their law firm. B&B asserts that under some circumstances its clients may be entitled to receive their settlement distribution from the Administrative Deposits even without receipt of written approval from OCD and/or Fibreboard, while the Debtors contend that the written approval of OCD/Fibreboard was a requirement for disbursement under the NSP Agreements. B&B asserts that approval pursuant to the terms of the NSP Agreement with B&B would be deemed to have occurred after the passing of certain time-period without approval or disapproval and that the Debtors waived the right to approve payments by their inaction.

After the Petition Date, the Debtors did not authorize any further distributions from the Administrative Deposits. Nonetheless, at least one law firm, Waters & Kraus LLP, made distributions after the Petition Date in the amount of approximately $11.6 million. As of March 31, 2006, approximately $106 million of Administrative Deposits previously made by OCD, and approximately $127 million of Administrative Deposits previously made by Fibreboard had not been finally distributed to claimants and are reflected in OCD's consolidated balance sheet as restricted assets and have not been subtracted from OCD's or Fibreboard's reserve for asbestos personal injury claims.

[3] Only payments through October 4, 2000, are reflected. Since the Petition Date, all pre-petition asbestos claims and pending litigation against the Debtors, including, without limitation, claims under the NSP, have been automatically stayed.

The Administrative Deposits held by B&B have been the subject of litigation during the Chapter 11 Cases. Certain of the issues have been determined, but those matters are on appeal. See Section V.F.8 of this Disclosure Statement entitled "Baron & Budd Administrative Deposits."

D. Establishment of Financial Reserves for Asbestos Liability; Estimation of Asbestos Liability

1. Financial Statement Reserves for Asbestos Liability

For financial reporting purposes, OC has historically estimated a reserve in accordance with generally accepted accounting principles to reflect asbestos-related liabilities that have been asserted or are probable of assertion. Accounting principles require accruals with respect to contingent liabilities (including asbestos liabilities) only to the extent that such liabilities are both probable and reasonably estimable. With respect to such liabilities that are probable as to which a reasonable estimate can be made only in terms of a range (with no point within the range determined to be more probable than any other point in such range), such accounting principles require only the accrual of the amount representing the low point in such range.

As OC has discussed in its public filings, any estimate for financial reporting purposes of its liabilities for pending and expected future asbestos claims is subject to considerable uncertainty because such liabilities are influenced by numerous variables that are inherently difficult to predict. Prior to the Petition Date, such variables included, among others, the cost of resolving pending non-NSP claims; the disease mix and severity of disease of pending NSP claims; the number, severity of disease, and jurisdiction of claims filed in the future (especially the number of mesothelioma claims); how many future claimants were covered by an NSP Agreement; the extent, if any, to which individual claimants exercised a right to opt out of an NSP Agreement and/or engage counsel not participating in the NSP; the extent, if any, to which counsel not bound by an NSP Agreement undertook the representation of asbestos personal injury plaintiffs against OCD and Fibreboard; the extent, if any, to which OC exercised its right to terminate one or more of the NSP Agreements due to excessive opt-outs or for other reasons; and the success in controlling the costs of resolving future non-NSP claims. As discussed further below, such uncertainties significantly increased as a result of the Filing.

OCD's reserve in respect of asbestos-related liabilities was established through a charge to income in 1991 with additional charges to income of $1.1 billion in 1996, $1.4 billion in 1998, $1.0 billion in 2000 and $1.4 billion in 2002 and as of December 31, 2004, the reserve in respect of OCD asbestos-related liabilities was approximately $3.6 billion. As a result of the Filing, the difficulties of estimating the number and cost of resolution of present and future asbestos-related claims significantly increased. In order to obtain a Section 524(g) injunction that would channel funds for pending and future asbestos-related claims to a trust and protect the Debtor from asbestos-related litigation post-reorganization, it became necessary for OCD to make provisions for all of its asbestos liability, not just for the time period required for financial reporting, but through the year 2049, the time by which all claims are expected.

In response to the District Court's Memorandum and Order dated March 31, 2005 estimating OCD's total amount of contingent and unliquidated claims, including

pending claims, future claims through the year 2049, and contract claims, at $7 billion, OCD increased its reserves for asbestos-related liability by $3.435 million for the period ended March 31, 2005, so that its recorded reserve equaled the level of asbestos liability estimated by the District Court. As of December 31, 2004, the aggregate reserve in respect of Fibreboard asbestos-related liabilities was approximately $2.3 billion. Although the District Court's Memorandum and Order did not specifically address the potential asbestos-related liability of Fibreboard, based upon the analysis that the District Court followed in estimating the asbestos liability for OCD, Fibreboard's recorded reserve for potential asbestos-related liability was increased by $907 million for the period ended March 31, 2005, bringing it to a total of approximately $3.2 billion. Thus, OC's aggregate reserve for potential asbestos-related liability was approximately $10.2 billion as of March 31, 2005. For additional information with respect to the establishment and amount of reserves for asbestos-related liability, see Note 19 of the Notes to Consolidated Financial Statements set forth in OC's Annual Report on Form 10-K for the year ended December 31, 2005, and Note 9 of the Notes to Consolidated Financial Statements set forth in OC's Quarterly Report on Form 10-Q for the quarter ended March 31, 2006, copies of which may be obtained, free of charge, through OC's website at www.owenscorning.com. Copies of OC's Annual Report on Form 10-K for the year ended December 31, 2005 and OC's Quarterly Report on Form 10-Q for the quarter ended March 31, 2006, may also be obtained by sending a written request in accordance with the directions set forth in Appendix D.

2. Estimation of Asbestos Liability for Plan Purposes

The estimation of asbestos-related liability for the purposes of determining the relative allocation of plan consideration is based upon an estimation of the number of Allowed Claims and their value, including all future claims through the year 2049.

In connection with establishing the number and estimated aggregate value of Asbestos Personal Injury Claims, and as a basis for establishing the alternative scenarios for creditor recoveries, the Debtors, the Unsecured Creditors' Committee, the Asbestos Claimants' Committee and the Future Claimants' Representative retained experts to assist them in estimating the number and value of OC Asbestos Personal Injury Claims and FB Asbestos Personal Injury Claims. Such estimates are necessary under Section 524(g) of the Bankruptcy Code, which, as noted, requires an estimate of the number of claims that will be filed against the Debtors in the future. These estimates, particularly in light of the extended length of the forecast period, necessarily result in more uncertainty than generally holds for estimates of other types of contingent liability. In addition, each of the experts made certain assumptions, including the propensity of asbestos claimants to file a claim against the Debtors, the timing and disease severity of those claims, and the appropriate average settlement value of claims, all of which add to the uncertainty and can result in significant variations in the final estimates.

Beginning on January 13, 2005, a six day claims estimation hearing was held before the District Court. The purpose of the hearing was to establish the amount of OCD's current and future asbestos liability to be allowed as claims in the Chapter 11 Cases. At the hearing, experts offered a range of estimates of OCD's asbestos liability from a low of $2.08 billion offered by the expert for the Bank Holders to a high of $11.1 billion provided by the expert for the Asbestos Claimants' Committee. Intermediate estimates were offered by experts retained by OCD and the Futures Claimants' Representative.

At the hearing, experts for the Asbestos Claimants' Committee, the Futures Claimants' Representative, and the Debtors offered estimates of Fibreboard's current and future asbestos liability. The Asbestos Claimants' Committee and the Future Claimants' Representative offered preferred forecasts of $7.5 billion and $6.49 billion respectively. Experts retained by the Debtors offered estimates of Fibreboard's present and future asbestos-related liability between $2.12 and $3.22 billion. The Bank Holders did not offer an estimate.

On March 31, 2005, the District Court issued the OCD Asbestos Personal Injury Estimation Order estimating the total amount of contingent and unliquidated claims against OCD for personal injury or death caused by exposure to asbestos (including pending claims, future claims and contract claims) at $7 billion. The OCD Asbestos Personal Injury Estimation Order contained no finding as to the amount of Fibreboard's asbestos liability. On April 13, 2005, the District Court denied a motion for reconsideration brought by Bank Holders and other parties. These parties appealed the District Court's ruling to the Third Circuit. Briefing has been completed under the schedule established by the Third Circuit and oral argument was scheduled for June 7, 2006. The Settlement Term Sheet provides that for purposes of the Plan, OCD's current and future asbestos liability would be deemed to be $7 billion and that within ten days after the execution of the Settlement Term Sheet, the Bank Steering Committee, the Ad Hoc Bondholders' Committee and the Ad Hoc Equity Holders' Committee shall take such steps as may be required to dismiss with prejudice the appeal pending before the Third Circuit of the Asbestos Personal Injury Estimation Order, subject to reinstatement by the the Ad Hoc Bondholders' Committee and the Ad Hoc Equity Holders' Committee, but only if reinstatement is permitted by the Third Circuit, if the asbestos personal injury claimants fail to accept the Plan by the percentages required by Section 524(g) and Section 1126(c) of the Bankruptcy Code. The appeal by CSFB on behalf of the Bank Holders is subject to reinstatement only if a plan of reorganization is not confirmed which provides the Bank Holders with the treatment provided in the Plan. On May 19, 2006, CSFB, as the agent for the lenders under the 1997 Credit Agreement ("CSFB"), the Ad Hoc Bondholders' Committee and the Ad Hoc Equity Holders' Committee filed dismissals of the appeal, subject to reinstatement as specified above, leaving only Century Indemnity Company and Central National Insurance Company as appellants of the Asbestos Personal Injury Estimation Order. On May 19, 2006, the Plan Proponents filed a Motion to Defer Appellate Argument and Disposition of Appeal with the Third Circuit, seeking to postpone any appeal so that, among other reasons, the confirmation of the Plan would render any such appeal moot. On May 22, 2006, Century Indemnity Company and Central National Insurance Company filed a response in which they stated that they did not oppose the postponement of the appellate argument. On May 25, 2006, the Third Circuit ordered that the appeals by CSFB, the Ad Hoc Bondholders' Committee and the Ad Hoc Equity Holders' Committee be held in abeyance until further notice. The Third Circuit also granted the motion to postpone oral argument with respect to the appeals of Century Indemnity Company and Central National Insurance Company, with the reservation of all rights by the appellants deemed subsumed within the deferral. With respect to all appeals of the OCD Asbestos Personal Injury Estimation Order, the Third Circuit ordered the parties to report on the status of the Chapter 11 Cases on the last Business Day of each two-month period commencing June 30, 2006.

The $7 billion amount pursuant to the OCD Asbestos Personal Injury Estimation Order has been incorporated into the Plan as the Class A7 Aggregate Amount. Upon rejection of the Plan by certain classes, this amount would be used to determine the share of distributions which would be made to the OC Sub-Account of Asbestos Personal Injury Trust. The Class A7 Aggregate Amount is adjusted from the $7 billion baseline to reflect payments from other sources: (i) the amount of any distribution made by Integrex on account of the Class I7 Claims (if any), (ii) the amounts in the OCD Insurance Escrow as of the Effective Date, (iii) the amounts then due under the AIG Settlement Agreement and the Affiliated FM Settlement Agreement, and (iv) the aggregate amount in the NSP Administrative Deposit Accounts in respect of OC Asbestos Personal Injury Claims less any OCD Reversions, as such amount in clause (iv) shall be estimated by the Bankruptcy Court or the District Court at or prior to the Confirmation Hearing. It is also a condition of the Effective Date that the rights of any and all members of Classes A4, A5, A6-A and A6-B to pursue, and receive any benefits of, from or under, the pending appeal of the OCD Asbestos Personal Injury Estimation Order shall be deemed to have been waived and released under the Plan and Confirmation Order to the fullest extent permissible under applicable law. However, the Plan Proponents have the right to waive this condition in their sole discretion based on their belief that the appeal of the OCD Asbestos Personal Injury Estimation Order shall be effectively mooted by the distribution of property under the Plan and all other relevant facts and circumstances. A decision by the Plan Proponents to waive this condition would not have the effect of supplanting a subsequent judicial determination concerning the issue of mootness of any appeal, but would merely be the decision of the Plan Proponents not to delay the Effective Date pending a determination of such mootness. The Plan Proponents may also waive this condition entirely.

V. CHAPTER 11 CASES

A. Events Leading to the Chapter 11 Filings

Since the adoption of its NSP in the fourth quarter of 1998, OC's strategy had been to use that program to avoid the costly and unpredictable traditional tort system and to quantify the amount of payments to asbestos claimants and control the timing of those payments to match the Company's ability to make such payments. The NSP achieved these goals in many respects and also facilitated the negotiation of the deferral of payments to NSP participants during 2000 prior to the Filing. As discussed in more detail below, however, OC's inability to obtain ongoing financing on acceptable terms, the lack of support for additional payment deferrals, the higher than anticipated number of asbestos-related claims (which adversely affected the Company's estimated liquidity needs through 2004), and the deterioration of OC's operations during 2000, resulted in the decision by OC to seek protection for the Debtors under Chapter 11 of the Bankruptcy Code.

During the third quarter of 2000, OC met on a number of occasions with CSFB to discuss a refinancing of its $1.8 billion credit facility under the 1997 Credit Agreement, which was scheduled to expire in June 2002. OC requested that the refinancing extend into 2005 and be increased to an amount sufficient to meet its expected liquidity needs, including the repayment on maturity of $300 million of debentures in 2005. Following extended negotiations, OC concluded at the end of the third quarter of 2000 that its lenders would not be willing to agree to a refinancing that would meet OC's needs. Moreover, OC concluded that the lenders

would require, as a part of any refinancing, that OC pledge its assets to secure the loans and agree to limits on payments for asbestos liabilities that would be inconsistent with its anticipated asbestos payment obligations.

During the course of the third quarter of 2000, support for asbestos payment deferrals was adversely impacted by several factors. First, as a result of the downturn in the Company's operations in the third quarter of 2000 (discussed below), OC approached certain NSP firms to request additional payment deferrals. Based on those discussions, OC determined that it would not be feasible to obtain additional payment deferrals and that the likely terms of the refinancing would be unacceptable to the NSP participants. Second, the executive committee under the NSP and other participants in the NSP declined to agree to any deferral in payments due from Fibreboard. Finally, several NSP firms declined to grant the deferrals previously agreed upon in principle and initiated legal proceedings to enforce the terms of their respective NSP Agreements.

Prior to the Filing, OC noted several trends which indicated that it would likely be required to defer asbestos-related payments in excess of deferrals previously negotiated with law firms participating in the NSP. First, OC began to see evidence that a higher than anticipated number of new asbestos-related claims, particularly higher value claims, was being filed by non-NSP firms, including new firms (where the timing of resolution is uncertain and the amount and timing of payments may be determined by the traditional tort system). Second, OC noted a substantial increase in the rate of claims filed, particularly during September 2000. Approximately 7,800 asbestos-related claims were received by OC (excluding Fibreboard) during the third quarter of 2000, compared to approximately 3,400 and 4,200 claims received during the first and second quarters, respectively. While OC believed that this increase in claims filings represented an acceleration of claims from future periods as a result of the downgrading of OC's credit rating in mid-2000, rather than an increase in the total number of asbestos-related claims to be expected, this trend would have had the effect of accelerating the related settlement payments and increasing liquidity needs through 2004 and/or the need to negotiate further deferrals of asbestos payments.

OC's results of operations deteriorated significantly in the third quarter of 2000, with expectations for the quarter declining particularly during the last half of the period. As a result of, among other factors, the fall in demand for building materials, elevated energy and raw materials costs and the inability of OC to fully recapture these costs in price adjustments, OC's margins and income from operations were significantly reduced. As a result, OC's ability to service its ongoing asbestos payments and continue to comply with its pre-petition loan covenants was adversely affected. OC concluded at the end of the third quarter of 2000 that, unless it used a substantial portion of its cash to repay a portion of its debt under the 1997 Credit Agreement, OC would be in violation of the leverage ratio covenant under that agreement. Moreover, in view of reduced expectations concerning operating results in the fourth quarter of 2000 and beyond, OC concluded that its long-term liquidity needs (driven in large measure by asbestos payment obligations) could not likely be met by its cash and available credit under the 1997 Credit Agreement (which was limited by leverage ratio and other loan covenants).

As a result of the above factors, OC's management determined late in the third quarter that it was unlikely that OC would be able to meet its long-term liquidity needs,

including agreed and other required asbestos payments and repayment of debt on maturity. While OC held $378 million of Cash and cash equivalents at the end of the third quarter of 2000, and OC's operations (excluding the effects of asbestos) were traditionally profitable and generated strong positive cash flow, management determined that a Chapter 11 filing in October would be in the best interest of all OC stakeholders.

B. The Chapter 11 Filings

On October 5, 2000, OCD and the Subsidiary Debtors filed voluntary petitions for relief under Chapter 11 of the Bankruptcy Code with the Bankruptcy Court. The cases are being jointly administered as In re Owens Corning, et al., Case No. 00-03837 (JKF) (the "Chapter 11 Cases"). The Subsidiary Debtors that also filed for protection under Chapter 11 of the Bankruptcy Code on the Petition Date are:

CDC Corporation
Engineered Yarns America, Inc.
Falcon Foam Corporation
Integrex
Fibreboard Corporation
Exterior Systems, Inc.
Integrex Ventures LLC
Integrex Professional Services LLC
Integrex Supply Chain Solutions LLC
Integrex Testing Systems LLC
HOMExperts LLC
Jefferson Holdings, Inc.
Owens-Corning Fiberglas Technology Inc.
Owens Corning HT, Inc.
Owens-Corning Overseas Holdings, Inc.
Owens Corning Remodeling Systems, LLC
Soltech, Inc.

The Subsidiary Debtors include only the Subsidiaries listed above and do not include any other United States Subsidiaries of OCD or any of OCD's foreign Subsidiaries (collectively, the "Non-Debtor Subsidiaries"). A list of the Non-Debtor Subsidiaries may be found in Schedule II to the Plan, attached to this Disclosure Statement as Appendix A.

C. Continuation of Business; Stay of Litigation

Since the Petition Date, the Debtors have continued to operate their businesses as debtors-in-possession under the Bankruptcy Code. Pursuant to the Bankruptcy Code, the Debtors are required to comply with certain statutory reporting requirements, including the filing of monthly operating reports. As of the date hereof, the Debtors have complied with such requirements, and intend to continue to comply with such requirements. The Debtors are authorized to operate their businesses in the ordinary course of business, with transactions out of the ordinary course of business requiring Bankruptcy Court approval. In accordance with the Bankruptcy Code, the Debtors are not permitted to pay any claims or obligations that arose prior to the Petition Date unless specifically authorized by the Bankruptcy Court. Similarly, claimants may not enforce any Claims against the Debtors that arose prior to the Petition Date unless specifically authorized by the Bankruptcy Court. As debtors-in-possession, the Debtors have the right, under Section 365 of the Bankruptcy Code, subject to the Bankruptcy Court's approval, to assume or reject pre-petition executory contracts and unexpired leases in existence at the Petition Date. Parties to contracts or leases that are rejected may assert rejection damages claims as permitted by the Bankruptcy Code. See Section VII.E of this Disclosure Statement entitled "Treatment of Executory and Post-Petition Contracts and Unexpired Leases".

As a consequence of the Filing, all pending litigation against the Debtors was stayed automatically by Section 362 of the Bankruptcy Code and, absent further order of the Bankruptcy Court, no party may take any action to recover on pre-petition claims against the Debtors.

D. Professionals Retained in the Chapter 11 Cases

1. The Debtors' Professionals

The attorneys and advisors that have been retained by the Debtors to assist them in the conduct of their Chapter 11 Cases are set forth below:

Reorganization Counsel to the Debtors:

Saul Ewing LLP
222 Delaware Avenue
Wilmington, DE 19899-1266

Co-Reorganization Counsel to the Debtors:

Sidley Austin LLP
One South Dearborn St.
Chicago, IL 60603

Special Counsel to the Debtors:

Skadden, Arps, Slate, Meagher & Flom LLP
Four Times Square
New York, NY 10036-6522

Special Reorganization Counsel to the Debtors:

Arnold & Caruso, LTD.*
1822 Cherry Street
Toledo, OH 43608

* On August 26, 2002, the Bankruptcy Court entered an order vacating the employment and retention of Arnold & Caruso, Ltd.; however, Arnold & Caruso, Ltd. was retained as an ordinary course professional.

Special Reorganization Counsel to the Debtors:

Shumaker, Loop & Kendrick, LLP
North Courthouse Square
1000 Jackson
Toledo, OH 43624

Special Reorganization Counsel to the Debtors:

Brobeck, Phleger & Harrison, LLP*
Spear Street Tower
One Market
San Francisco, CA 94105

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* Brobeck, Phleger & Harrison, LLP has ceased performing services for the Debtors.

Special Counsel to the Debtors:

Debevoise & Plimpton LLP
919 Third Avenue
New York, NY 10022

Special Appellate Counsel to the Debtors:

Richard E. Flamm, Esquire
2840 College Avenue, Suite A
Berkeley, CA 94705

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* Richard E. Flamm, Esquire, has ceased performing services for the Debtors.

Special Counsel to the Debtors:

Forman Perry Watkins Krutz & Tardy, PLLC
1200 One Jackson Place
188 East Capitol Street
Jackson, MS 39225-2608

Special International Counsel to the Debtors:

Bingham McCutchen LLP*
One State Street
Hartford, CT 06103

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* Bingham McCutchen LLP has ceased performing services for the Debtors.

Special Insurance Counsel to the Debtors:

Covington & Burling
1201 Pennsylvania Avenue, N.W.
Washington, D.C. 20004-2401

Special Conflict Counsel for the Debtors:

Adelman Lavine Gold and Levin
1100 North Market Street, 11th Floor
Wilmington, DE 19801-1292

Auditor, Tax Advisor, Accounting Advisor & Financial Advisor to the Debtors:

Arthur Andersen LLP*
33 West Monroe
Chicago, IL 60603

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* Arthur Andersen LLP has ceased performing services for the Debtors.

Special Financial Advisor to the Debtors:

Pricewaterhousecoopers LLP
203 North LaSalle Street
Chicago, IL 60601

Information Technology Advisor to the Debtors:

Cap Gemini Ernst & Young US LLC
1200 Skylight Office Tower
1660 West 2nd Street
Cleveland, OH 44113

Financial and Consulting Services to the Debtors:

Crawford Financial Consulting LLC
(d/b/a Crawford & Winiarski)
Suite 1500
535 Griswold
Detroit, MI 48226

Audit, Accounting, Actuarial and Tax Advisory Services to the Debtors:

Ernst & Young LLP
555 California Street
San Francisco, CA 94104

Investment Banker and Financial Advisor to the Debtors:

Lazard Freres & Co. LLC (“Lazard”)
30 Rockefeller Plaza , 61st Floor
New York, NY 10020

Asbestos Personal Injury Claims Valuation Consultants to the Debtors:

Thomas E. Vasquez, Ph.D.
ARPC
420 Lexington Ave.
Suite 1840
New York, NY 10170

2. The Debtors' Ordinary Course Professionals

Separately, throughout the Chapter 11 Cases, the Debtors have employed certain other professionals to render post-petition services to the Debtors in the ordinary course of their businesses, pursuant to an order of the Bankruptcy Court dated November 30, 2000 (the "OCP Order"). The OCP Order establishes certain standards, guidelines and procedures for the Debtors' retention and payment of ordinary course professionals during the Chapter 11 Cases. The OCP Order authorizes the Debtors to employ and compensate ordinary course professionals without additional approval from the Bankruptcy Court subject to certain limitations. Among other limitations, the OCP Order requires the Debtors to obtain approval under Sections 330 and 331 of the Bankruptcy Code if payments to the ordinary course professionals exceed an average of $35,000 per month for the professionals (with certain exceptions), and/or if the payments to all ordinary course professionals exceed a total of $3 million in any given month. In accordance with the terms of the OCP Order, every two months throughout the Chapter 11 Cases, the Debtors have submitted (and continue to submit) a statement with the Bankruptcy Court which reports the name of the ordinary course professionals, the amounts paid as compensation for services rendered and reimbursement of expenses incurred by each ordinary course professional during the previous two-month period, and a general description of the services rendered by each ordinary course professional.

3. The Appointment of Official Committees

On October 23, 2000, the United States Trustee for the District of Delaware appointed two official committees, pursuant to Section 1102(a) of the Bankruptcy Code, one representing general unsecured creditors (as thereafter amended or reconstituted, the "Unsecured Creditors' Committee") and the other representing asbestos claimants (as thereafter amended or reconstituted, the "Asbestos Claimants' Committee" and, together with the Unsecured Creditors' Committee, the "Committees").

(a) Unsecured Creditors' Committee

The Unsecured Creditors' Committee represents general unsecured creditors of the Debtors, including the Bank Holders, the Bondholders, trade creditors and holders of Environmental Claims. The current four members of, and professionals retained by, the Unsecured Creditors' Committee are set forth below:

Members of the Unsecured Creditors' Committee:

Credit Suisse (f/k/a Credit Suisse First Boston)
Eleven Madison Avenue
New York, NY 10010-3629

JP Morgan Chase Manhattan Bank
380 Madison Avenue
New York, NY 10017-2513

John Hancock Life Insurance Company
200 Clarendon Street
Boston, MA 02117

Wilmington Trust Company, as Indenture Trustee
Corporate Trust Department
1100 North Market Street
Wilmington, DE 19890

Counsel to the Unsecured Creditors' Committee:

Davis Polk & Wardwell
450 Lexington Avenue
New York, NY 10017

Morris, Nichols, Arsht & Tunnell
1201 North Market Street
P.O. Box 1347
Wilmington, DE 19899-1347

Financial Advisors and Investment Banker to the Unsecured Creditors' Committee:

Houlihan Lokey Howard & Zukin Capital
685 Third Avenue
15th Floor
New York, NY 10017

Claims Expert and Consultants to the Unsecured Creditors' Committee:

Navigant Consulting, Inc.
(f/k/a Chambers Associates, Inc.)
1801 K Street N.W., Suite 500
Washington, D.C. 20006

Actuarial and Benefits Consultant to the Unsecured Creditors' Committee:

Towers, Perrin, Forster & Crosby, Inc.
1000 Town Center, Suite 950
Southfield, MI 48075-1225

The Unsecured Creditors' Committee has established two unofficial sub-committees (the Bank Holders' sub-committee and the Bondholders' and trade creditors' sub-committee), each of which is represented by separate counsel and financial advisors.

The Bank Holders' unofficial sub-committee is represented by the following attorneys and financial advisors:

Counsel to the Bank Holders' Sub-Committee:

Kramer Levin, Naftalis & Frankel LLP
1177 Avenue of the Americas
New York, NY 10036

Landis, Rath & Cobb, LLP
919 Market Street, Suite 600
Wilmington, DE 19810

Richards Layton & Finger, P.A.
One Rodney Square
P.O. Box 551
Wilmington, DE 19899

Robbins, Russell, Englert, Orseck & Untereiner LLP
1801 K Street, N.W., Suite 411
Washington, D.C. 20006

Weil, Gotshal & Manges LLP
767 Fifth Avenue
New York, NY 10153

Financial Advisors to the Bank Holders' Sub-Committee:

Capstone Advisory Group
Park 80 West – Plaza One
Saddlebrook, NJ 07663

On July 16, 2001, the Bankruptcy Court entered an order authorizing and approving the employment of special counsel for the Bondholders' and trade creditors' unofficial sub-committee (also referred to herein as the "Official Representatives of the Bondholders and Trade Creditors" or "Official Representatives"). The Bondholders' and trade creditors' unofficial sub-committee is represented by the following attorneys and financial advisors:

Counsel to the Official Representatives:

Anderson Kill & Olick, P.C.
1251 Avenue of the Americas
New York, NY 10020

Monzack and Monaco, P.A.
(f/k/a Walsh Monzack and Monaco, PA)
400 Commerce Ctr.
1201 Orange Street
P.O. Box 2031
Wilmington, DE 19899

Financial Advisors to the Official Representatives:

BDO Seidman, LLP
330 Madison Avenue
New York, NY 10017

(b) Asbestos Claimants' Committee

The Asbestos Claimants' Committee represents persons alleging asbestos-related personal injuries due to exposure to products manufactured by the Debtors. The current thirteen members of, and professionals retained by, the Asbestos Claimants' Committee are set forth below:

Members of the Asbestos Claimants' Committee:

David Fitts
c/o Brayton & Purcell
222 Rush Landing Road
P.O. Box 2109
Novato, CA 94948

Delores Ramsey
c/o Baron & Budd
Attn: Fred Baron, Esquire
The Centrum
3102 Oak Lawn Avenue
Suite 1100
Dallas, TX 75219-4281

Charles Barrett
c/o Weitz & Luxenberg
Attn: Perry Weitz, Esquire
180 Maiden Lane
New York, NY 10038

John Edward Keane
c/o Kelley & Ferraro, LLP
1901 Bond Court Building
1300 E. 9th Street
Cleveland, OH 44114

Mary F. Stone
c/o Hartley & O'Brien
Attn: R. Dean Hartley, Esquire
827 Main Street
Wheeling, WV 26003

Glenn L. Arnott
c/o Goldberg, Perskey, Jennings & White, P.C.
Attn: Mark C. Meyer, Esquire
1030 Fifth Avenue
Pittsburgh, PA 15219

Elmer Richardson
c/o Cumbest, Cumbest, Hunter & McCormick P.A.
Attn: David O. McCormick, Esquire
729 Watts Avenue
P.O. Drawer 1176
Pascagoula, MS 39568

Barbara Casey
c/o Cooney & Conway
Attn: John D. Cooney, Esquire
701 6th Avenue
LaGrange, IL 60425

James Nelson Allen
c/o Glasser & Glasser
Attn: Richard S. Glasser, Esquire
Crown Center Building, 6th Floor
580 E. Main Street
Norfolk, VA 23510

Margaret Elizabeth Fitzgerald
c/o Thornton & Naumes, LLP
Attn: Michael P. Thornton, Esquire
100 Summer Street
30th Floor
Boston, MA 02110

Yolanda England
c/o Peter G. Angelos, Esquire
5905 Harford Road
Baltimore, MD 21214

Deborah Jean Johnson
Personal Representative of the Estate of Stephen Johnson
c/o Bergman Senn Pageler & Frockt
Attn: Matthew Bergman, Esquire
P.O. Box 2010
17530 Vashon Highway SW
Vashon, WA 98070

Joyce Salinas
Plaintiff on her own behalf and representative of John Salinas (deceased)
c/o Kazan, McClain, Eaises, Abrams, Fernandez, Lyons & Farrise
Attn: Steven Kazan, Esquire
171 Twelfth Street, 3rd Floor
Oakland, CA 94607

Counsel for the Asbestos Claimants' Committee:

Caplin & Drysdale, Chartered
375 Park Avenue, 35th Floor
New York, NY 10152-3500

Campbell & Levine, LLC
800 King Street
Wilmington, DE 19801

Financial Advisors and Asbestos Personal Injury Claims Valuation Consultants for the Asbestos Claimants' Committee:

L. Tersigni Consulting, P.C.
1010 Summer Street, Suite 201
Stamford, CT 06905

Claims Expert for the Asbestos Claimants' Committee:

Legal Analysis Systems
970 Calle Arroyo
Thousand Oaks, CA 91360

4. Future Claimants' Representative

A key element of the Plan is the Asbestos Personal Injury Permanent Channeling Injunction, pursuant to which all current and future personal injury asbestos-related Claims and Demands against the Debtors and other covered Persons will be channeled to the Asbestos Personal Injury Trust established to equitably distribute available assets to holders of all such Allowed Claims and Demands. A channeling injunction is permitted by Section 524(g) of the Bankruptcy Code and may be issued if a number of specific conditions are met, including the appointment of a legal representative for the purpose of protecting the rights of persons that might subsequently assert future Demands against the Debtors. Specifically, Congress and the courts have recognized the need in Chapter 11 cases involving asbestos claims to protect and represent the interests of persons who may have claims and/or Demands against a debtor arising in the future, and have directed bankruptcy courts to appoint a legal representative (the "Future Claimants' Representative") for such claimants in cases where a channeling injunction is sought.

Shortly after the commencement of the Chapter 11 Cases, the Debtors began discussions with the Committees, and their respective legal and financial advisors, to consider the appointment of a Future Claimants' Representative. Following careful consideration of the potential candidates for Future Claimants' Representative, the Debtors determined that James J. McMonagle was well-qualified to represent the interests of any and all persons described in Section 524(g)(4)(B)(i) of the Bankruptcy Code who may assert Demands against one or more of the Debtors, and therefore, should be appointed as the Future Claimants' Representative for such persons in these Chapter 11 cases.

On September 28, 2001, the Court appointed James J. McMonagle, *nunc pro tunc* to June 12, 2001, as the Future Claimants' Representative of any and all persons described in Section 524(g)(4)(B)(i) of the Bankruptcy Code who may assert Demands for asbestos-related personal injury claims against one or more of the Debtors, including without limitation, OCD and Fibreboard.

The name and address of the Future Claimants' Representative and the professionals retained by him are set forth below:

Future Claimants' Representative:

James J. McMonagle, Esquire
Vorys Sater Seymour & Pease LLP
2100 One Cleveland Center
1375 E. Ninth Street
Cleveland, OH 44114

Counsel to the Future Claimants' Representative:

Kaye Scholer LLP
425 Park Avenue
New York, NY 10022

Young Conaway Stargatt & Taylor, LLP
The Brandywine Building
1000 West Street, 17th Floor
P.O. Box 391
Wilmington, DE 19899-0391

Financial Advisor to the Future Claimants' Representative:

Peter J. Solomon Company
520 Madison Avenue, 29th Floor
New York, NY 10022

Asbestos Personal Injury Claims Valuation Consultants for the Future Claimants' Representative:

Hamilton, Rabinovitz & Alschuler, Inc.
Francine Rabinovitz, Executive Vice President
6033 West Century Blvd., Suite 890
Los Angeles, CA 90045

5. Other Professionals and Advisors

(a) The Claims, Noticing and Balloting Agent

On October 6, 2000, the Bankruptcy Court appointed Robert L. Berger & Associates, Inc., n/k/a Omni Management Group, LLC, 16161 Ventura Blvd., PMB 517, Encino, CA 91436, as the claims, noticing and balloting agent ("Claims Agent" or "Voting Agent", as the context requires) in the Chapter 11 Cases, pursuant to 28 U.S.C. § 156(c).

(b) Special Voting Agent

By Order dated April 22, 2003, the Bankruptcy Court authorized the Debtors to retain and employ Innisfree M&A Incorporated, 501 Madison Avenue, 20th Floor,

New York, NY 10022, as special noticing, balloting and tabulation agent to address notice issues related to securities. Upon the application of the Debtors, on December 20, 2004, the Bankruptcy Court vacated its Order authorizing the retention and employment of Innisfree M&A Incorporated and authorized the Debtors to retain, employ, compensate and reimburse Financial Balloting Group LLC, 757 Third Avenue, 3rd Floor, New York, NY 10017, as special noticing, balloting and tabulation agent.

(c) Fee Auditor

On June 20, 2002, the Bankruptcy Court appointed Warren H. Smith & Associates, P.C., Republic Center, 325 N. St. Paul, Suite 4080, Dallas, Texas 75201, as the Fee Auditor, to act as a special consultant to the Bankruptcy Court for professional fee and expense review and analysis, nunc pro tunc to April 29, 2002.

E. "First Day" and Other Orders

On or about October 6, 2000, the Debtors filed a series of motions seeking relief by virtue of so-called "first day" orders. First day orders are intended to facilitate the transition between a debtor's pre-petition and post-petition business operations by approving certain regular business practices that may not be specifically authorized under the Bankruptcy Code or as to which the Bankruptcy Code requires prior approval by the Bankruptcy Court. These orders were designed to allow the Debtors to continue business operations with minimum disruptions and to ease the strain on the Debtors' relationships with their employees and other parties. The first day orders obtained in these cases are typical for large Chapter 11 cases. Set forth below is a brief summary of the significant first day orders and other orders relating to motions filed by the Debtors at or near the commencement of the Chapter 11 Cases. **The descriptions of the relief sought or obtained in the Chapter 11 Cases set forth below and throughout this Disclosure Statement are summaries only and reference should be made to the actual pleadings and orders for their complete content.**

The first day orders and other orders, entered at or near the commencement of the Chapter 11 Cases, provide for, among other things:

- the payment of employees' accrued pre-petition wages, salaries, commissions and reimbursable business expenses; the continuation of employee benefit plans and programs post-petition; and the direction for all banks to honor pre-petition checks for payment of employee obligations;
- the payment of certain pre-petition import obligations (including customs duties, freight, trucking charges and brokerage fees), shipping charges and related possessory liens;
- the payment of certain miscellaneous contractors in satisfaction of perfected or potential mechanics', materialmen's or similar liens;

- a prohibition on the Debtors' utility services providers from discontinuing services on account of outstanding pre-petition invoices and establishing procedures for utility providers to seek adequate assurance of the Debtors' future performance;
- the payment of certain pre-petition tax claims;
- the honoring of certain pre-petition obligations to customers under various warranty and other customer programs, and the continuation of warranty and customer programs post-petition;
- the payment of certain critical pre-petition trade vendors' claims;
- the joint administration of each of the Debtors' bankruptcy cases;
- confirming administrative expense treatment for obligations arising from post-petition delivery of goods, administrative expense treatment for certain holders of valid reclamation claims and a prohibition against third parties reclaiming goods or interfering with delivery of goods to the Debtors; and
- the extension of time for filing the Debtors' Schedules and Statement of Financial Affairs (the "SOFAS").

F. Significant Events During the Chapter 11 Cases

In addition to the first day relief sought and received in the Chapter 11 Cases, the Debtors have sought and received authority with respect to various matters designed to assist in the administration of the Chapter 11 Cases, to maximize the value of the Debtors' Estates and to provide the foundation for the Debtors' emergence from Chapter 11. Set forth below is a brief summary of the principal motions the Debtors have filed, and to which they have been granted relief by the Bankruptcy Court, during the pendency of the Chapter 11 Cases.

1. Employee Related Matters

In connection with the filing of the Chapter 11 Cases, the Debtors obtained authorization from the Bankruptcy Court to (a) pay employees pre-petition wages, salaries and other compensation, (b) continue certain employee benefit programs, including maintenance of self-insured workers' compensation programs, (c) adopt a Retention Program and a supplemental Severance Program (as defined in the Retention and Severance Motion described below), and (d) modify certain employee retirement benefits programs to provide limited enhancement to those programs and to bring them into compliance with certain provisions of the Tax Reform Act of 1986.

On December 22, 2000, the Debtors filed a Motion For Order Under 11 U.S.C. §§ 105, 363 and 365 Authorizing Continuation or Implementation of Employee Retention, Emergence, Severance, Incentive, 401(k) Contribution and Global Awards Programs

(the "Retention and Severance Motion"), which sought approval of various new or existing programs designed to prevent excessive turnover of key employees during the Chapter 11 Cases. On January 17, 2001, the Bankruptcy Court entered an Order approving in part the Retention and Severance Motion. Thereafter, on February 16, 2001, the Debtors filed a Supplement to the Retention and Severance Motion by which the Debtors sought an order approving and authorizing the continuation, modification and implementation of certain employee compensation programs. On March 26, 2001, following certain modifications, the Bankruptcy Court approved the remaining portion of the Retention and Severance Motion.

Pursuant to the January 17, 2001 and March 26, 2001 Orders approving the Retention and Severance Motion, the Debtors were authorized to continue or to implement the following programs: (a) an employee retention program under which the Debtors were authorized to pay retention bonuses at specified intervals to approximately 236 key employees; (b) a supplemental employee retention and emergence program, under which certain key employees were entitled to receive additional bonuses in the event that the Debtors emerged from bankruptcy by 2004; (c) continuation of the Debtors' existing employee severance programs consisting of a "Salaried Employee Separation Allowance Plan," which extends to all salaried employees in the United States except senior management, as well as individually negotiated severance agreements; (d) certain of the Debtors' existing incentive-based compensation programs, consisting of (i) the "Corporate Incentive Plan," which provides for discretionary performance-based incentive payments to approximately 1,250 of the Debtors' employees, and (ii) the "Officer Stretch Incentive Plan," an incentive program for approximately 59 of the Debtors' senior managers and key employees; (e) certain of the Debtors' existing 401(k)-related employee programs, consisting of (i) a 401(k) plan, a non-incentive based program pursuant to which the Debtors make matching contributions for the benefit of a broad cross-section of the Debtors' employees and (ii) the "Profit Sharing Contribution Plan," an incentive-based program pursuant to which the Debtors make additional cash contributions for the benefit of a broad cross-section of the Debtors' employees in an amount based on objective Company performance measures; and (f) the Debtors' "Global Awards Program," originally a stock-based employee incentive program, which, as modified, provides for additional cash awards to employees based on objective company performance measures.

On March 5, 2002, the Debtors filed a Motion to Authorize the Continuance of Employee Compensation Programs. On September 10, 2002, the Court entered an Order Authorizing Continuation, Modification and Implementation of Employee Compensation Programs. In addition, the Court authorized the Debtors to continue the employee compensation programs in the ordinary course of the Debtors' business without additional court approval, subject to a specific procedure identified in the motion. Specifically, court authority is unnecessary to continue the compensation programs; *provided, however*, that the Debtors advise the Committees and the Future Claimants' Representative of the Company's annual Business Plan and annual funding criteria for the employee compensation programs, including the data necessary to assess the reasonableness of the Debtors' business judgment as soon as possible after January 1 in any given year, but under no circumstances later than February 28. In the event that the Committees and/or the Future Claimants' Representative do not consent to the Debtors' proposed employee compensation programs, they are required, within 30 days after receipt of the annual program review, to provide written notice to the Debtors' counsel of their specific objections to the proposed employee compensation programs. If the parties are unable to resolve the objections, the Debtors are required to file the appropriate pleading with the Bankruptcy Court.

On April 28, 2003, the Bankruptcy Court approved a Stipulation and Order Regarding Employee Compensation Programs, by and between the Debtors, Committees, and Future Claimants' Representative, which authorized the continuation of the Employee Compensation Programs (as defined in the Stipulation), eliminated the Corporate Stretch Incentive Plan, and approved the implementation of the Long Term Incentive Plan by the Debtors. The Court's approval of the Stipulation was intended to constitute "shareholder approval" for the purposes of all applicable law, including, without limitation, Section 162(m) of the IRC.

Given the already expired and expiring programs for Tier 1, 2, 3 and 4 Participants under the supplemental employee retention program, and in light of the Debtors' continued need to retain its key employees, on February 11, 2004, the Debtors filed a motion for entry of an order authorizing the Debtors to implement a new retention program (the "New Retention Program") for its key managers and employees. The Unsecured Creditors' Committee objected to the motion, but certain changes were made to the New Retention Program which resolved the objection, in part, and on July 22, 2004, the Court signed an order approving the New Retention Program for Tier 2, 3 and 4 Participants. In order to obtain prompt approval of the New Retention Program for the approximately 270 participants other than the Debtors' top five most senior managers, the Debtors agreed to defer their request for approval of the program as related to the Tier 1 Participants.

On July 8, 2004, the Debtors filed a motion for authorization to implement the balance of their New Retention Program. Credit Suisse First Boston, as Agent, objected to the Motion. Following discovery, a hearing was held on the motion and, on October 12, 2004, the Court signed an order authorizing the Debtors to implement the New Retention Program for Tier 1 Participants for calendar years 2004 and 2005 as modified by the Court. On October 22, 2004, Credit Suisse First Boston, as Agent, appealed the Bankruptcy Court's Order to the District Court. To date, no further action has taken place on the appeal.

On September 14, 2005, the Debtors filed a motion for entry of an order authorizing Owens Corning to amend its Key Management Severance Agreements with its President and Chief Executive Officer, David T. Brown, and its Chairman of the Board of Directors and Chief Financial Officer, Michael H. Thaman (the "Severance Motion"). The Debtors sought approval of the amendments to the Key Management Severance Agreements as a valid exercise of the Debtors' business judgment, consistent with good corporate governance and succession planning. No objections were filed to the Severance Motion and the Bankruptcy Court entered an order approving the Severance Motion on January 26, 2006.

On December 29, 2005, the Debtors filed a motion for authority pursuant to Sections 105(a) and 363 of the Bankruptcy Code to implement the 2006 Retention Program (as defined in the motion) in an effort to minimize the turnover of the Debtors' Key Employees by (as defined in the motion) providing incentives for these employees to remain in the Debtors' employ and to work towards a successful resolution of the Chapter 11 Cases. Messrs. Brown and Thaman will not participate in the 2006 Retention Program. No objections were filed to this motion and the Bankruptcy Court entered an order approving this motion on January 26, 2006.

2. Vendor and Customer Issues

Immediately following the commencement of the Chapter 11 Cases, the Debtors received numerous inquiries from their vendors, customers, and other parties providing services to the Debtors concerning the Debtors' ability to satisfy debts incurred prior to the Petition Date and their continuing commitments. The Debtors believe that the maintenance of relationships with their vendors, customers and other business partners has been, and will continue to be, a critical factor in the continued viability of the Debtors' ongoing business operations and the ultimate success of their rehabilitation effort.

(a) Relief at Commencement of Chapter 11 Cases

In order to enable the Debtors to minimize the adverse effects of the Chapter 11 Cases, and in their efforts to maintain relationships and goodwill with certain of their vendors and customers, the Debtors obtained orders from the Bankruptcy Court that authorized them to:

(i) honor certain pre-petition obligations to customers under the Debtors' warranty and other customer programs (including product warranties, cash discounts, rebates, category management, preferred contractor incentive programs, and customer dispute resolution), and to continue and maintain such programs on a post-petition basis;

(ii) pay pre-petition claims of contractors (including mechanics, tradespersons and other contractors) in satisfaction of perfected or potential mechanics', materialmen's or similar liens or interests;

(iii) grant administrative expense status to vendors and suppliers for undisputed obligations arising from pre-petition purchase orders outstanding as of the Petition Date for products and goods received by the Debtors on or subsequent to the Petition Date;

(iv) pay vendors and suppliers for post-petition delivery of goods in the ordinary course of business;

(v) pay critical pre-petition trade claims (discussed below); and

(vi) grant administrative expense treatment for certain holders of valid reclamation claims; and prohibit third parties from reclaiming goods or interfering with the delivery of goods to the Debtors (discussed below).

(b) Critical Trade Vendors

Recognizing the importance of certain vendors to the Debtors' businesses, the Debtors included among their first day motions several motions for authorization to pay critical pre-petition trade vendors, which were granted by orders of the Bankruptcy Court

dated October 6, 2000 (the "Critical Vendor Orders"). The Critical Vendor Orders authorized, but did not require, the Debtors to pay the pre-petition claims of certain critical suppliers of raw and processed materials, goods and services with whom the Debtors continued to do business and whose materials, goods and services were essential to the Debtors' business operations. In connection with the Critical Vendor Orders, the Debtors were authorized to pay critical vendors up to an aggregate amount of approximately $123 million. Such amount was comprised of certain elements: (a) $3.0 million for critical trade payments on account of customs duties, ocean freight, air freight and the like; (b) $25 million on account of amounts owed to commercial common carriers; (c) $48 million on account of amounts owed to critical materials vendors; (d) $19 million, on account of amounts owed to critical project vendors; (e) $23 million, on account of amounts owed to critical affiliated vendors; and (f) $5.0 million, on account of amounts owed to mechanics lien creditors. In return for receiving payment of these claims, the critical vendors were required to extend normalized trade credit terms to the Debtors for the duration of the Chapter 11 Cases. By order dated November 21, 2000, the Bankruptcy Court supplemented one of the Critical Vendor Orders and granted the Debtors authority to pay the pre-petition claims of foreign taxing authorities, foreign landlords and other foreign creditors, as necessary to facilitate the continued operation of the Debtors' foreign divisions.

The Debtors identified approximately 860 of its vendors and suppliers as "critical" vendors, many of which were freight carriers. The Debtors reached settlements with the critical vendors whereby, in general, the Debtors paid the vendors less than the total pre-petition amounts owed in satisfaction of claims those vendors may have held against the Debtors for pre-petition goods or services, and those vendors agreed to maintain or return to normal credit terms.

(c) Reclamation Claims

At the commencement of the Chapter 11 Cases, the Debtors anticipated that many of their vendors and suppliers would attempt to assert their right to reclaim goods delivered to the Debtors shortly before or soon after the Petition Date pursuant to Section 546(c) of the Bankruptcy Code and Section 2-702 of the Uniform Commercial Code. As part of their "first day" motions, the Debtors sought certain initial relief in connection with the treatment of reclamation claims, which relief was granted by order dated October 6, 2000 (the "Initial Reclamation Procedures Order"). The Initial Reclamation Procedures Order established preliminary reclamation procedures in order to facilitate the continued operation of the Debtors' businesses, to prevent distraction of the Debtors' management and professionals and to allow the Debtors the opportunity to conduct a thorough review and evaluation of the reclamation claims. Among other things, the Initial Reclamation Procedures Order provided that vendors would be entitled to administrative expense claims if and to the extent that the vendor made a valid, written reclamation demand for the goods at issue, and to the extent that such vendor proved the validity of its demand. The Initial Reclamation Procedures Order also prohibited vendors and other third-parties from reclaiming or interfering with the post-petition delivery of goods to the Debtors.

As anticipated, the Debtors received a large number of reclamation claims – approximately 220 claims, with an aggregate approximate amount of $34 million, exclusive of claims which did not specify an amount. The Debtors devoted substantial time and effort in reviewing and analyzing the claims, in order to determine which claims were valid reclamation claims.

Between February and September, 2002, the Debtors filed five separate motions (each of which addressed certain of the 220 reclamation claims), requesting orders approving their proposed allowance and/or disallowance of the reclamation claims, and approving their proposed treatment of the allowed reclamation claims (together, the "Reclamation Motions"). More specifically, in the Reclamation Motions, the Debtors requested orders: (i) granting administrative expense priority status for reclamation claims to the extent, and in the amounts, the Debtors determined such claims to be allowable pursuant to the applicable provisions of the Bankruptcy Code; (ii) denying administrative expense priority status for all other reclamation claims; and (iii) authorizing the Debtors to pay the Allowed amount of each valid reclamation claim. The Bankruptcy Court granted the Reclamation Motions and, upon Court approval of the Debtors' proposed treatment of the individual reclamation claims, the Debtors were authorized to pay the Allowed claims.

Approximately sixteen reclamation claimants filed objections and/or responses to the Reclamation Motions, and many other reclamation claimants contacted the Debtors concerning the Debtors' proposed treatment of their claims as described in the Reclamation Motions. Through discussions, negotiations and/or the exchange of documents and information between parties, the Debtors reached a consensual resolution with the majority of these claimants, either by entering a settlement stipulation or by the Bankruptcy Court's entry of a modified order.

As of the date of this Disclosure Statement, all but one reclamation claim have been resolved.

(d) Setoffs

Section 553 of the Bankruptcy Code recognizes the right of setoff of mutual, pre-petition obligations if certain criteria are met. However, Section 362(a)(7) of the Bankruptcy Code operates as a stay of the setoff of any debt owing to the debtor that arose pre-petition against any pre-petition claim against the debtor. Bankruptcy Rule 4001 allows parties to consensually modify the automatic stay provisions to allow for setoff in appropriate circumstances.

Throughout the Chapter 11 Cases, the Debtors have entered a number of stipulations (the "Setoff Stipulations") with various vendors and suppliers authorizing a modification of the automatic stay to effectuate the setoff of pre-petition mutual debts. The Debtors determined that entering the Setoff Stipulations would be in the best interest of the Debtors' estates and their creditors because, in general, among other reasons, the setoffs allowed the Debtors to reconcile their books and records without further dispute, maintain amicable relationships with their customers and vendors, and continue the free flow of goods and services from their customers and vendors.

3. Debtor-in-Possession Financing and the DIP Facility

In connection with the Filing, and in order to fund their on-going business operations during the pendency of the Chapter 11 Cases, the Debtors, excluding Jefferson Holdings, Inc., obtained a debtor-in-possession credit facility (the "DIP Facility") from a group of lenders (the "DIP Lenders") led by Bank of America, N.A., as administrative agent (the "DIP Agent"). On November 17, 2000, the Bankruptcy Court approved the Final Order Authorizing Post-Petition Financing on a Superpriority Administrative Claim Basis Pursuant to 11 U.S.C. § 364(c)(1) and Granting Relief from the Automatic Stay Pursuant to 11 U.S.C. § 362 (the "DIP Order"). The DIP Order authorized, among other things, (a) the Debtors to borrow from the DIP Lenders, on specified terms and conditions, post-petition financing of up to $500 million, including revolving loans and letters of credit, pursuant to an agreement among the Debtors and Lenders; (b) the execution by the Debtors of notes and other documents requested by the DIP Lenders evidencing the post-petition financing; and (c) the granting of certain protections to the DIP Agent and the DIP Lenders including without limitation a superpriority administrative claim over any and all administrative expenses of the kinds specified in Sections 503(b), 105, 326, 328, 330, 331, 506(c), 507(a), 546(c), 726 or 1112 of the Bankruptcy Code.

The DIP Facility also provided for unsecured post-petition financing from the DIP Lenders for general working capital and other general corporate purposes in an aggregate principal amount not to exceed $500 million. The amount available under the DIP Facility depends on a borrowing base of qualifying receivables and inventory of the Debtors. Borrowings under the DIP Facility bear interest at a floating rate equal to LIBOR plus a margin varying from 0.75% to 2.00%, based upon the average daily outstanding balance. In addition, a commitment fee is payable on unused portions of the aggregate commitment amount under the DIP Facility of 0.375% per annum and a letter of credit fee is payable based on the average daily maximum aggregate amount available to be drawn under all outstanding letters of credit and certain other expenses incurred by the DIP Lenders issuing the letters of credit. The DIP Facility contains covenants, representations and warranties, events of default, and other terms and conditions typical of credit facilities of a similar nature.

The DIP Facility was to expire on November 15, 2002, in accordance with its terms. On October 28, 2002, the DIP Lenders and the Debtors entered into an amendment to the DIP Facility, approved by the Bankruptcy Court, pursuant to which, among other things, the maximum available credit amount under the DIP Facility was reduced at the Debtors' request to $250 million and its term was extended through November 15, 2004.

The DIP Facility, as amended in 2002, was due to expire on November 15, 2004, in accordance with its terms. By Order entered October 28, 2004, the Bankruptcy Court approved an amendment to the DIP Facility by which the term of the DIP Facility was extended through November 15, 2006. Such amendment also replaced certain of the DIP Lenders with other lenders, and made certain other specified revisions to the DIP Facility. By Order entered July 13, 2005, the Bankruptcy Court approved various technical amendments to its prior Order regarding the DIP Facility, dated October 28, 2004.

The Debtors have never utilized the facility except for standby letter of credit and similar uses. As of November 30, 2005, approximately $150 million of availability

under this facility was utilized for standby letters of credit and similar uses. As of the Effective Date, the Debtors expect to have no outstanding borrowings, but approximately $175 million in outstanding standby letters of credit and similar uses.

Obligations under the DIP Facility have "superpriority" claim status under Section 364(c)(1) of the Bankruptcy Code, meaning that such obligations have priority as to repayment over all administrative expenses, with certain limited exceptions. The claims of the DIP Lenders are subject to the fees and expenses of the Office of the United States Trustee (under Section 1930 of Title 28 of the United States Code) and the Clerk of the Bankruptcy Court, and are also subject to the payment of professional fees and disbursements (capped at $10 million upon the occurrence of an event of default under the DIP Facility) incurred by the borrowers under the DIP Facility and statutory committees approved under the Chapter 11 Cases.

4. Standstill Agreement with the Bank Holders

(a) The Standstill Agreement

Prior to the Petition Date, OCD, as borrower and guarantor, certain other borrowers and guarantors and Credit Suisse First Boston, as agent and lender (the "Pre-petition Agent") and approximately forty-six banks (including their assignees and participants, the "Bank Holders") entered into the 1997 Credit Agreement. On or about the Petition Date, certain of the Bank Holders imposed an administrative freeze on funds of certain Debtors and Non-Debtor Subsidiaries, including foreign Subsidiaries and Affiliates in the approximate amount of $46 million.

On the Petition Date, the Debtors filed a Verified Complaint for Declaratory and Injunctive Relief (the "Complaint") against the Bank Holders, commencing the adversary proceeding entitled Owens Corning, et al. v. Credit Suisse First Boston, et al., Adv. Pro. No. A-00-1575 (the "Standstill Adversary Proceeding"). By the Complaint, the Debtors sought to enjoin the Bank Holders from (i) exercising their purported rights of setoff under Section 13.06 of the 1997 Credit Agreement against money in bank accounts of the Debtors and Non-Debtor Subsidiaries held by the Bank Holders; (ii) declaring any Non-Debtor Subsidiaries in default under any separate banking agreements as a result of the Filings; (iii) accelerating the payments under any separate banking agreements as a result of the Filings; (iv) freezing, impairing or otherwise moving against the funds of Non-Debtor Subsidiaries that are held by the Bank Holders as a result of the Filings; and (v) declaring the rights and obligations of the parties under Section 13.06 of the 1997 Credit Agreement.

Concurrent with the filing of the Complaint, the Debtors filed a Motion for Temporary Restraining Order and Preliminary Injunction under Sections 105(a) and 362(a) of the Bankruptcy Code (the "TRO Motion"). By the TRO Motion, the Debtors requested an order that enjoined (i) the Bank Holders from calling, canceling, or revoking credit facilities of the Non-Debtor Subsidiaries solely as a result of the Debtors' seeking relief under Chapter 11 of the Bankruptcy Code; and (ii) the Bank Holders and their affiliates from setting off against funds deposited by the Non-Debtor Subsidiaries in bank accounts at the Bank Holders or their affiliates.

The purpose of the Standstill Adversary Proceeding and the TRO Motion was to protect the assets of the Non-Debtor Subsidiaries by preventing their assets from being used to satisfy all or a portion of the obligations under the 1997 Credit Agreement that had been guaranteed by certain Non-Debtor Subsidiaries.

On October 10, 2000, with the consent of the Bank Holders, the Bankruptcy Court entered a temporary restraining order ("TRO") enjoining and restraining the Bank Holders from exercising any enforcement right or remedy under the 1997 Credit Agreement against any Non-Debtor Subsidiaries, including any setoff rights, under any other agreement, or under applicable law. Notwithstanding the injunction, the TRO permitted the Bank Holders to impose an administrative freeze on any funds in accounts of the designated Non-Debtor Subsidiaries as of the Petition Date and to refuse to make additional loans or advances to the Non-Debtor Subsidiaries.

Following negotiations between counsel for the Debtors and the Bank Holders (except for the China Lenders as discussed below), and in order to preserve the status quo for the benefit of the Debtors' bankruptcy estates and their creditors, the Debtors and the Bank Holders entered into various modifications and extensions of the TRO, which were approved by the Court.

The Debtors and the Bank Holders continued to engage in discussions for the purpose of entering into an agreement pursuant to which the Bank Holders would stand still from exercising certain enforcement rights and remedies against the Non-Debtor Subsidiaries, waive certain rights and remedies under the 1997 Credit Agreement and certain credit facilities with the Non-Debtor Subsidiaries (the "Bilateral Facilities"), amend the 1997 Credit Agreement to release, discharge and waive all claims against certain Non-Debtor Subsidiaries, and resolve disputes regarding setoff rights. On May 30, 2001, after successful negotiations between the Debtors and the Bank Holders, the Debtors filed the Motion for Order Under 11 U.S.C. §§ 105(a), 362(a), and Fed. R. Bankr. P. 6004, 7065 and 9019 (i) Authorizing the Debtors to Enter Into, and to Take All Necessary or Appropriate Action to Effectuate the Terms of, a Standstill and Waiver Agreement with Certain Defendants, (ii) Terminating the Temporary Restraining Order Entered with Respect to Certain Defendants, (iii) Dismissing this Adversary Proceeding with Respect to Certain Defendants, (IV) Authorizing the Debtors to Compromise and Settle Setoff Rights Asserted by the Defendants and Terminating the Stay of 11 U.S.C. § 362(a) with Respect to Certain Setoff Rights, and (V) Releasing, Discharging, and Waiving Certain Claims of Defendants (the "Standstill Motion").

The Standstill Motion was approved by Court Order dated June 19, 2001 (the "Standstill Order"). The Standstill Order, among other things, authorized the Debtors to enter into the Standstill and Waiver Agreement among the Debtors, certain Non-Debtor Subsidiaries and the Bank Holders (the "Standstill Agreement"), authorized the Debtors to settle the setoff rights asserted by the Bank Holders, released, discharged and waived certain claims of the Defendants, and dismissed, without prejudice, the Standstill Adversary Proceeding and terminated the TRO with respect to all the Defendants except the China Lenders, as defined below.

Pursuant to the terms of the Standstill Agreement, the Bank Holders agreed not to exercise certain remedies against the Non-Debtor Subsidiaries during the Specified Period (the "Standstill Period") in consideration of certain undertakings of the Debtors and Non-Debtor Subsidiaries, including subjecting certain Non-Debtor Subsidiaries to affirmative and negative covenants. The Standstill Period would expire on the earliest to occur of (i) the date of filing of a plan or plans of reorganization, (ii) a termination due to an event of default under the Standstill Agreement, or (iii) a date no earlier than October 31, 2002 which is 45 days after written notice to the Debtors and their counsel by the Pre-petition Agent that the requisite number of Bank Holders (as determined in the 1997 Credit Agreement) elected to terminate the Standstill Period.

More specifically, the Standstill Agreement provides that, during the Standstill Period, the Bank Holders are not to exercise any right or remedy for the enforcement, collection or recovery of any of the guaranteed obligations under the 1997 Credit Agreement from any of the Non-Debtor Subsidiaries other than with respect to valid setoff rights in existence on the Petition Date. In addition, the Standstill Agreement precludes those Bank Holders that are parties to the Bilateral Facilities from exercising, as a result of any default under such facilities arising solely from the commencement of the Chapter 11 Cases (which default is waived during the Standstill Period), enforcement rights or remedies against such Non-Debtor Subsidiaries other than with respect to valid setoff rights existing as of the Petition Date. However, the Bank Holders are not required to make additional loans or advances under a Bilateral Facility nor are they prevented from exercising any other rights or remedies available to them under a Bilateral Facility.

The Standstill Agreement also provided that the Debtors, the Non-Debtor Subsidiaries and the Bank Holders would provide information to determine the validity of setoff rights and seek in good faith to resolve all disputes regarding setoff rights. Pending resolution of the setoff rights, the TRO remained in effect and all parties' rights with respect to the setoff issue were preserved.

Pursuant to the Standstill Agreement, OCD made a payment of $3 million to the Pre-petition Agent for and on behalf of the Bank Holders executing the Standstill Agreement (the "Participating Lenders") with each Participating Lender receiving a pro rata share of such fee based on such Participating Lender's outstanding commitment under the 1997 Credit Agreement. OCD also paid a fee of $200,000 to each of the Pre-petition Agent and Chase Manhattan Bank, in their respective capacities as co-chairs of the Steering Committee. OCD was also responsible for payment of certain fees and expenses of the Bank Holders, subject to certain monetary limits.

On November 25, 2002, the parties to the Standstill Agreement executed a Stipulation and Order to Amend the Standstill and Waiver Agreement (the "Standstill Amendment") to, among other things, extend the Standstill Period, which was approved by the Court on November 25, 2002. The Standstill Amendment provides, in part, that the extended Standstill Period will end on the earliest to occur of (i) a termination due to an event of default specified in the Standstill Amendment, or (ii) the date which is 45 days after written notice of intention to terminate the Standstill Agreement has been given to OCD or the Pre-petition Agent as provided in the Standstill Amendment. The Standstill Amendment also provides that the Pre-petition

Agent approved of the first amendment to the DIP Facility and that the fraudulent conveyance actions filed on or about October 4, 2002, by the Debtors, as described in more detail below, or the appointment of a limited purpose trustee or examiner would not constitute an event of default under the Standstill Agreement.

With respect to the proceedings relating to the "Estimation of Asbestos Liability for Plan Purposes," see Section IV.D.2, the Debtors objected to requests for payments of attorneys fees for the Bank Holders for participating in such proceedings as unreasonable. At the same time, the Debtors and the Official Representatives agreed to extend the deadline to object to the fees of the attorneys for the Official Representatives for participating in proceedings concerning the estimation of Asbestos Personal Injury Claims. Because the Unsecured Creditors' Committee was representing the interests of all creditors not holding Asbestos Personal Injury Claims, the Debtors asserted that they were not required to pay attorneys fees and expenses of parties other than counsel for the Unsecured Creditors' Committee in such proceedings. In response to the Debtors' position, on April 16, 2004, CSFB filed a Motion to Compel Debtors' Compliance with the Standstill and Waiver Agreement. The Debtors filed an objection to this Motion on May 14, 2004, which objection was joined by the Asbestos Claimants' Committee and the Future Claimants' Representative. The parties resolved the issues regarding this dispute in December, 2004.

(b) The China Standstill Agreement

The Debtors were engaged as of the Petition Date in ongoing negotiations with Standard Chartered Bank ("SCB"), as agent and co-coordinating arranger for the Loan Facility Agreement, dated March 12, 1998 (the "Revolving Loan Facility") among SCB, Societe Generale ("Soc Gen") and KBC Bank, N.V. ("KBC" and, together with SCB and Soc Gen, the "China Lenders"), Owens Corning (China) Investment Company, Ltd. ("OCI"), Owens-Corning (Guangzhou) Fiberglas Co., Ltd. ("OC Guangzhou"), Owens-Corning (Shanghai) Fiberglas Co., Ltd. ("OC Shanghai"), as borrowers, and OCD as guarantor, to effectuate the continued servicing of the Revolving Loan Facility and to settle certain setoff rights asserted by SCB in the approximate amount of $7.8 million. Resolution of the issues surrounding the Revolving Loan Facility was necessary to settle the setoff rights asserted by SCB and would permit OC to realize future value and profits from OC Guangzhou and OC Shanghai, which provide valuable production support to OC's global insulation business and are strategically important to OC's long term business strategy in China.

Following negotiations, OCD, OC Guangzhou, OC Shanghai and the China Lenders reached agreement on the key terms of a Standstill and Amendment Agreement (the "China Standstill Agreement"). On October 16, 2002, the Debtors filed a motion for an order under 11 U.S.C. §§ 363 and 105, and Fed. R. Bankr. P. 6004 and 9019 authorizing and (i) approving execution of the China Standstill Agreement by and among OCD, OC Guangzhou, OC Shanghai, and the China Lenders; (ii) approving consummation of the transactions contemplated in the China Standstill Agreement; and (iii) granting the China Lenders an Allowed General Unsecured Claim against OCD in the amount of $22 million conditioned upon the closing of the China Standstill Agreement (the "China Standstill Motion"). The Bankruptcy Court approved the China Standstill Motion on December 9, 2002.

The China Standstill Agreement became effective and on January 27, 2003, the Bankruptcy Court entered a Stipulation and Order terminating the TRO and dismissing the Standstill Adversary Proceeding as related to the China Lenders.

Under the terms of the China Standstill Agreement, and among other things, the outstanding amounts under the Revolving Loan Facility – $12 million for OC Guangzhou and $5.6 for OC Shanghai – plus certain other amounts, were to become due and payable on December 31, 2005. In anticipation of this deadline, OC, OC Guangzhou and OC Shanghai entered into discussions which resulted in the China Lenders' agreement to accept, with respect to OC Guangzhou, 60% of the principal amount due under the Revolving Loan Facility, plus certain other amounts, in full satisfaction of OC Guangzhou's payment obligations under the Revolving Loan Facility. Under the terms of this agreement, OC Shanghai is to pay the China Lenders the full amount of its obligations under the Revolving Loan Facility. On November 9, 2005, OC filed a motion seeking authority for certain inter-company loans to OC Guangzhou, as required to fund this settlement. Such motion was approved by the Bankruptcy Court by Order dated December 20, 2005.

(c) Setoff of Bank Accounts

In connection with the consummation of the Standstill Agreement, the Debtors and the Bank Holders agreed to conduct discussions in an attempt to reach a consensual resolution with respect to the Bank Holders' setoff rights against both the Debtors and the Non-Debtor Subsidiaries. The dispute concerning the Bank Holders' potential setoff rights centered around the accounts upon which the Bank Holders had placed an administrative freeze after the commencement of the Chapter 11 Cases (as described above). In their efforts to reach a resolution, the parties to the Standstill Agreement exchanged information and documents which enabled them to stipulate to material facts regarding most of the frozen accounts. These facts were set forth in a Stipulation Concerning Debtors' Frozen Bank Accounts, which was filed in the Bankruptcy Court on February 15, 2002.

Contemporaneous with the filing of the factual stipulation, the Bank Holders filed a motion in the Bankruptcy Court, entitled Motion of Credit Suisse First Boston, as Agent, for an Order Modifying the Automatic Stay to Permit Setoff of Frozen Funds (the "Setoff Motion"). In the Setoff Motion, the Bank Holders requested relief from the automatic stay to exercise setoff rights against 22 frozen bank accounts of certain Debtors and Non-Debtor Subsidiaries, totaling approximately $35 million. The Debtors, as well as certain other creditor groups, objected to the Setoff Motion. In their objection, the Debtors disputed the amount of the Bank Holders' setoff rights and asserted, among other things, that the Bank Holders were wrongfully withholding the entire balance of many of the frozen accounts, and that the Bank Holders did not have valid setoff rights with respect to a substantial number of the frozen accounts.

After extensive settlement negotiations, the Debtors and the Bank Holders agreed to settle the Setoff Motion and the parties' competing claims to the bank accounts at issue, together with certain other bank accounts not covered by the Setoff Motion, which accounts totaled $36,779,719.99, plus interest earned after the Petition Date. The parties executed an agreement for the settlement of the Setoff Motion, the terms of which authorized the

release of specified funds totaling $18,953,325.31 plus 51.532% of the interest accrued on the frozen funds to the Debtors and permitted the Bank Holders to exercise their setoff rights with respect to the balance of the frozen funds, $17,826,394.68 plus 48.468% of the accrued interest. The settlement agreement was approved by order of the Bankruptcy Court, dated June 20, 2002.

(d) Cash Management System

On October 6, 2000, the Debtors filed a motion for interim and final orders (i) authorizing (a) the maintenance of certain existing bank accounts, (b) the continued use of existing business forms, (c) the use of a modified cash management system and (d) the transfer of funds to Non-Debtor Subsidiaries and (ii) waiving certain investment and deposit requirements of Section 345(b) of the Bankruptcy Code (the "Cash Management Motion"). The Court granted the relief requested in the Cash Management Motion, as modified by an "Exhibit D-1" (which was introduced into evidence at the hearing on the Cash Management Motion), by "so ordering" the record, to be followed by the submission of an agreed-upon form of written order.

On June 19, 2001, the Bankruptcy Court approved the Agreed-Upon Interim Order Under 11 U.S.C. §§ 105, 345(b) and 363 (i) Authorizing (a) Maintenance of Certain Existing Bank Accounts, (b) Continued Use of Existing Business Forms, (c) Use of Modified Cash Management System, and (d) Transfer of Funds to Non-Debtor Subsidiaries; and (ii) Waiving, on an Interim Basis, Investment and Deposit Requirements of 11 U.S.C. § 345(b) (the "Interim CMO").

The Interim CMO originally had an expiration date of December 18, 2001. On December 17, 2001, the Court entered a Stipulation and Order that extended the expiration date of the Interim CMO until February 26, 2002. The Debtors and Creditors submitted and the Bankruptcy Court approved the final cash management order (the "Final CMO"), which became effective on February 25, 2002 and is to continue in effect until confirmation of the Plan.

Pursuant to the Final CMO, in accordance with Sections 105 and 363 of the Bankruptcy Code, the Debtors may (i) designate, maintain and continue to use all of their respective collection, collateral, operating, depository, payroll and other accounts existing at the Petition Date in accordance with existing account agreements, (ii) close any such accounts, and (iii) treat such accounts as accounts of the Debtors in their capacity as debtors-in-possession. The Final CMO provides that the Debtors and Non-Debtor Subsidiaries are permitted to utilize their cash management system existing prior to the Petition Date.

With certain allowed exceptions, the Final CMO prohibits the Debtors and Non-Debtor Subsidiaries from transferring funds to pay pre-petition intercompany indebtedness. However, the Final CMO permits transfers of funds among Debtors and Non-Debtor Subsidiaries in payment for goods and services provided to the payor after the Petition Date. The Final CMO also permits transfers of funds among Debtors and Non-Debtor Subsidiaries for capital expenditures, working capital and short-term liquidity as long as the transfers are evidenced as loans, within the appropriate monetary limits and properly recorded on applicable accounts, with additional limits on transfers of funds to negative net worth Debtors and Non-Debtor Subsidiaries. The Final CMO permits the Debtors and Non-Debtor Subsidiaries

to invest and deposit funds in accordance with their established deposit and investment practices as of the Petition Date. The Final CMO also approved eight specific transactions as exceptions to the limitations set forth in the Final CMO.

5. B-Reader Litigation

In January of 2005, CSFB demanded that the Debtors commence litigation against physicians that it alleged had falsely and fraudulently diagnosed asbestos-related disease in the x-rays of thousands of individuals who subsequently asserted personal injury claims against the Debtors. The Debtors responded that they were not opposed to pursing the litigation in principle, however, there were serious concerns that the potential costs of the litigation would outweigh any benefits to the Debtors' estate. OCD had commenced similar fraud and RICO litigation against certain medical screening facilities in 1996 and 1997. At that time, it considered bringing lawsuits against individual physicians, but because of strategic considerations, it decided not to do so. The Debtors believed that the considerations applicable to the litigation in the late 1990s were also applicable to CSFB's 2005 proposal. These considerations included the fact that evidence of fraud was difficult to prove; the statute of limitations would pose a serious obstacle; and filing a lawsuit would subject the Debtors to the risk and expense of litigating against sizeable counterclaims. Also, the Debtors' experience in the earlier fraud and RICO litigation demonstrated that the attorneys' fees and costs incurred in pursuing such litigation were likely to substantially exceed any potential for recovery. CSFB agreed to advance attorneys' fees and costs in connection with the proposed litigation subject to potential reimbursement ordered by the Bankruptcy Court if such litigation was found to be beneficial to the estate, but refused to indemnify the Debtors against counterclaims. For that reason, the Debtors exercised their business judgment and declined to commence the litigation.

On January 12, 2005, CSFB filed a motion seeking an order authorizing CSFB to commence an adversary proceeding on behalf of the Debtors' estate against the B-readers. The Debtors opposed the motion for the reasons set forth above, but agreed to withdraw the opposition if CSFB agreed to indemnify the Debtors for liability and expenses related to potential counterclaims by the defendants in the proposed litigation. The matter was heard before the Bankruptcy Court on February 28, 2005. The Bankruptcy Court specifically credited the evidence behind the Debtors' business and legal decision not to pursue the litigation unless CSFB indemnified the estate for liability and expenses from potential counterclaims. At the hearing, CSFB agreed to provide the requested indemnity. A few days later, CSFB disavowed the agreement and insisted that it be permitted to proceed in the litigation without indemnifying the estate against counterclaims. On March 21, 2005, the Bankruptcy Court denied CSFB's motion. On appeal, the District Court affirmed the Bankruptcy Court's ruling. CSFB did not appeal the District Court's ruling and the time for appeal has expired.

6. Unexpired Leases and Executory Contracts

As of the Petition Date, the Debtors were party to thousands of unexpired leases and executory contracts, including, among others, real property leases, information technology agreements, equipment leases, plant-related service agreements, and supply agreements. During the pendency of the Chapter 11 Cases, the Debtors have evaluated the costs

and potential benefits of these agreements, including the availability of alternate services and more profitable end-users for its products, all without disrupting core business operations.

Section 365 of the Bankruptcy Code authorizes a debtor, subject to approval of the Bankruptcy Court, to assume or reject unexpired leases and executory contracts. Under the Bankruptcy Code, a debtor has until confirmation of a plan of reorganization to assume or reject executory contracts and unexpired leases of residential real property or of personal property of the debtor. A debtor in a Chapter 11 case ordinarily must assume or reject unexpired leases of nonresidential real property within sixty (60) days after commencement of the case. If a debtor fails to assume this type of lease within the applicable time period, the lease is deemed rejected. The bankruptcy court may extend the relevant time periods for cause.

(a) Real Property Leases

As of the Petition Date, the Debtors were lessees under approximately 347 unexpired nonresidential real property leases. Most of the unexpired leases were for space used by the Debtors for conducting the production, warehousing, distribution, sales, sourcing, accounting and general administrative functions that comprise the Debtors' businesses. Given the size and complexity of the Chapter 11 Cases, the Debtors determined that they would be unable to complete their analyses of all nonresidential real property leases during the time limitation prescribed in Section 365(d)(4) of the Bankruptcy Code. Accordingly, the Debtors sought, and the Bankruptcy Court approved, extensions of the time by which the Debtors must assume or reject their unexpired leases of nonresidential real property. The latest extension was granted by the Bankruptcy Court on May 4, 2006, and expires on December 5, 2006.

Throughout the Chapter 11 Cases, the Debtors have been engaged in an ongoing review of the unexpired nonresidential real property leases to determine whether the rejection or assumption and assignment of the leases was in the best interest of their respective estates. Through the end of November, 2005, the Debtors had rejected approximately seventy-five (75) nonresidential real property leases; assumed twelve (12) nonresidential real property leases; and assumed and assigned nine (9) nonresidential real property leases. The Debtors continue their review and analysis of their unexpired nonresidential real property leases.

Generally, all unexpired nonresidential real property leases that have not previously been assumed or rejected by the Debtors will be assumed under the Plan, except for those leases specified on Schedule IV of the Plan, which must be filed at least ten (10) days prior to the Objection Deadline. See Section VII.E of this Disclosure Statement entitled "Treatment of Executory and Post-Petition Executory Contracts and Unexpired Leases."

(b) Executory Contracts and Unexpired Leases

Since the Petition Date, the Debtors have instituted an internal process to review all executory contracts and unexpired leases to evaluate the economic costs and benefits to each of them. Throughout the Chapter 11 Cases, the Debtors have successfully renegotiated or rejected numerous leases and executory contracts, resulting in a reduction in fixed costs. The Debtors also have assumed, assumed as modified, or assumed and assigned a number of executory contracts and unexpired personal property leases since the Petition Date. By their review process, the Debtors have realized significant savings without business interruption.

Generally, all unexpired nonresidential real property leases that have not previously been assumed or rejected by the Debtors will be assumed under the Plan, except for those leases specified on Schedule IV of the Plan, which must be filed at least ten (10) days prior to the Objection Deadline. See Section VII.E of this Disclosure Statement entitled "Treatment of Executory and Post-Petition Executory Contracts and Unexpired Leases."

The following is a description of the disposition of certain of the Debtors' executory contracts and unexpired leases throughout the Chapter 11 Cases:

(i) Enron. In January 2001, the Debtors, with Bankruptcy Court authority, assumed their various executory contracts with Enron Energy Services, Inc. and other Enron-related entities. Among other things, these contracts required Enron to provide to the Debtors certain commodities and commodity-related services, as well as certain energy, energy efficiency, and consultation services. Among the services provided by Enron were billing consolidation services, by which Enron would assemble and consolidate third-party energy bills for presentation to OCD. OCD would make payment on such bills to Enron, which was contractually obligated to convey the appropriate portion of such payments to the underlying third-party providers. In connection with the assumption of these contracts, the Debtors made a cure payment of approximately $20 million to Enron, on account of funds owed to Enron and/or to third-party energy providers. By order dated August 28, 2001, the Debtors obtained Bankruptcy Court approval to amend the previously-assumed Enron agreements so as to, among other things, expand the services provided thereunder to additional facilities of the Debtors. On December 2, 2001, Enron Corp. and certain of its affiliates filed Chapter 11 bankruptcy petitions in the United States Bankruptcy Court for the Southern District of New York. Prior to Enron Corp.'s bankruptcy filing, the Debtors sent one or more notices to Enron by which the Debtors terminated their various contractual agreements with Enron. Enron asserted significant post-petition claims against OCD as a result of the foregoing contract terminations. By motion filed on May 9, 2003, OCD sought Court approval of a settlement with Enron Corp. and certain of its affiliates that would resolve all disputes among the parties. Among other things, such settlement resolved the following issues: (i) the amount owed by OCD to Enron on account of OCD's purchase of commodities from Enron subsequent to the Petition Date; (ii) the amount owed by OCD in connection with certain projects under construction for OC by Enron or parties controlled by Enron, including incomplete projects; (iii) the amount owed by OCD on account of OCD's alleged cost savings from such projects; and (iv) invoices allegedly issued by Enron or affiliated parties in connection with uncompleted projects under construction for OCD; (v) the appropriate disposition of Owens Corning Energy LLC, a limited liability company owned by OCD and an Enron affiliate; (vi) whether OCD or any of its affiliates were entitled to an allowed claim against any of the Enron bankruptcy cases; (vii) whether any of the Enron debtors were entitled to an allowed administrative or other claim against OCD or any of the Debtors; (viii) the status and disposition of certain of the property leased to OCD pursuant to certain lease agreements among the parties; and (ix) which of the parties was entitled to certain natural gas stored at OCD's natural gas storage facilities.

Under the terms of such settlement, which was approved by Court Order dated June 13, 2003: (a) certain agreements among the parties were deemed to have been terminated as of December 1, 2001; (b) the master leases among the parties were terminated and the property leased to OCD thereunder was transferred to OCD "as is, where is and with all faults" with no representations or warranties and free and clear of the liens or encumbrances, other than certain excluded liens; (c) OCD paid to Enron Energy Services Operations, Enron Energy Services International Leasing, Inc. and Owens Corning Energy LLC $43.0 million in cash as follows: $13,805,312 to Owens Corning Energy LLC, $427,505 to Enron Energy Services International Leasing, Inc. and the remainder to Enron Energy Services Operations; (d) releases were exchanged among the parties; (e) certain other assets were transferred to OCD free and clear of all liens, claims and encumbrances, other than specified excluded liens; (f) OCD withdrew with prejudice any claims filed by it or any controlled affiliate in the Enron bankruptcy cases arising out of certain specified agreements and the transactions contemplated thereby; (g) Enron and certain affiliates are to withdraw with prejudice any proof of claim filed by them or any controlled affiliate against any of the Debtors arising out of specified agreements and the transactions contemplated thereby; (h) OCD assigned its interests in Owens Corning Energy LLC to Enron Energy Services Organization; and (i) Enron and specified affiliates transferred to OCD any natural gas currently stored at OCD's natural gas storage facilities.

(ii) Xerox Corp. OCD and Xerox Corp. were parties to a pre-petition services agreement pursuant to which Xerox Corp. was obligated to operate OCD's global documents management systems, the term of which expired on December 31, 2001. Prior to the expiration of the agreement, and after extensive negotiations, OCD and Xerox Corp. entered into a post-petition document services agreement, which was approved by order of the Bankruptcy Court dated July 16, 2001. OCD's execution of the post-petition document services agreement, which replaced the original agreement as of May 21, 2001, was necessary to the Debtors' ongoing business operations. In accordance with the entry of the post-petition agreement, Xerox Corp. became entitled to an allowed General Unsecured Claim against OCD in the approximate amount of $3 million, and became entitled to assert an additional General Unsecured Claim against OCD in the approximate amount of $892,000.

(iii) SAP America, Inc. With Bankruptcy Court approval in June 2001, OCD assumed, with certain modifications, its software license agreement with SAP America, Inc. Under the agreement, SAP America, Inc. licenses certain software to OCD, which software is fundamental to the Debtors' business operations. Upon the assumption of the agreement, OCD and SAP America, Inc. agreed to make modifications to the agreement in order to provide the Debtors with greater operational flexibility and to facilitate the Debtors' potential divestiture of certain assets and/or business units. In connection with the assumption of the agreement, OCD made a cure payment to SAP America, Inc. in the approximate amount of $6.3 million. In addition, SAP America, Inc. became entitled to an Allowed General Unsecured Claim against OCD in the approximate amount of $287,000.

(iv) Owens-Corning (India) Limited. In connection with the restructuring of OCD's Indian joint venture, Owens-Corning (India) Limited ("OCIL") (discussed in Section III.A.3(b) of this Disclosure Statement), OCD assumed, as amended and restated, several executory contracts between OCD and OCIL pursuant to which OCD provides OCIL with certain services and OCIL provides certain products to OCD. Assumption of the

agreements, as modified (which included technology license agreements, a trademark and trade name license agreement, an alloy services agreement, an offtake contract, a shareholder agreement and an investment agreement), was part of the overall restructuring of OCIL, which provided significant benefit to OCD's estate. No cure payments were owed with respect to the assumption of the agreements. The Bankruptcy Court authorized OCD's assumption of the agreements by Order dated June 18, 2002.

(v) Owens Corning World Headquarters Restructuring. The Debtors maintain their World Headquarters in a 400,000 square foot facility located on a 42-acre tract of land in Toledo, Ohio. Approximately 1,100 of the Debtors' employees are located in the World Headquarters, including key management, business unit employees, customer service, sales support and business process personnel. As of the Petition Date, OCD leased the World Headquarters facility from the Toledo Lucas County Port Authority (the "Port Authority") pursuant to two leases. The payments due under the first lease primarily were used to pay principal, interest and other amounts owing under the Port Authority's $85.4 million Taxable World Headquarters Revenue Bonds, Series 1995 (the "Revenue Bonds"), as well as amounts due under the Port Authority's $10 million Taxable State Loan Revenue Note, payable to the State of Ohio. The Port Authority leases the ground underlying the World Headquarters facility pursuant to third-party ground leases that were scheduled to expire on May 31, 2030.

After negotiations with the necessary parties, the Debtors reached a comprehensive agreement to restructure the leases on the World Headquarters and resolve the underlying bond debt. By Order dated May 19, 2003, the Bankruptcy Court approved this proposed restructuring. The principal terms of the agreement consisted of the following: (a) OCD's purchase of the Revenue Bonds for $691.961 per $1,000 of the outstanding principal of such bonds (for a total purchase price of $32 million); (b) the allowance of General Unsecured Claims to the holders of the Revenue Bonds in the amount of $399.039 per $1,000 of outstanding principal amount of such bonds (for total allowed General Unsecured Claims of approximately $21.4 million); (c) the modification of OCD's second lease for the World Headquarters, to provide for (x) extensions through 2075, at Owens Corning's option, and (y) a more favorable purchase option; (d) the assumption of the second lease as modified; (e) the assumption of the Project Service and Indemnity Agreement between OCD and the Port Authority; and (f) modifications of the underlying ground leases with respect to the World Headquarters, through 2075, at OCD's option. The $5.0 million Taxable Development Revenue Bonds (Northwest Ohio Bond Fund) Series 1995A, which mature in 2015, are paid from OCD's obligations to the Port Authority under the assumed second lease and Project Service and Indemnity Agreement, are not Pre-petition Bonds and are not discharged and cancelled under the Plan.

(vi) Jackson, Tennessee Lease Assumption. By Order entered February 25, 2004, the Bankruptcy Court authorized Owens Corning to assume its Master Industrial Development Lease Agreement dated as of December 14, 1993 (the "Master Lease") with the Industrial Development Board of the City of Jackson, Tennessee (the "IDB") and its equipment Sublease Agreement dated as of December 15, 1993 with US Bank, as lessor, and Owens Corning, as lessee (as amended and supplemented by that certain Qualifying Addition Supplement to Sublease Agreement dated as of December 23, 1996, the "Sublease") and to exercise its purchase options thereunder. The relief granted by this Order permitted Owens

Corning to take title to a 199-acre facility in Jackson, Tennessee, at which the Debtors manufacture a fiberglass underlayment product that is a critical component in the production of roofing shingles, together with equipment and machinery located at such facility including a solid waste disposal and recycling facility. In connection with its exercise of purchase options with respect to these assets, Owens Corning made purchase and "cure" payments of approximately $29.6 million, inclusive of a final semi-annual rent payment under the Sublease of approximately $5.28 million.

(vii) Miscellaneous Equipment Lease Buy-Outs and Settlements. The Court has authorized the Debtors to exercise purchase options or otherwise buy out various equipment leases upon such leases' termination, including the following:

Lessor(s)	Date of Agreement	Equipment Leased	Purchase Terms
Pitney Bowes Credit Corporation	December 20, 1994	Office furniture and equipment and leasehold improvements at the facility in Granville, OH.	Pursuant to a Bankruptcy Court order dated November 15, 2002, OCD purchased the equipment subject to the lease for $330,335.83. Pursuant to such Order, Pitney Bowes Credit Corporation was allowed a General Unsecured Claim of $325,508.57.
Pitney Bowes Credit Corporation/John Hancock Life Insurance Company	December 31, 1996	Equipment used in the facilities in Huntington, PA, Anderson, SC, Aiken, SC, Summit, IL, Memphis, TN, Fairburn, GA and Newark, OH. Equipment in Aiken, SC was subleased to Advanced Glassfiber Yarns LLC.	Pursuant to a Bankruptcy Court Order dated December 17, 2001, OCD was authorized to purchase the equipment subject to the lease for $10,024,896 and to sell a portion of the equipment to Advanced Glassfiber Yarns LLC for $4,229,671.
Pitney Bowes Credit Corporation	December 31, 1997	• Equipment and machinery comprising an electrical substation at the Newark, OH facility. • Poly packaging equipment utilized at the Denver, CO and Atlanta, GA manufacturing facilities. • Automated packaging system used at the Amarillo, TX facility. • Vacuum treatment oven at the Aiken, SC facility.	Pursuant to a Bankruptcy Court Order dated December 12, 2003, OCD was authorized to purchase the equipment subject to the lease for $1,714,161.07. Pursuant to such Order, Pitney Bowes Credit Corporation was allowed a General Unsecured Claim of $206,634.72.
Medina 1997 Leasing Trust	September 30, 1997	Manufacturing machinery and equipment used at the roofing plant in Medina, OH	Pursuant to a Bankruptcy Court Order dated December 4, 2002, OCD was authorized to purchase the equipment subject to the lease for $8,942,504.33.
Carly 1995 Leasing Trust	December 15, 1995	Manufacturing, production and equipment used at the facilities in Denver, CO, Delmar, NY, Fairburn, GA, Newark, OH, Kansas City, KS, Aiken, SC, Amarillo, TX and Anderson, SC	Pursuant to the Bankruptcy Court's April 23, 2001 Order approving a stipulation between OCD and the Carly 1995 Leasing Trust by which the Debtors paid Carly $8,796,241.18, plus rent and other charges.
Dresdner Kleinwort Benson		Equipment used in the facilities in Medina, OH, Kearny, NJ, Jacksonville, FL, Amarillo, TX, Kansas City, KS and Fairburn, GA.	Pursuant to a Bankruptcy Court Order dated January 23, 2004, OCD was authorized to purchase the equipment subject to this lease for $13,353,792.

(viii) Aircraft. The Debtors have utilized corporate aircraft in their business operations for fifty years. As of the Petition Date, Owens Corning was the lessee under three separate aircraft lease agreements for the lease of two Raytheon Hawker 800 aircraft (the "Hawkers") and a Dassault Falcon 900 EX aircraft (the "Falcon"). The initial lessor under each of these lease agreements was Pitney Bowes Credit Corporation ("PBCC"). PBCC subsequently assigned all of its rights, interests, duties and obligations as lessor with respect to one of the Hawkers to Hitachi Capital America Corp., f/k/a Hitachi Credit America Corp. ("Hitachi"). The expiration dates for each of the aircraft agreements were as follows: for the Hawkers – November 30, 2005 and December 1, 2005, and for the Falcon – August 31, 2005.

In November 2001, Owens Corning and PBCC, and separately Owens Corning and Hitachi, entered into Stipulations by which, among other things, Owens Corning agreed to make monthly (as opposed to semi-annual) payments of the amounts due under the parties' lease agreements, and PBCC and Hitachi agreed, subject to certain conditions, not to take any action against the Debtors with respect to the aircraft. The Stipulations also provided that any determination with respect to the characterization of the respective aircraft agreements, or the allocation of any payments made pursuant to such agreements, was to be deferred.

In advance of the expiration of the aircraft agreements, Owens Corning undertook an evaluation of whether it should attempt to retain its existing aircraft or whether it should consider leasing or purchasing more efficient aircraft. Ultimately, Owens Corning determined to market, for the benefit of the lessors, its existing aircraft for sale to a third party and to lease new corporate aircraft. Pursuant to a Bankruptcy Court Order entered June 30, 2005, CDC Corporation was authorized to lease three Cessna Citation Sovereign aircraft from Canal Air LLC and to enter into a rental agreement with Owens Corning with respect to these aircraft. On August 23, 2005, the Bankruptcy Court entered an Order authorizing a procedure for the disposition of Owens Corning's existing aircraft and the distribution of the proceeds from such sales. Ultimately, the Hawkers and the Falcon were sold, via arms-length transactions, to separate third-party purchasers. The resulting aggregate excess net proceeds of sale realized by Owens Corning from the disposition of the aircraft was approximately $2 million.

(ix) Miscellaneous executory contracts and unexpired leases. Since the Petition Date and through the end of November, 2005, the Debtors have filed twelve (12) motions rejecting miscellaneous contracts and unexpired leases that no longer were required for the Debtors' business operations, and have filed numerous additional motions to reject specific contracts and leases, which have resulted in the rejection of such contracts and unexpired leases.

7. Insurance

(a) General

During the 20-year period prior to the initiation of the Chapter 11 Cases, billions of dollars of insurance proceeds were paid out by various insurers to directly fund or reimburse OCD for funding the settlement and defense of asbestos claims. During the pendency of the Chapter 11 Cases, the Debtors have been involved in litigation, arbitration and negotiation in which the Debtors have sought to establish asbestos-related coverage rights under policies that were not previously released in full with respect to asbestos claims. To date, OCD has reached settlements of such matters with solvent insurers involving payments either immediately or over time of more than $100 million in the aggregate into escrow accounts and/or as ultimately provided for by the Plan. These settlements have been finalized and approved by the Bankruptcy Court. During the pendency of the Chapter 11 Cases, OCD has also received substantial payments in respect of previously allowed claims from liquidators of insolvent insurers, and expects to receive significant additional amounts over the next several years in respect of distribution on asbestos claims previously allowed. OCD has also concluded two settlements during the pendency of the Chapter 11 Cases, both approved by the Bankruptcy Court, concerning the obligation of insolvent insurers with respect to asbestos and other claims, which settlements have involved and are expected to involve payments of significant amounts.

OCD also has other unconfirmed potential coverage rights for asbestos-related bodily injury claims against certain excess level carriers. Under the ADR procedures of the Wellington Agreement, OCD is seeking recovery for asbestos non-products claims in three ADR proceedings. OCD is also pursuing litigation against a state guaranty association on account of its responsibility for asbestos claims that would otherwise have been paid by a now-insolvent excess insurer. In addition, on June 27, 2001, the Court entered an Order approving the stipulation between Fibreboard and Continental, one of Fibreboard's insurers, resolving disputes relating to Continental's obligations under a certain settlement agreement and directing funds be transferred to the Fibreboard Insurance Settlement Trust. Prior to the Petition Date, Fibreboard and Continental had entered into an agreement (the "Buckets Agreement") that reapportioned their respective liabilities to certain asbestos personal injury claimants. The Buckets Agreement provided for, among other things, the payment of Committed Disputed Presently Settled Claims and Committed Unsettled Present Claims (collectively, the "Committed Claims") through a $44 million Committed Claims Account funded by Continental. Continental and Fibreboard further agreed that any money remaining in the Committed Claims Account after all Committed Claims have been paid pursuant to the Buckets Agreement would be transferred to the Fibreboard Insurance Settlement Trust. The Stipulation approved by the Court provides, among others, that no funds would be released from the Committed Claims Account while the Chapter 11 Cases were pending, and that Continental would have a first

priority perfected security interest in the Committed Claims Account securing its rights under the Buckets Agreement to reimbursement or other payment in respect of Continental's payments under the Buckets Agreement. Approximately $33 million remains in the Committed Claims Account. The Plan provides that, pursuant to the Stipulation, the remaining funds in the Committed Claims Account will be transferred to the FB Sub-Account of the Asbestos Personal Injury Trust to compensate holders of Allowed FB Asbestos Personal Injury Claims.

(b) Insurance Coverage Issues

OCD has unconfirmed potential coverage rights for asbestos-related bodily injury claims against solvent excess level carriers and liquidators and others who now bear responsibility for insolvent carriers. OCD is actively pursuing insurance recoveries under these remaining excess policies in litigation, arbitration and otherwise.

(i) Litigation Against Non-Wellington Carriers

On October 26, 2001, OCD filed a lawsuit in Lucas County, Ohio, styled Owens Corning v. Birmingham Fire Insurance Co. et al., No. CI0200104929, against ten excess level insurance carriers for declaratory relief and damages for failure to make payments for asbestos non-products claims under excess policies issued in the period between June 18, 1974 and September 1, 1984. After extensive litigation but before trial, OCD settled its claims with all of these insurers, and they have been dismissed from the case. The five settlements with the ten insurer defendants have been approved by the Court.

(ii) Wellington ADR Proceedings

The Wellington Agreement is an agreement that was entered into in 1985 between certain asbestos producers (as defined therein), including OCD, and various insurers that, *inter alia*, (1) resolved certain insurance coverage disputes; and (2) established certain alternative dispute resolution ("ADR") procedures. The OC Asbestos Personal Injury Liability Insurance Assets include rights to coverage under certain insurance policies issued by insurers that are signatories to the Wellington Agreement. OCD has agreed that it will not reject the Wellington Agreement as an executory contract. The Reorganized Debtors intend to transfer the OC Asbestos Personal Injury Liability Insurance Assets to the Asbestos Personal Injury Trust. Certain insurer signatories to the Wellington Agreement assert that issues concerning the transfer of the OC Asbestos Personal Injury Insurance Assets to the Asbestos Personal Injury Trust cannot be resolved by the Bankruptcy Court (or the District Court); the Plan Proponents disagree with this assertion. Under the ADR procedures of the Wellington Agreement, OCD is seeking recovery for asbestos non-products claims under policies issued by Insurance Company of North America, INA Underwriters, Central National Insurance Company, Pacific Employers Insurance Company, Continental Insurance Company, Harbor Insurance Company, and London Guarantee & Accident Company. Owens Corning also has a claim for asbestos non-products coverage against Zurich. Those companies have reserved their rights with respect to coverage and/or denied coverage. During the earlier stages of the Chapter 11 Cases, OCD obtained Court approval of a settlement with a group of carriers as to which OCD was engaged in an ADR proceeding concerning asbestos non-products claims.

(iii) Proceedings Involving Policies Issued By Insolvent Carriers

OCD is pursuing litigation against the Mississippi Insurance Guaranty Fund ("MIGA"), in which OCD has asserted that MIGA is responsible for asbestos claims that would otherwise have been paid by a now-insolvent excess insurer. Following an adverse trial court ruling, that claim is now pending on appeal. MIGA contends that Mississippi law only permits Mississippi resident tort claimants to sue MIGA, as opposed to an insured headquartered outside of Mississippi. OCD also has a claim against Integrity Insurance Company In Liquidation ("Integrity") for asbestos non-products coverage; Integrity has disallowed the claim.

8. Baron & Budd Administrative Deposits

Prior to the Petition Date, B&B was the law firm of record for various plaintiffs in a number of asbestos-related personal injury lawsuits against OCD and Fibreboard who were participants in the NSP. Under a settlement agreement between OCD, Fibreboard and B&B, OCD and Fibreboard were required to pay Administrative Deposits into settlement accounts to be maintained by B&B for the benefit of its clients. The settlement agreement provided for payments to be made in each of 2000, 2001, and 2002. OCD made its first required payment of approximately $66 million on March 13, 2000. The first required Fibreboard payment of approximately $44 million was made on April 6, 2000 from funds obtained from the Fibreboard Insurance Settlement Trust. Prior to the Petition Date, and after receiving written approval from OCD and/or Fibreboard, B&B distributed approximately $23 million from the settlement accounts to its clients pursuant to the terms of the settlement agreement. Because of the Chapter 11 filings, the Debtors did not make the 2001 or 2002 payments to B&B and B&B did not make the 2001 or 2002 distributions to plaintiffs.

Under the settlement agreement, B&B was required to invest the funds held for the plaintiffs and maintain the funds in settlement accounts. Any income from the funds was designated as Investment Proceeds under the agreement ("Investment Proceeds"). It is the Debtors' position that all such Investment Proceeds are the property of either OCD or Fibreboard. B&B contends that at least a portion of the Investment Proceeds is properly considered property of the plaintiffs for whose benefit the funds were deposited with B&B.

After the Petition Date, B&B proposed to distribute the funds remaining in the settlement accounts to its various beneficiaries and, on September 12, 2001, filed a motion with the Bankruptcy Court for an order determining that the automatic stay does not apply to the undistributed settlement funds made by OCD and Fibreboard or, in the alternative, terminating the automatic stay. B&B argued that the settlement payments were not property of the Debtors' Estate because an enforceable trust had been created and the Debtors did not retain an equitable interest in the payments.

Numerous objections and/or responses were filed to B&B's motion, including by the Debtors, the Unsecured Creditors' Committee, the Asbestos Claimants' Committee, the Future Claimants' Representative and Plant Insulation Company ("Plant"). In their response, the Debtors disagreed with B&B's characterization that the settlement agreement created an express trust; instead, the Debtors argued that the agreement created an escrow

account. On November 15, 2001, B&B filed an amended motion for relief from the stay (if the automatic stay were applicable). The parties currently dispute whether B&B changed its position that the settlement agreement created an express trust in the amended motion. B&B asserted if the funds were held in an escrow account, the Debtors were still not entitled to the funds under Texas escrow law. B&B asserted that whether the agreement created an express trust or an escrow account, the automatic stay did not apply to B&B's proposed disbursement of the funds.

The Future Claimants' Representative and the Unsecured Creditors' Committee disputed the existence of a trust or an escrow arrangement and asserted that the entire balance in each of the settlement accounts was property of OCD's and Fibreboard's respective estates.

After numerous hearings on the pleadings during 2001 and 2002, on June 20, 2002, the Bankruptcy Court issued an order granting B&B's amended motion in part and denying it in part. The Bankruptcy Court ordered, among other things, that: (a) the Investment Proceeds (approximately $8 million) were property of OCD and Fibreboard's respective estates and must be returned to OCD and Fibreboard; (b) as to those plaintiffs who received written notice of approval for payment pursuant to the agreement from OCD or Fibreboard, and who had received payment of the first installment of their settlement prior to the Petition Date (the "Qualifying OC and Fibreboard Plaintiffs"), B&B, OCD and Fibreboard had met the standards under Texas law to establish that the requirements of an escrow were fulfilled pre-petition as to the principal balance; (c) to the extent that the principal balance in the B&B settlement accounts of the settlement payments by OCD and Fibreboard represented amounts due under the settlement agreement to the Qualifying OC and Fibreboard Plaintiffs, then such balance (the "Qualifying OC and Fibreboard Balance," approximately $70 million) was not property of the Debtors' estates; (d) the Qualifying OC and Fibreboard Plaintiffs were entitled to receive the second and third installments of their settlement out of the Qualifying OC and Fibreboard Balance; and (e) the principal balance remaining in the B&B settlement account, after deducting the Qualifying OC and Fibreboard Balance (the "OC and Fibreboard Residual Balance", approximately $6 million) was property of the Debtors' estates and must be returned to OCD (amounts due under settlement agreements to Qualifying Fibreboard Plaintiffs would exhaust the remaining principal balance in the Fibreboard settlement account).

On June 27, 2002, B&B filed a motion to amend the judgment, requesting that the Bankruptcy Court amend its June 20, 2002 Order to clarify the method of calculating the Investment Proceeds and the OC and Fibreboard Residual Balance, or, in the alternative, for a new trial. In the motion, B&B asserted that the Qualifying OC and Fibreboard Plaintiffs were entitled to the payment of interest from the dates they were to have received their second and third installments. The Debtors, the Unsecured Creditors' Committee, the Future Claimants' Representative and Plant each filed objections to B&B's motion to amend the judgment.

On September 20, 2002, the Bankruptcy Court amended its Order of June 20, 2002 and ordered that the Investment Proceeds earned subsequent to June 20, 2002 and all interest and other earnings on the post-June 20, 2002 Investment Proceeds, should be allocated as follows: (i) the Investment Proceeds on the Qualifying OC and Fibreboard Balance should be allocated respectively to the Qualifying OC and Fibreboard Plaintiffs; and (ii) the Investment Proceeds on the OC and Fibreboard Residual Balance should be payable respectively

to OCD and Fibreboard. The Bankruptcy Court further ordered that the Investment Proceeds, interest and other earnings on the Qualifying OC and Fibreboard Balance and the OC and Fibreboard Residual Balance earned prior to June 20, 2002, should be payable respectively to OCD and Fibreboard.

On October 2, 2002, B&B filed a notice of appeal of the Bankruptcy Court's September 20, 2002 Order. The Future Claimants' Representative and the Unsecured Creditors' Committee also filed notices of appeal from the June 20 and September 20, 2002 Orders. The appeals have been consolidated and the parties proceeded under a briefing schedule established by the District Court, by Order dated December 23, 2002. The briefing of the issues is complete and the appeal is pending before the District Court. The Plan Proponents express no opinion as to the outcome of the appeal. [However, the Plan now provides for a resolution of issues concerning the Admnistrative Deposits and Investment Proceeds. See Section ____ of the Disclosure Statement entiltled _____.

9. Coordination Between the Debtors, the Committees and the Future Claimants' Representative

Since their formation, the Committees and the Future Claimants' Representative have consulted with the Debtors concerning the administration of the Chapter 11 Cases. The Debtors have kept the Committees and the Future Claimants' Representative informed concerning their operations and have sought the concurrence of the Committees and the Future Claimants' Representative for actions outside the ordinary course of business.

10. Implementation of Process for Resolution of Inter-Creditor Issues

Shortly after the Petition Date, the Debtors' counsel began an extensive review of the facts and circumstances relating to certain potential inter-creditor issues (the "Inter-Creditor Issues"), including issues relating to the Guarantees (the "Subsidiary Guarantees") entered into by the Subsidiary Guarantors under the 1997 Credit Agreement, which include a number of the Debtors and certain Non-Debtor Subsidiaries. (See Section V.G.3(c) of this Disclosure Statement for further discussion of the adversary proceedings filed in the Chapter 11 Cases to avoid and set aside or equitably subordinate the Claims of the Bank Holders under the Subsidiary Guarantees as fraudulent conveyances.) The Inter-Creditor Issues include any and all claims, objections, motions, contested matters, adversary proceedings or any other proceedings involving, related to or affecting issues of the amount, validity, enforceability or priority of Claims by the Bank Holders against any of the Debtors or any Non-Debtor Subsidiary (to the extent the Bankruptcy Court has jurisdiction to affect the Claims against Non-Debtor Subsidiaries) which is a Subsidiary Guarantor of the Debtors' obligations to the Bank Holders, including without limitation: (a) any claims relating to substantive consolidation of the Debtors; (b) any claims relating to the validity, enforcement or priority of the Pre-petition Bonds; (c) any claims relating to the validity or enforceability of a License Agreement, dated as of October 1, 1991, by and between OCD and OCFT (as amended) and a License Agreement, dated as of April 27, 1999, by and between OCFT and Amerimark; (d) any claims regarding the amount, validity, enforceability or priority of the Subsidiary Guarantees; (e) any claims against any direct or indirect Subsidiary of OCD in respect of OCD's asbestos liability; and (f) any claims as to the amount, validity, enforceability, priority or avoidability of any intercompany transfers.

The Debtors' counsel advised the various creditor constituencies that the manner of resolution of Inter-Creditor Issues could materially impact their respective recoveries. To assist the various creditor constituencies in their analysis of the Inter-Creditor Issues, the Debtors proposed a process by which the corporate and financial interrelationships between the Subsidiary Debtors and the Non-Debtor Subsidiaries could efficiently be reviewed. The Debtors' goal was to inform the creditor constituencies about these issues in order to initiate negotiations and thus avoid a litigated resolution of the complex legal and factual issues, or in the event that a consensual resolution could not be reached, to provide an efficient manner for conducting factual discovery.

To facilitate a consensual resolution of the Chapter 11 Cases, in the spring of 2001, the Debtors voluntarily agreed to produce a documentary record that would aid in this review. During the period between July 2001 and October 2001, the Debtors produced a large volume of documents designed to be a compilation of relevant documents that would be useful in reviewing and investigating each Debtor or Subsidiary Guarantor's corporate history, major creditor relationships, and significant cash and value transfers (the "Inter-Creditor Project").

The Debtors established an information and document depository (the "Information Depository") at the offices of Skadden, Arps, Slate, Meagher & Flom LLP in New York City. Over four hundred-fifty thousand pages of information and materials have been deposited in the Information Depository, available to be reviewed by those who entered into a confidentiality agreement with the Company (the "Participating Parties"), which confidentiality agreements were necessary to assure the protection of privileged and confidential material included in the production of documents to the Information Depository.

In addition to the Information Depository, the Debtors also created a secure, web-enabled database by which the Participating Parties were able to access the same documents and materials located in the Information Depository.

After the initial production of the Debtors' documents and materials described above, the parties formalized the Inter-Creditor Project. On September 24, 2001, the Debtors proposed an "Inter-Creditor Stipulation and Order," which the Bankruptcy Court adopted on such date after hearing from the various creditor constituencies. The Inter-Creditor Stipulation and Order delineated a schedule for additional discovery regarding the investigation of the Inter-Creditor Issues. The Inter-Creditor Stipulation and Order also directed the Debtors to provide a report to the Court at each omnibus hearing regarding the status of compliance with the Inter-Creditor Stipulation and Order.

Pursuant to the Inter-Creditor Stipulation and Order, on October 20, 2001, the Debtors and the Participating Parties exchanged written discovery requests. The Debtors searched for documents potentially relevant to such requests at the Company's headquarters, at its off-site storage facility in Toledo, Ohio, at its off-site storage facility in Granville, Ohio, and at the offices of certain of the Debtors' outside professionals. Debtors' counsel responded to the request for documents.

In addition to the Debtors' production, in December, 2001, and January, 2002, the Participating Parties commenced document production in response to the requests received from the other Participating Parties.

In January and February, 2002, the Debtors and the Participating Parties met to discuss the results of their review and to share their views regarding the issues. The Debtors and other Participating Parties identified certain issues and entities for further investigation and resolution.

On February 19, 2002, the Pre-petition Agent under the 1997 Credit Agreement filed a statement (the "Statement") regarding the resolution of Inter-Creditor Issues. The Statement requested the implementation of a process designed to result in the efficient resolution of questions relating to the value of the Subsidiary Guarantors.

On February 22, 2002, the Debtors filed a Status Report recommending that the Inter-Creditor Project proceed. More specifically, the Debtors proposed that they develop proposed factual stipulations and proffer them to the other Participating Parties pursuant to a specific schedule. Further, the Debtors urged the continuance of the monthly meetings with the Participating Parties and the presentation of status reports to the Court.

By Order dated March 18, 2002 (the "Inter-Creditor Issues Order"), the Bankruptcy Court established a schedule for addressing the resolution of Inter-Creditor Issues. The schedule established the dates on which the Debtors were to submit to the Participating Parties certain proposed factual stipulations, generally concerning corporate history and governance, management and business operations, the financial condition of the entities, and relationships with Affiliates, the dates on which the Participating Parties were to provide the Debtors with responses and comments to the proposed factual stipulations, and the dates of the circulation by the Debtors of a revised version of the proposed factual stipulations. At a hearing on June 20, 2002, the Bankruptcy Court authorized the filing of the stipulations under seal if the parties so desired.

In June 2002, Blue Ridge Investments LLC ("Blue Ridge") moved, in part, to compel the Debtors to comply with the Inter-Creditor Stipulation and Order and the Inter-Creditor Issues Order and sought to be deemed a Participating Party. Following a hearing on Blue Ridge's motion, the Debtors and Blue Ridge agreed to a consensual resolution of the motion, which was approved by the Court on August 26, 2002, whereby upon executing a confidentiality agreement, Blue Ridge was granted full access to the Information Depository and was also entitled to receive and comment on the proposed Stipulations of Fact concerning Integrex. Blue Ridge was also entitled to receipt of the final stipulations of fact concerning OCFT, OCD, IPM and Fibreboard.

In response to the Inter-Creditor Issues Order, the Debtors submitted their proposed factual stipulations with respect to OCFT, IPM, OCD, Integrex and Fibreboard to the Participating Parties; the Participating Parties responded and commented on the proposed factual stipulations and the Debtors circulated revised versions of each of the proposed factual stipulations.

Pursuant to the Inter-Creditor Issues Order, with certain modified deadlines, the Debtors filed, under seal, the following Final Stipulations:

(1) On November 21, 2002, the Debtors filed, under seal, Stipulations and Objections to Proposed Stipulations of Fact Concerning OC, and Document Summaries.

(2) On November 21, 2002, the Debtors filed, under seal, Stipulations and Objections to Proposed Stipulations of Fact Concerning Integrex, and Document Summaries.

(3) On December 18, 2002, the Debtors filed, under seal, Stipulations and Objections to Proposed Stipulations of Fact Concerning IPM, Inc., and Document Summaries.

(4) On January 7, 2003, the Debtors filed, under seal, Stipulations and Objections to Proposed Stipulations of Fact Concerning Fibreboard Corporation.

(5) On January 16, 2003, the Debtors filed, under seal, Stipulations and Objections to Proposed Stipulations of Fact Concerning OCFT, and Document Summaries.

At the omnibus hearing on January 27, 2003, the Debtors' counsel advised the Court that, as a result of the Inter-Creditor Project, approximately 4,500 proposed stipulations had been filed with the Court.

11. Consolidation of Five Asbestos Bankruptcy Cases Before Judge Wolin, Subsequent Recusal of Judge Wolin, Deconsolidation of the Five Asbestos Bankruptcy Cases, and the Appointment of Judge Fullam

(a) Asbestos-Related Chapter 11 Cases in Delaware

On November 27, 2001, five asbestos-related Chapter 11 cases pending in the District of Delaware (the Chapter 11 Cases of the Debtors and the cases of Armstrong World Industries, Inc. ("Armstrong"), W.R. Grace & Co. ("Grace"), Federal-Mogul Global, Inc. ("Federal-Mogul"), and USG Corporation ("USG")) were ordered transferred from the Bankruptcy Court to the United States District Court for the District of Delaware and were assigned to the Honorable Alfred M. Wolin of the United States District Court for the District of New Jersey (sitting by designation) to facilitate development and implementation of a coordinated plan for management of the cases.

On December 10, 2001, the District Court entered an order referring these Chapter 11 Cases back to the Bankruptcy Court for resolution, subject to the District Court's ongoing right to withdraw such referral with respect to any proceedings or issues.

The case issues were allocated between the District Court and the Bankruptcy Court as follows:

District Court: Future and present asbestos claims, valuation and litigation analysis (if the parties were unable to consensually resolve them in an agreed-upon time frame); co-defendant asbestos issues; Section 524(g) trust and trust distribution provisions; asbestos automatic stay matters; and asbestos bar date matters.

Bankruptcy Court: Inter-Creditor Issues; retention, fee application, employee, environmental, cash management, tax, executory contract and lease matters, avoidance actions, utilities, asset acquisitions and dispositions, business operational matters, bank claims and litigation, intellectual property and licenses, non-asbestos automatic stay and claims matters, settlements of bonded asbestos appeals, and NSP settlement escrow issues.

(b) Withdrawal of the Reference

On December 23, 2002, Judge Wolin signed an order (the "Case Management Order") withdrawing the reference with respect to the adversary proceeding captioned Owens Corning, et al. v. Credit Suisse First Boston, et al., No. 02-5829 (the "Bank Holders Action", also referred to by Judge Wolin as the "Bank Guarantee Adversary") and the Debtors' Motion for Approval of Substantive Consolidation as Part of Proposed Chapter 11 Plan of Reorganization (the "Substantive Consolidation Motion"), which was filed on January 17, 2003. Under the Case Management Order, the Honorable Judith K. Fitzgerald was appointed settlement judge for the two matters for which the reference was withdrawn. Professor Francis McGovern was appointed mediator for those same matters and the parties were directed to appear for mediation. In addition, the Court appointed William A. Drier, Esquire, as Special Master for limited purposes related to discovery.

(i) Substantive Consolidation

The Court scheduled a hearing on the Substantive Consolidation Motion, as part of the proceedings concerning confirmation of the pending version of the plan of reorganization. The proceedings began on April 8, 2003, and concluded on May 2, 2003. The hearing on the Substantive Consolidation Motion was for the purpose of taking evidence regarding the positions of the Debtors, the Asbestos Claimants' Committee, the Future Claimants' Representative, the Unsecured Creditors' Committee, the Official Representatives, and CSFB with respect to the Bank Holders' opposition to the substantive consolidation provisions of the pending plan. Before issuing a decision, Judge Wolin recused himself from the Chapter 11 Cases. See Section V.F.11(e). On October 15, 2004, following a review of the transcripts and exhibits from the substantive consolidation proceedings before Judge Wolin, a review of post-hearing briefs, and oral argument, Judge Fullam issued the Substantive Consolidation Order granting the Substantive Consolidation Motion. On August 15, 2005, the Third Circuit reversed the Substantive Consolidation Order. Petitions for rehearing were denied by the Third Circuit on September 28, 2005. On or about December 16, 2005, the Official Representatives filed an Application to Extend Time to file the Petition for Writ of Certiorari, which was granted by the Supreme Court of the United States. On December 23, 2005, the Future Claimants' Representative filed a Petition for Writ of Certiorari with the Supreme Court. On January 26, 2006, the Official Representatives also filed a Petition for Writ of Certiorari with the Supreme Court. The response to the petitions were filed on March 29, 2006. On May 1, 2006, the petitions for writ of certiorari were denied by the Supreme Court.

(ii) Bank Holders Action

A hearing on the Bank Holders Action was scheduled to commence in April 2003, but was subsequently postponed. The Bank Holders Action was to include the taking of evidence regarding the positions of the parties on the validity, extent and value of the Subsidiary Guarantees for the purpose of determining any benefits and harms resulting from the substantive consolidation provisions of the Plan. No hearing has been scheduled on this matter as of the date of this Disclosure Statement. Under the Plan, effective as of the Confirmation Date, but subject to the occurrence of the Effective Date, the Bank Holders Action would be dismissed with prejudice.

(c) The Appointment of Consultants

By order dated December 28, 2001 (the "Consultants Order"), the District Court ordered that William A. Drier, Esq., David R. Gross, Esq., C. Judson Hamlin, Esq., John E. Keefe, Esq., and Professor Francis E. McGovern be designated as court appointed consultants (the "Court Appointed Consultants") to advise the District Court and to undertake, in connection with the Chapter 11 Cases of the Debtors and the cases of Armstrong World Industries, Inc., W.R. Grace & Co., Federal-Mogul Global, Inc., and USG Corporation, such responsibilities, including by way of example and not limitation, mediation of disputes, holding case management conferences, and consultation with counsel, as the District Court may delegate to them individually. The Consultants Order also provided that the District Court could, without further notice, appoint any of the Court-Appointed Consultants to act as a special master ("Special Master") to hear any disputed matter and to make a report and recommendation to the District Court on the disposition of such matter. By the same Order, the District Court ordered that the fees of the Court Appointed Consultants and Special Masters are to be borne by the Debtors in such manner and apportionment as the District Court or the bankruptcy court of each respective case may direct.

During the recusal proceedings, discussed below, the impartiality of certain of the Court Appointed Consultants was challenged based on their involvement in the Chapter 11 case of G-I Holdings, Inc. The Court Appointed Consultants as a group became functionally obsolete after May 2002, although Judge Wolin did not dismiss the Court Appointed Consultants by formal order.

(d) The Appointment of a Mediator

Consistent with the terms and purpose of the Consultants Order, on June 17, 2002, the Debtors filed a motion seeking an order appointing Professor Francis E. McGovern as mediator ("Mediator") *nunc pro tunc* to May 1, 2002, and directing the Mediator to report periodically to the District Court and Bankruptcy Court during the pendency of the Chapter 11 Cases on the status of the mediation process between the Committees. The Bankruptcy Court appointed Professor McGovern as Mediator, effective May 1, 2002, and ordered that the Mediator report periodically to the District Court and/or the Bankruptcy Court (as may be determined by the circumstances or by future orders of either court) on the status of

the negotiations between the parties. The Bankruptcy Court further ordered that the Mediator not serve as Special Master to hear disputed matters and report to the Bankruptcy Court or the District Court on any matters on which he previously served as mediator, or on any matter materially related thereto, and not serve as Mediator on any disputed matter on which he previously heard and reported to the Bankruptcy Court or the District Court as a Special Master, or on any matter materially related thereto.

Pursuant to Judge Wolin's December 23, 2002 Order directing mediation, the Debtors, the Bank Holders, the Official Representatives, the Unsecured Creditors' Committee, the Asbestos Claimants' Committee and the Future Claimants' Representative reported for mediation.

On June 16, 2004, the Debtors filed a certification of counsel, together with a stipulation and order (the "Stipulation") terminating the services of the Mediator, effective June 30, 2004 on the basis that the Mediator's duties had been fulfilled in the Chapter 11 Cases, with the exception of the mediation of property damage claims. On June 25, 2004, Kensington International Limited and Springfield Associates LLC, and Angelo Gordon & Co., on behalf of certain managed funds and accounts, filed a statement with respect to the Stipulation, but did not object to the termination of Professor McGovern.

(e) Proceedings Leading to the Recusal of Judge Wolin

On or about October 10, 2003, Kensington International Limited ("Kensington") and Springfield Associates, LLC ("Springfield") (collectively, the "Petitioning Bank Holders"), two assignees of lenders under OC's 1997 Credit Agreement, filed a motion to recuse Judge Wolin from further participation in the Chapter 11 Cases. On October 28, 2003, the Petitioning Bank Holders filed a Petition for Writ of Mandamus with the Third Circuit, seeking an order from the Third Circuit compelling Judge Wolin to recuse himself. Motions for recusal and petitions for mandamus were also filed by various parties in Grace and USG. The Third Circuit stayed all proceedings before Judge Wolin, which stay remained in effect until the conclusion of the recusal proceedings. The Plan Proponents and other parties in the Chapter 11 Cases, as well as various parties in Grace and USG, opposed the petitions. On December 18, 2003, after briefing and argument, the Third Circuit issued an opinion sending the matters back to Judge Wolin for expedited discovery, briefing, argument and decision. On February 2, 2004, Judge Wolin denied the various motions seeking his recusal.

After further briefing and argument, on May 17, 2004, the Third Circuit entered an order requiring Judge Wolin to recuse himself from further participation in the Chapter 11 Cases, Grace and USG, and vacated the stay of proceedings in the District Court.

(f) Designation and Assignment of Judge Fullam

Following the recusal of Judge Wolin, on May 27, 2004, the Third Circuit designated and assigned Judge John P. Fullam of the United States District Court for the Eastern District of Pennsylvania to the Chapter 11 Cases. The Third Circuit designated and assigned other judges to preside over the other asbestos bankruptcy cases that had previously been consolidated under the terms of the administrative consolidation before Judge Wolin, effectively terminating the consolidation.

12. Extension of Exclusive Right to File and Confirm a Plan

Section 1121(b) of the Bankruptcy Code provides for an initial 120-day period after the Petition Date within which the Debtors have the exclusive right to file a plan of reorganization in their cases (the "Exclusive Period"). Section 1121(c) of the Bankruptcy Code further provides for an initial 180-day period after the Petition Date within which the Debtors have the exclusive right to solicit and obtain acceptances of a plan filed by the Debtors during the Exclusive Period (the "Solicitation Period," and together with the Exclusive Period, the "Exclusive Periods"). Pursuant to the provisions of Section 1121 of the Bankruptcy Code, the Debtors' Exclusive Period expired on February 2, 2001, and the Solicitation Period expired on April 3, 2001.

By motions filed with the Bankruptcy Court, the Debtors have requested multiple extensions of the Exclusive Periods. The Debtors requested such extensions in light of the unique procedural posture of these cases and to afford the Debtors additional time to develop, negotiate and propose a plan of reorganization. In certain instances, certain creditor groups lodged limited objections and/or responses to the Debtors' request for extensions.

On December 23, 2002 Judge Wolin issued an Order partially withdrawing the reference and directed the Debtors to file their plan of reorganization on or before January 17, 2003. On January 17, 2003, the Debtors, together with the Asbestos Claimants' Committee and the Future Claimants' Representative, filed a plan within the Exclusive Period. On March 7, 2003, the Debtors filed a motion seeking extension of the Solicitation Period through September 30, 2003. By Order dated May 12, 2003, the Court extended the Solicitation Period to November 30, 2003. On March 13, 2003, the Debtors filed a motion seeking an extension from March 14, 2003, until March 31, 2003, to file their proposed disclosure statement. By Order dated April 22, 2003, the Court further extended until March 31, 2003 the Debtors' time to file their disclosure statement. The proposed disclosure statement was filed on March 28, 2003. Several hearings on the disclosure statement were held from June, 2003 through November 2003. On December 2, 2003, the Bankruptcy Court entered an Order approving the disclosure statement, subject in part to "the issuance of an order by the District Court, or such other court with appropriate jurisdiction after notice, that the Disclosure Statement shall be circulated for voting …." Due to a series of events, including the issuance of a stay by the Third Circuit during the Recusal Proceedings, the litigation in the District Court regarding substantive consolidation and the subsequent appeal of the Substantive Consolidation Order, and asbestos claims estimation litigation, the previous disclosure statement and plan were not circulated for voting.

On September 29, 2005, the Debtors filed a request for an extension of the Exclusive Periods through and including January 31, 2006, without prejudice to the Debtors' right to seek further extensions. CSFB, as Agent, filed a limited objection to the motion and certain bondholders filed a response. By Order dated November 14, 2005, the Court extended the Exclusive Periods through and including January 31, 2006, without prejudice to (i) the Debtors' right to seek further extensions of the Exclusive Periods and (ii) the right of parties-in-interest to seek to terminate or modify the Exclusive Periods.

On December 31, 2005, the Debtors filed a request for a further extension of the Exclusive Periods, without prejudice to the Debtors' right to seek further extensions. Objections to this motion were filed by the Official Representatives, the Ad Hoc Bondholders Committee and the Ad Hoc Equity Holders' Committee. A hearing was held on January 30, 2006, and by order entered on February 13, 2006, the Court extended the Exclusive Periods through and including July 31, 2006, without prejudice to (i) the Debtors' right to seek further extensions of the Exclusive Periods and (ii) the right of parties-in-interest to seek to terminate or modify the Exclusive Periods. On February 23, 2006, the Ad Hoc Equity Holders' Committee filed an appeal of the order extending the Exclusive Periods. The appeal was docketed in the District Court on March 17, 2006 and had been fully briefed. In accordance with the Settlement Term Sheet, on May 18, 2006, a stipulation was filed by the parties requesting the dismissal of this appeal. On May 24, 2006 the Court approved the stipulation dismissing the appeal.

13. Extension of Time to Remove Actions

The Debtors are parties to numerous judicial and administrative proceedings currently pending in multiple forums throughout the country (collectively, the "Actions"). The Actions involve a wide variety of claims. Pursuant to 28 U.S.C. § 1452 and Bankruptcy Rule 9027(a)(2), the Bankruptcy Court has entered orders extending the time period within which the Debtors may review Actions and determine whether to remove them to the District Court or the Bankruptcy Court. The date by which the Debtors must file notices of removal under Bankruptcy Rule 9027(a)(2)(A) has been extended through and including the later of (a) thirty (30) days after confirmation of a plan of reorganization, or (b) thirty (30) days after the entry of an order terminating the automatic stay with respect to the particular action sought to be removed.

14. Summary of Claims Process and Bar Dates

(a) Schedules and Statements of Financial Affairs

As part of their first day motions, the Debtors filed a motion requesting additional time to file their SOFAS. Such motion was granted by Order of the Bankruptcy Court dated October 6, 2000, and the Debtors were granted an extension until November 24, 2000. On November 22, 2000, the Debtors filed separate SOFAS for OCD and each of the 17 Subsidiary Debtors. Among other things, the SOFAS set forth the Claims of known creditors against each of the Debtors as of the Petition Date, based upon the Debtors' books and records.

On November 20, 2001, the Debtors filed Amended and Restated Schedules of Assets and Liabilities (the "Amended Schedules") for OCD and each of the 17 Subsidiary Debtors. The Amended Schedules amended and wholly superseded the Schedules filed by the Debtors in November 2000. Revisions to the Amended Schedules were filed on January 30, 2002 for certain of the Debtors.

Exclusive of asbestos-related personal injury and wrongful death claims, the total amount of liabilities listed in the Debtors' Amended Schedules was approximately $8,470 million, consisting of $1,460 million of pre-petition bank debt; $1,338 million of pre-petition bond debt; $190 million of pre-petition trade debt; $10 million of pre-petition tax debt; and $5,270 million in pre-petition intercompany debt and $212 million in other pre-petition debt.

(b) General Claims Bar Date and Proofs of Claim

The Bankruptcy Court set April 15, 2002 as the last date by which holders of certain pre-petition Claims against the Debtors were required to file Proofs of Claim (the "General Bar Date"). The General Bar Date did not apply to certain claims, including intercompany claims, Asbestos Personal Injury Claims other than OC Indirect Asbestos PI Trust Claims and FB Indirect Asbestos PI Trust Claims. Pursuant to Order of the Bankruptcy Court dated November 27, 2001, any holder of a Claim that was required to but failed to file a Claim on or before the General Bar Date was barred from asserting such Claim against any of the Debtors and will not participate in any distribution in the chapter 11 Cases on account of such Claim.

Pursuant to notice procedures approved by the Bankruptcy Court, the Debtors sent approximately 204,000 Proof of Claim forms and notices of the General Bar Date to known claimants and their attorneys, and published notice of the General Bar Date twice in the national and (if applicable) international editions of *The New York Times, The Wall Street Journal* and *USA Today*; once in approximately 250 regional or local newspapers in the areas in which the Debtors had significant business operations at the time of publication; and once in approximately 35 trade publications in the primary lines of business in which the Debtors operate or formerly operated.

In response to the General Bar Date, approximately 25,000 Proofs of Claim, including late-filed claims, were filed with the Claims Agent and/or Bankruptcy Court, asserting approximately $16.6 billion of aggregate liabilities. The Debtors are investigating these claims to determine their validity. As to the obligations under the 1997 Credit Agreement, the claim total reflects only a single claim (in the amount of approximately $1.6 billion) although the holders have asserted this claim against Owens Corning and each of six other Debtors that issued a guarantee with respect to the 1997 Credit Agreement.

As of March 31, 2006, the Debtors had identified approximately 15,600 claims, asserting approximately $8.6 billion of aggregate liabilities, which they believed should be disallowed by the Bankruptcy Court, primarily because such claims appear to be duplicate or amended claims or claims that are not related to any of the Debtors' cases (the "Currently Disputed Claims"). Owens Corning has filed omnibus objections to certain of these Currently Disputed Claims and likely will file additional objections. As of March 31, 2006 approximately 12,800 of the Currently Disputed Claims totaling approximately $5.9 billion had either been disallowed by the Bankruptcy Court or withdrawn by the claimants. In addition, other Currently Disputed Claims had been voluntarily reduced by the claimants by approximately $1.8 billion. While the Bankruptcy Court will ultimately determine liability amounts, if any, that will be allowed as part of these Chapter 11 Cases, the Debtors believe that all or substantially all of these claims will be disallowed.

As of the date of the filing of this Disclosure Statement, the Debtors have filed forty-three omnibus claim objections, as well as individual objections to various other specific proofs of claim.

In addition to the Currently Disputed Claims described above, the remaining Proofs of Claim included approximately 9,400 claims, totaling approximately $8.0 billion. As of March 31, 2006 approximately 1,600 of the remaining claims totaling approximately $0.5 billion had either been withdrawn by the claimants, disallowed by the Bankruptcy Court, or otherwise resolved, and other such claims had been reduced by the claimants by approximately $0.3 billion. The remaining claims consisted of:

- Approximately 2,900 OC Indirect Asbestos PI Trust Claims and FB Indirect Asbestos PI Trust Claims, totaling approximately $1.4 billion of asserted liabilities.
- Approximately 100 OC Asbestos Property Damage Claims, OC Indirect Asbestos Property Damage Claims, FB Asbestos Property Damage Claims and FB Indirect Asbestos Property Damage Claims. Based upon their historic experience with respect to asbestos-related property damage claims, the Debtors do not anticipate significant liability from such claims. See discussion, below.
- Approximately 4,800 claims, totaling approximately $5.2 billion, alleging rights to payment for financial, environmental, trade and other matters (the "General Claims"). The Company has previously recorded approximately $3.5 billion in liabilities for these claims. The General Claims with the largest variance from the recorded amounts are: claims by the United States Department of Treasury, totaling approximately $534 million, in connection with taxes; a contingent claim for approximately $458 million by the Pension Benefit Guaranty Corporation (the "PBGC"); claims for contract rejections, totaling approximately $95 million, of which approximately $28 million are protective claims covering contracts which have not yet been rejected by the Debtors; a $275 million class action claim involving alleged problems with a specialty roofing product, which claim the Debtors do not believe is meritorious based upon their historic experience with servicing their warranty program for such product; and environmental claims, totaling approximately $109 million.

As indicated, the above-cited date reflects claim status as of March 31, 2006. See Appendix E-1, for claims data as of May 24, 2006.

(c) Asbestos Property Damage Claims

Holders of OC Asbestos Property Damage Claims were required to file Proofs of Claim by the April 15, 2002 General Bar Date. OCD received over 300 property damage Proofs of Claim. Of these, approximately 65 claims asserted aggregate damages of approximately $730 million, including the claim of the State of Louisiana in the amount of $582

million. The remaining claims did not provide a claimed amount and provided almost no documentation to support their claim or to allow the Debtors to estimate the value of their claim. On January 7, 2003, the Debtors filed a motion for an order establishing case management procedures for asbestos-related property damage claims requesting that property damage claimants be required to provide the Debtors with basic supporting evidence to enable the Debtors to value their claims. On March 31, 2003, the Bankruptcy Court entered an Order Establishing Case Management Procedures for Asbestos-Related Property Damage Claims (the "Asbestos-Related Property Damage Case Management Order") which required, in part, that each holder of an OC Asbestos Property Damage Claim provide the Debtors with certain supporting evidence within 120 days of the date of the Order to enable the Debtors to value their claims. Many OC Asbestos Property Damage claimants failed to respond to the Asbestos-Related Property Damage Case Management Order. Following the dismissals of those claims by the Bankruptcy Court, as well as voluntary withdrawals of numerous other OC Asbestos Property Damage Claims, approximately 35 claims remained against OCD.

On July 8, 2005, the Bankruptcy Court dismissed the OC Asbestos Property Damage Claim of the State of North Dakota on the grounds that it was barred by a North Dakota statute that required all State of North Dakota asbestos property damage claims to be brought by August 1, 1997. Since North Dakota's claims against Owens Corning were not brought until 2002, the Bankruptcy Court ruled that the claim was untimely. Claimant North Dakota appealed that order, which was affirmed by the District Court (Fullam, J.) on October 11, 2005. North Dakota filed a Notice of Appeal to the Third Circuit. Prior to the Third Circuit's issuance of a briefing schedule, the parties reached a settlement. By the settlement, Fibreboard settled the property damage claim against it for $84,000, to be paid entirely by Fibreboard's insurer within 60 days after entry of an order approving the proposed settlement; North Dakota released Fibreboard from all claims resolved under the Settlement; and North Dakota was allowed an unsecured claim against OC for $40,000. The Debtors filed a motion in the Bankruptcy Court seeking an order approving the compromise of the property damage claims. On April 4, 2006, the Bankruptcy Court entered an order approving the settlement motion.

On September 29, 2005, the Bankruptcy Court entered the Revised Order Establishing Case Management Procedures For Asbestos-Related Property Damage Claims (the "Revised Order Establishing Case Management Procedures For Asbestos-Related Property Damage Claims") which, in part, set deadlines for the production of supporting information by the remaining parties asserting OC Asbestos Property Damage Claims.

As a result of dismissals, reduced claim amounts, voluntary withdrawals and 20 settlements in principle for an aggregate value of $100,000, there are as of the date of this Disclosure Statement approximately four remaining OC Asbestos Property Damage Claims with a claimed value of $79.6 million. There also remain approximately 18 OC Indirect Asbestos Property Damage Claims with a claimed value of approximately $4 million. Prior to the Petition Date, OCD had six pending property damage claims, four of which had been dormant for several years, and had resolved 93% of all property damage claims against it for $0 per claim. The Debtors also note that in other asbestos bankruptcies in which hundreds of property damage claims were filed, such claims were resolved for substantially less than the claimed amounts. For example, Eagle-Picher Industries received 1,000 property damage proofs of claim asserting $11.5 billion and its plan of reorganization provided only $3 million to resolve

such claims. More recently, Armstrong settled 360 property damage claims (four of which alone asserted claims in excess of $200 million), for $2 million. Given the lack of information, the remaining OC Asbestos Property Damage Claims at this time, the Debtors cannot estimate the likely amount of Allowed OC Asbestos Property Damage Claims with certainty, but believe that such claims will likely be allowed in the aggregate range between $5 million and $10 million. This estimated amount may be revised based on Debtors' analysis of the information provided pursuant to the Revised Order Establishing Case Management Procedures for Asbestos-Related Property Damage Claims.

Holders of FB Asbestos Property Damage Claims were required to file Proofs of Claim by the General Bar Date. Fibreboard received over 275 property damage Proofs of Claim, 26 of which collectively asserted damages in excess of $592 million. The Bankruptcy Court dismissed 11 of these claims after the Debtors filed objections. The remaining claims did not state a claimed amount and provided almost no documentation to support their claim or to enable Fibreboard to estimate the value of their claims. The Debtors filed a motion for a case management order requesting that property damage claimants be required to provide the Debtors with basic supporting evidence to enable the Debtors to value their claims. On March 31, 2003, the Court entered Asbestos-Related Property Damage Case Management Order which required, in part, that each holder of an FB Asbestos Property Damage Claim provide the Debtors with certain supporting evidence within 120 days of the date of the Order to enable the Debtors to value their claims. Many FB Asbestos Property Damage claimants failed to respond to the Asbestos-Related Property Damage Case Management Order. Following the dismissals of those claims by the Bankruptcy Court, as well as voluntary withdrawals of numerous other FB Property Damage Claims, approximately 30 claims remained against Fibreboard.

On July 8, 2005, the Bankruptcy Court dismissed the FB Asbestos Property Damage Claim of the State of North Dakota on the grounds that it was barred by a North Dakota statute that required all State of North Dakota asbestos property damage claims to be brought by August 1, 1997. Since North Dakota's claims against Fibreboard was not brought until 2002, the Bankruptcy Court ruled that the claim was untimely. Claimant North Dakota appealed that order, which was affirmed by the United States District Court for the Eastern District of Pennsylvania (Fullam, J.) on October 11, 2005. North Dakota filed a Notice of Appeal to the United States Court of Appeal for the Third Circuit. As described above, prior to the Third Circuit's issuance of a briefing schedule, the parties reached a settlement.

On September 29, 2005, the Bankruptcy Court entered the Revised Order Establishing Case Management Procedures For Asbestos-Related Property Damage Claims (the "Revised Order Establishing Case Management Procedures For Asbestos-Related Property Damage Claims") which, in part, set deadlines for the production of supporting information by the remaining parties asserting FB Asbestos Property Damage Claims.

As a result of dismissals, reduced claim amounts, voluntary withdrawals and 22 settlements in principle for an aggregate value of $105,000, there are as of the date of this Disclosure Statement approximately two remaining FB Asbestos Property Damage Claims with a claimed value of approximately $3.3 million. There also remain approximately 18 FB Indirect Asbestos Property Damage Claims with a claimed value of approximately $4.2 million. As of the Petition Date, only six property damage claims were

pending against Fibreboard, four of which had been dormant for more than five years. Prior to the Petition Date, Fibreboard had resolved 92% of all property damage claims against it for $0 per claim. Fibreboard also notes that in other asbestos bankruptcies in which hundreds of property damage claims were filed, such claims were resolved for substantially less than the claimed amounts. For example, Eagle-Picher Industries received 1,000 property damage proofs of claim asserting $11.5 billion and its plan of reorganization provided only $3 million to resolve such claims. More recently, Armstrong World Industries settled 360 property damage claims (four of which alone asserted claims in excess of $200 million), for $2 million. Of these settled claims, 144 were also asserted against Fibreboard. Given the lack of information on the remaining FB Asbestos Property Damage Claims and Allowed FB Indirect Asbestos Property Damage Claims at this time, the Debtors cannot estimate the likely amount of Allowed FB Asbestos Property Damage Claims and FB Indirect Asbestos Property Damage Claims with certainty, but believe that such claims will likely be allowed in the aggregate range between $1 million and $3 million. This estimated amount may be revised based on Debtors' analysis of the information provided pursuant to the Revised Order Establishing Case Management Procedures for Asbestos-Related Property Damage Claims.

(d) Asbestos Personal Injury Claims Bar Date and Proofs of Claim

As indicated above, the General Bar Date did not apply to asbestos-related personal injury and asbestos-related wrongful death claims, although it did apply to asbestos property damage claims, OC Indirect Asbestos PI Trust Claims and FB Indirect Asbestos PI Trust Claims. A bar date for filing Proofs of Claim against the Debtors with respect to these types of Claims has not been set. Despite this, approximately 3,300 Proofs of Claim in addition to the Claims described above, totaling approximately $2.6 billion, were filed in response to the General Bar Date on account of asserted asbestos-related personal injury and asbestos-related wrongful death claims.

On April 11, 2003, the Unsecured Creditors' Committee filed a Motion for Order Establishing a Bar Date for Filing Proofs of Claim for Asbestos Claims ("Asbestos Bar Date Motion"), requesting an order establishing a bar date for Asbestos Personal Injury Claims. By Order dated April 25, 2003, Judge Wolin withdrew the reference with regard to the Asbestos Bar Date Motion. The proceedings with regard to the Motion were also stayed pending further Order of the District Court before responses were due. This matter was stayed when the Third Circuit issued an Order staying actions by the District Court during the pendency of the recusal proceedings. Following the designation and assignment of Judge Fullam, on July 27, 2004, CSFB filed a Joinder and Supplement to the Bar Date Motion and the Plan Proponents filed an Opposition.

In the Bar Date Motion and Joinder and Supplement, the supporters of the Bar Date Motion asserted that the Debtors should implement procedures requiring holders of Asbestos Personal Injury Claims to provide evidence with respect to the claims in the manner in which holders of OC Asbestos Property Damage Claims are required to file claims and provide evidence. The Plan Proponents asserted that there were valid reasons for the different approaches to these claims including the fact that prior to the Petition Date, OC had only six property damage claims, four of which had been dormant for over five years, while it faced hundreds of thousands of pending and future Asbestos Personal Injury Claims. In addition,

the Plan Proponents noted that the OC Asbestos Property Damage Claims will not be channeled to a trust and will receive distributions as Class A6-A Claims. In order to resolve these claims and reduce reserves needed to be maintained for Disputed Claims, the Debtors commenced the process of analyzing the OC Asbestos Property Damage Claims as part of the claims review and objection process. Because the determination of Asbestos Personal Injury Claims will be governed by the Asbestos Personal Injury Trust Distribution Procedures after confirmation, as required by Section 524(g), the Plan Proponents contend that there is no valid reason for the Debtors to supplant the function of the Asbestos Personal Injury Trust Distribution Procedures.

On August 2, 2004, CSFB filed a motion seeking to withdraw the reference of the Chapter 11 Cases and to refer to the Bankruptcy Court only specified matters. The Debtors, the Future Claimants' Representative and the Asbestos Claimants' Committee filed oppositions to this motion. On August 19, 2004, the District Court (Fullam, J.) heard argument on CSFB's motion to withdraw the reference. On August 19, 2004, the District Court entered an order withdrawing the reference only with respect to the asbestos valuation process, including discovery and scheduling issues. That same day, the District Court entered a scheduling order for the claims estimation hearing which stated that data previously available including Debtors' claim history, its experience in other cases, viewed in light of the expert testimony at the scheduled hearing "should probably suffice" for claims estimation purposes. The Order by the District Court added that if it determined that additional information was needed, it would reconsider its Order. No such reconsideration occurred. A hearing on estimation commenced on January 13, 2005. The District Court issued an Order in the claims estimation hearing on March 31, 2005 without revisiting whether additional information was required. Thus, the issuance of a decision without reconsideration of its earlier ruling in effect denied the Asbestos Bar Date Motion.

(e) Claim Summaries

The Debtors have recorded liability amounts for those claims that can be reasonably estimated and which they believe are probable of being allowed by the Bankruptcy Court. At this time, it is impossible to reasonably estimate the value of all the claims that will ultimately be allowed by the Bankruptcy Court, due to the uncertainties of the Chapter 11 process, the in-progress state of the Debtors' investigation of submitted claims, and the lack of documentation submitted in support of many claims. The Debtors continue to evaluate claims filed in the Chapter 11 Cases and will make such adjustments as may be appropriate.

Although the Debtors' review of all Claims filed is anticipated to be completed after the Confirmation Date, based on their analysis of the Claims thus far, the Debtors have estimated the Claims that are likely to become Allowed Claims. Such estimates have been prepared on a Debtor-by-Debtor and Class-by-Class basis and are attached hereto as -Appendix E-1. As further described in Appendix E-1, the Debtors' assignment of Claims as the obligations of specific Debtors has been undertaken in light of the Third Circuit's reversal of the District Court's Substantive Consolidation Order, described in Section V.F.11(b)(i). The assignment has been made based upon the Debtors' books and records and the Debtors' review of the Claims. Nothing contained in Appendix E-1 is intended to restrict or otherwise affect any creditor's right to contest any objection by the Debtors to any Claim, including without limitation any objection seeking to have one or more Claims determined to be Allowed against a Debtor which is additional or different than the Debtor to which the Debtors have assigned the Claim.

In addition to Claim amounts discussed above, the Amended Schedules reflected approximately $5,270 million of pre-petition intercompany indebtedness owed by Debtors as of the Petition Date. This intercompany indebtedness is set forth on Appendix E-2 hereto. No bar date has been set for intercompany indebtedness and the Debtor, reserve the right to revise these amounts and/or amend their SOFAs. Moreover, the amounts set forth on Appendix E-2 may be revised on account of pre-petition intercompany indebtedness owed by Debtors for allocations of overhead or expenses, including without limitation, management cost and taxes, among the Debtors.

NOTWITHSTANDING THE DEBTORS' ESTIMATES, THE ACTUAL AMOUNT OF CLAIMS AGAINST THE DEBTORS THAT ULTIMATELY BECOME ALLOWED CLAIMS WITH RESPECT TO ANY DEBTOR OR ANY CLASS COULD MATERIALLY EXCEED THE AMOUNTS SET FORTH ON APPENDIX E-1 AND/OR E-2, AND IN SUCH EVENT, THE ESTIMATED PERCENTAGE RECOVERIES FOR HOLDERS OF SOME OR ALL CLAIMS COULD BE MATERIALLY LESS THAN AS ESTIMATED IN THIS DISCLOSURE STATEMENT.

15. Plant Insulation Company Motion to Appoint Examiner

On September 28, 2001, Plant filed a motion (the "Plant Motion") under Section 1104(c)(2) of the Bankruptcy Code for an order appointing a disinterested examiner to conduct an examination of Fibreboard, including an investigation as to whether Fibreboard assets were diverted to pay OCD debts. Plant alleged that funds which were purportedly set aside for payment of Fibreboard's asbestos liability had been diverted to pay for certain liability of OCD, or, that when OCD and Fibreboard entered into various joint settlements for liability, disproportionate liability was assessed to Fibreboard. Plant argued that the appointment of an examiner was mandatory pursuant to Section 1104(c)(2) of the Bankruptcy Code, which provides, in part, that "on request of a party in interest…the court shall order the appointment of an examiner to conduct… an investigation of the debtor as is appropriate…if…the debtor's fixed, liquidated, unsecured debts, other than debts for goods, services, or taxes, or owing to an insider, exceed $5,000,000." Plant argued that an examiner should be appointed because Fibreboard's fixed, liquidated, unsecured asbestos debts exceeded $5 million and because there was allegedly reason to believe that assets of the Fibreboard Insurance Settlement Trust had been diverted to help pay OCD's asbestos debts.

The Plant Motion was opposed by the Debtors, the Future Claimants' Representative, the Unsecured Creditors' Committee and the Asbestos Claimants' Committee, all of which filed an objection and/or response to the Plant Motion. A fundamental dispute between Plant and the responding parties was whether Section 1104(c)(2) of the Bankruptcy Code is a mandatory provision which allegedly requires the Bankruptcy Court to appoint an examiner if the $5 million debt threshold is satisfied, or whether the Court retains discretion to deny a request for the appointment of an examiner under these circumstances. The United States Trustee also filed a response to the Plant Motion, stating its position that if the $5 million debt threshold of Section 1104(c)(2) of the Bankruptcy Code is satisfied, the appointment of an examiner is mandatory.

Following a hearing, the Bankruptcy Court denied the Plant Motion for the appointment of an examiner without prejudice, by Order entered March 22, 2002.

On March 27, 2002, Plant filed a notice of appeal of the Bankruptcy Court's Order. By Order dated December 4, 2002, Judge Wolin granted Plant's appeal and further ordered that "the Order of the Bankruptcy Court denying Plant's application for the appointment of an examiner on the ground that no motion for a trustee had been denied by the Bankruptcy Court is hereby vacated solely on the ground upon which it was based…." The District Court remanded the matter to the Bankruptcy Court for further proceedings on Plant's motion for the appointment of an examiner.

On remand, the Bankruptcy Court directed the parties to file supplemental briefs and, following a hearing on April 8, 2003, the Court entered an Order for the Appointment of an Examiner. The Order directed the United States Trustee to appoint, subject to the Court's approval, one disinterested person to serve as an examiner and further ordered that "the examiner is not to perform any task or take up any duty or in any way perform any work or incur cost to the estate without further order of the Court."

On May 2, 2003, Plant filed an appeal of the Order appointing an examiner. On May 5, 2003, Shirley Gore, an individual asbestos claimant, also filed an appeal, although this appeal is not docketed in the District Court. The Debtors and the Futures Claimants' Representative are opposing the appeal. The Plant appeal was docketed in the District Court on October 20, 2003, shortly before the Third Circuit issued its stay of all proceedings before Judge Wolin in the recusal proceedings. Even though the Third Circuit's stay is no longer in effect, no further action has occurred with respect to these appeals. The Plan Proponents believe that upon the Effective Date, this appeal would be rendered moot and, if the appeal has not been voluntarily dismissed, the Debtors will move to dismiss this appeal.

16. Environmental Claims Arising Under Environmental Laws

The Debtors have been deemed by the United States Environmental Protection Agency ("EPA") to be a Potentially Responsible Party ("PRP") with respect to certain third-party sites under the Comprehensive Environmental Response, Compensation and Liability Act ("Superfund"). The Debtors have also been deemed a PRP under similar state or local laws. In other instances, other PRPs have made Claims against the Debtors as a PRP for contribution under such federal, state or local laws or under contractual agreements.

The Debtors have established reserves for their Superfund (and similar state, local and private action) contingent liabilities. In connection with the Filing, the Debtors initiated a program to identify and discharge contingent environmental liabilities as part of their Plan. Under the program, the Debtors sought settlements, subject to approval of the Bankruptcy Court, with various federal, state and local authorities, as well as private claimants. The Debtors will continue to review environmental reserves in light of such program and make such adjustments as may be appropriate.

The Debtors are involved with environmental investigation or remediation at a number of other sites at which they have not been designated a PRP, particularly sites that they formerly owned or operated. Environmental conditions at currently owned and/or operated sites are being addressed in the ordinary course of the Debtors' business.

As of the General Bar Date, approximately 100 Proofs of Claim asserting liabilities arising under environmental laws had been filed with the Bankruptcy Court and/or the Claims Agent. Many of such Proofs of Claim did not state a dollar amount. Many of the Proofs of Claim that did state an amount assert liabilities beyond which the Debtors believe they could reasonably be held liable, if any liability exists, in that (a) they seek recovery of the total costs of cleanup at sites where numerous parties other than the Debtors were also jointly and severally liable, or (b) they originated from multiple parties potentially liable at the same site. Claims arising under environmental laws relating to conduct of the Debtors before the Petition Date consisted of (a) Claims by the EPA against the Debtors for the costs of environmental investigation and clean up of sites that may have been contaminated as a result of releases of hazardous substances by the Debtors, including releases at third-party disposal sites used by the Debtors; (b) similar Claims by State and local environmental agencies; (c) Claims by private parties against the Debtors asserting contribution or indemnification claims with respect to cleanup costs under statutory law or contractual agreements; and (d) enforcement actions by federal, state and local environmental authorities with respect to alleged violations of environmental laws. The Debtors have been involved in negotiations to resolve as many of these Claims as possible. As of the present date, eighty-four percent of the Claims have been resolved. In addition, in some cases where a Proof of Claim has not been filed, but where regulatory authorities are likely to exercise their police and regulatory authority against the Debtors with respect to environmental conditions, such as sites currently or formerly owned by the Debtors, the Debtors have been negotiating with regulatory authorities regarding environmental investigation and remediation.

(a) Resolved as Allowed Class A6-A Claims

(i) EPA Claims

The Debtors and the EPA signed a proposed agreement to resolve EPA's Claims at most of the sites where waste materials of the Debtors were disposed before the Petition Date and, consequently, for which the Debtors may be liable for cleanup and related costs. The Environmental Settlement Agreement between the Debtors and the EPA quantifies liability at existing known sites as pre-petition Claims, with respect to some of which the EPA would have an Allowed Class A6-A Claim (the "Liquidated Sites"). The Environmental Settlement Agreement with the EPA also contains a provision that waste disposal sites, used by the Debtors before the Petition Date, that are not discovered until after confirmation of the Plan or where the Debtors' use of the site has been confirmed but an allocable share of liability cannot yet be determined (known as "Additional Sites"), will be paid by the Reorganized Debtors at the rate of distribution for Allowed Class A6-A Claims. The Environmental Settlement Agreement also contains work plans for limited removal actions by the Debtors at two Rhode Island sites. The United States lodged the Environmental Settlement Agreement with the Court and published a notice of the lodging in the Federal Register on June 5, 2003. On June 17, 2003, the Debtors filed a Motion for Approval of Settlement of

Environmental Claims of the United States (the "EPA Settlement Motion"). On July 17, 2003, the United States filed a joinder in support of the EPA Settlement Motion. The Bankruptcy Court approved the EPA Settlement Motion on July 23, 2003. The Debtors completed the limited removal action required by the Environmental Settlement Agreement in September 2005.

Notwithstanding any provision to the contrary in the Plan or Confirmation Order, the provisions of the Environmental Settlement Agreement shall govern matters covered by such settlement.

(ii) State Claims

The Debtors have negotiated an Environmental Settlement Agreement similar to the Environmental Settlement Agreement with the EPA, discussed above, with the State of New York, where the Debtors conducted operations, which agreement covers only that State's costs at sites that are presently unknown. The Debtors also negotiated settlement agreements with the Texas Commission on Environmental Quality and the City of Tacoma. To date, the Debtors have been unable to negotiate a similar settlement agreement with the Ohio Environmental Protection Agency.

(iii) Private Party Claims

The Debtors have settled various Claims covering various formerly owned properties (Ashton, Rhode Island, Snyder Lumber Sites and Gardena, California) or prior waste disposal sites (GBF Site).

(iv) Enforcement Action Claims

The Debtors have resolved all prepetition environmental actions, including an Ohio air settlement ($201,633), a Colorado air settlement ($9,000) and a federal Clean Water settlement ($40,000).

(b) Claims Arising Under Environmental Laws Involving Formerly owned Properties Resolved as Administrative Claims

The Debtors resolved the following claims: Oregon Department of Environmental Quality for the former St. Helens Plant ($900,000) and Industry factory rental for the former Ashton Plant ($75,000).

(c) Unresolved Claims Arising Under Environmental Laws

(i) State Claims

The Debtors have entered into a settlement with the Rhode Island Department of Environmental Management ("RIDEM") regarding its Proof of Claim in the amount of $80 million with respect to five sites in Rhode Island where alleged releases of hazardous substances by the Debtors may have contributed to contamination. The settlement, which has been approved by the Court, required payment of $750,000 with respect to the five sites and contained provisions similar to the agreement with EPA with respect to sites presently unknown. The Court approved the order on July 22, 2004 and the payment to RIDEM resolving this claim was made on August 12, 2004.

The Debtors have also been engaged in extensive negotiations with the New Jersey Department of Environmental Protection ("NJDEP") regarding its Proof of Claim in the amount of approximately $74 million, concerning the BEMS landfill in Burlington, a multi-party waste disposal site used by the Debtors. Ongoing litigation will continue beyond the Debtors' emergence from bankruptcy. The Debtors are participating in an Alternative Dispute Resolution process to determine their share of BEMS liability. The ADR process is in the allocation stage and the Debtor is actively participating. The Debtors share of liability is expected to be under $3,000,000.

The Kansas Department of Health and Environment ("KDHE") has filed a Proof of Claim in the amount of approximately $1.9 million with respect to remedial costs at a landfill previously operated by the City of Kansas City and used for disposal by the Debtors and a number of other parties. The Debtors have been engaged in discussions with KDHE regarding this Claim and at this point, the Debtors expect that this Claim, and a related Claim by the Kansas National Guard, may require an estimation proceeding. Debtor's and KDHE are currently negotiating a remedial action agreement which will resolve Debtor's liability for an expected value of less than $300,000.

The State of California's Proof of Claim in the amount of $40 million with respect to costs at two disposal sites, Operating Industries, Inc. and the GBF landfill, has been disallowed on debtors' objection.

Liabilities arising from environmental conditions at properties currently owned and operated by the Debtors are not generally subject to discharge and may need to be satisfied as Administrative Claims or by the Debtors after emergence from bankruptcy. On that basis, the Oklahoma Department of Environmental Quality has withdrawn a protective Proof of Claim regarding site conditions at the Debtors' facility in Oklahoma City, which the Debtors expect to resolve.

(ii) Private Party Claims

At the request of a Berlin Borough official, the Debtors and Owens-Illinois agreed to investigate the New Freedom Rd. Landfill, a former waste site believed to have been used by both companies in the 1950's. A Proof of Claim in an undetermined amount filed by Owens-Illinois regarding cleanup costs which may be incurred has been disallowed.

Several other private parties have filed Proofs of Claim for alleged contribution obligations with respect to a few different sites, but none of these claims is for any material amount, even without taking into account the Debtors' grounds for objecting to them.

The following Claims by private parties arising under environmental laws have been disallowed on objection by the Debtors: a Proof of Claim based on contribution for cleanup costs with respect to the Dexter Quarry site in the amount of

$5,000,000 by the estate of the former owner/operator; a Proof of Claim in the amount of $3,000,000 by Akzo Nobel Coatings, Inc. seeking indemnification for cleanup costs that it incurred with respect to the Mercer Drum site in Ohio; a Proof of Claim by GE Glegg alleging damages for soil and groundwater contamination in the vicinity of the Debtors' former Guelph, Ontario plant; a Proof of Claim by Bigge Investors in the amount of $350,000 regarding environmental conditions on property sold to it by the Debtors based on allegations of fraud in the sale; Proofs of Claim in the amount of approximately $4,000,000 by Wallace Development/Bezley based on allegations of fraud in the sale by Debtors of industrial real estate in California; and a Proof of Claim by Dr. and Mrs. Gregory Pharo alleging diminished value of their residence due to the nearby presence of Debtors' Aerohaven landfill.

17. IRS Claims

The Company's federal income tax returns typically are audited by the IRS in multi–year audit cycles. The audit for the years 1992–1995 was completed in late 2000. Due to the Filing, the IRS also accelerated and completed the audit for the years ended 1996–1999 by March of 2001. As the result of these audits and unresolved issues from prior audit cycles, the IRS is asserting claims for $305,210,712 in income taxes plus interest of $174,997,818.

Pending audit of the Company's federal income tax return for the year 2000, the IRS has also filed a protective administrative claim in the amount of $57,830,624, covering a tax refund received by the Company for such year, plus interest.

The United States Department of Treasury has filed Proofs of Claim totaling approximately $538 million, in connection with these tax claims. The United States Tax Court lifted its Stay of Proceedings regarding taxable years 1986—1988 on October 6, 2005, and entered its Decision on October 11, 2005. As a result, the IRS should be in a position to amend its claim for the taxable years 1982 - 1999 to reflect the actual, agreed to tax deficiencies. The interest on the deficiencies for this period has not yet been finalized by the IRS.

In accordance with generally accepted accounting principles, the Company maintains tax reserves to cover audit issues. While the Company believes that the existing reserves are appropriate in light of the audit issues involved, its defenses, its prior experience in resolving audit issues, and its ability to realize the benefit of certain challenged deductions in subsequent tax returns if the IRS is successful, there can be no assurance that such reserves will be sufficient. The Company will continue to review its tax reserves on a periodic basis and to make such adjustments as may be appropriate. Any such revision could be material to the Company's consolidated financial position and results of operations in any given period.

In this regard, the Company has negotiated a settlement of the United States federal income tax audits of the Company's taxable years 1982 - 1999 at the Appeals level of the IRS. The settlement was approved by the Bankruptcy Court by Order dated November 15, 2004, and by the Congressional Joint Committee on Taxation on May 17, 2005. The IRS is currently in the process of implementing the settlement, including performing its calculation of the interest component, which could vary from the amount of interest as calculated by the Company. As part of the implementation of the settlement described above, the filed Proofs of Claim will be amended appropriately.

18. Asset Dispositions

Section 363(f) of the Bankruptcy Code authorizes a debtor, under certain circumstances and subject to approval of the Bankruptcy Court, to sell property of the estate free and clear of liens, claims and encumbrances, with such liens, claims and encumbrances to attach to the proceeds of sale. Since the Petition Date, the Debtors have, pursuant to Section 363(f) of the Bankruptcy Code, sold certain property, including, but not limited to, the following assets.

(a) Sale of Bradenton, Florida Plant Assets

Exterior Systems, Inc. designed and manufactured aluminum windows and patio doors products at a plant located at 4504 30th Street, W., Bradenton, Florida. Unfortunately, due to a number of factors, including the older technology employed at the plant, Exterior Systems, Inc. was unable to operate the plant profitably. As a result, the Debtors contemplated selling the plant assets or, if a sale could not be consummated, closing the plant to limit their losses.

Throughout the year 2002, the Debtors contacted and solicited levels of interest for the purchase of the plant from potential purchasers that would have an interest in such assets. Simonton Building Products, Inc. was determined to be the only viable purchaser, and the parties entered into an Asset Sale and Purchase Agreement, dated December 17, 2002, with a sale price of $4,351,500, subject to certain adjustments and other calculations. The parties also agreed to enter into a lease agreement pursuant to which the plant will be leased to the buyer and to enter into a supply agreement.

On December 19, 2002, the Debtors filed a motion seeking authorization to sell the assets to Simonton Building Products, Inc. The motion was granted and the sale was approved by Order of the Bankruptcy Court, dated January 27, 2003.

(b) Sale of Real Property in South Gate, California

OCD owned an approximately 6.9 acre parcel of real property located at 4452 Ardine Street in South Gate, California, on which there was situated an outdated manufacturing facility. The Debtors' only use of the property was the storage of product manufactured at a nearby plant, for which they were in the process of securing other storage facilities. Accordingly, OCD engaged a broker and ultimately entered into Purchase and Sale Agreement, dated December 10, 2002, with Chan Hwa Trading Corporation, as buyer, for a sale price of $4,250,000.

On December 19, 2002, the Debtors filed a motion seeking authorization to sell the property to Chan Hwa Trading Corporation. The motion was granted and the sale was approved by Order of the Bankruptcy Court, dated January 27, 2003.

(c) Sale of Atlanta, Georgia Plant Assets

Exterior Systems, Inc. designed and manufactured vinyl siding and related products at leased facilities located at 5625, 5655 and 5675 Fulton Industrial Boulevard in Atlanta, Georgia. As part of an ongoing review of its business operations, Exterior Systems,

Inc. decided to reduce the excess capacity in its vinyl siding operations and to reduce the number of competing brands offered. To that end, the Debtors made a formal announcement in the fall of 2002 to discontinue the manufacture and sale of the OC brand of vinyl siding products, which were manufactured only at the Atlanta plant. Several potential purchasers in the vinyl siding manufacturing business expressed an interest in acquiring the assets of the plant. Alcoa Home Exteriors, Inc. was the only party that submitted an offer to acquire the ongoing operations of the plant, including hiring essentially all of the plant's employees. The proposal also contemplated an assignment of the real estate leases of the subject premises. The parties ultimately entered into an Asset Purchase Agreement, dated January 15, 2003, for a sale price of $5.5 million.

On January 15, 2003, the Debtors filed a motion seeking authorization to sell the assets to Alcoa Home Exteriors, Inc. The motion was granted and the sale was approved by Order of the Bankruptcy Court, dated February 27, 2003.

(d) Sale of Real Property in Mishawaka, Indiana

As of the Petition Date, OCD owned approximately 14.43 acres of vacant land located at 1623 E. Jefferson Road, Mishawaka, Indiana. OCD determined that it did not need the property for its operations and accordingly engaged in efforts to sell the property. OCD entered into a Purchase and Sale Agreement with S & D Realty, LLC, as buyer, for a sale price of $200,000. Such Purchase and Sale Agreement was approved by the Bankruptcy Court by Order dated February 27, 2003.

(e) Sale of Real Property in Nappannee, Indiana

Exterior Systems owned real property located at 851 Tomahawk Drive, Nappannee, Indiana, at which the Debtors had ceased their equipment reconditioning activity. Before a brokerage firm could be engaged, an adjoining property owner expressed an interest in purchasing the property. Based on the opportunity for an immediate sale without the associated cost of a broker's commission and marketing time, Exterior Systems, Inc. negotiated and entered into a Purchase and Sale Agreement, dated March 17, 2003, with Dutch Real Estate Corp., as buyer, for a sale price of $476,000.

On March 19, 2003, the Debtors filed a motion seeking authorization to sell the property to Dutch Real Estate Corp. The Debtors also sought in the motion authorization to pay from the sale proceeds certain real estate taxes totaling approximately $14,196.73 in principal. The motion was granted and the sale was approved by Order of the Bankruptcy Court, dated April 24, 2003.

(f) Sale of Phenix City, Alabama Plant Assets

Owens Corning HT, Inc. ("OCHT") owned a plant located at 908 Owens Corning Drive, Phenix City, Alabama, at which it manufactured rock wool pipe, board and batts for use in insulation applications. As part of the Debtors' ongoing review of its business operations, the Debtors determined that the business at the facility was non-strategic and non-core. The business consistently under-performed financially and lost money at the gross margin level for the year 2002. Consequently, the Debtors decided to sell the assets of the Phenix City plant.

The Debtors undertook marketing efforts targeted to sell the assets of the Phenix City plant to commercial and industrial insulation competitors, as well as to manufacturers of other insulation materials. After negotiating with the two interested parties who had made acceptable preliminary offers, OCHT and OCD entered into an Agreement of Sale, dated March 18, 2003, with IIG Minwool, LLC ("IIG"). IIG agreed to purchase certain assets of the Phenix City plant for a purchase price of $6.7 million, $3.7 million of which was due at closing by wire transfer and $3 million of which was payable pursuant to a promissory note attached to the Agreement of Sale, which obligation was to be secured by security interests in all of the assets being acquired under the Agreement of Sale. On March 19, 2003, the Debtors filed a motion seeking authorization to sell the Phenix City plant assets. The Debtors also sought authorization to pay from the sale proceeds certain personal property taxes totaling approximately $121,069.18.

Subsequent to the filing of the motion, the other interested party, Fibrex Insulation, LLC ("Fibrex"), contacted the Debtors to propose a counteroffer to the offer by IIG as set forth in the Agreement of Sale. The Debtors conducted an auction on April 28, 2003. After spirited bidding by IIG and Fibrex, IIG emerged as the highest bidder with its final bid of $8 million in cash. A hearing was held before the Bankruptcy Court on April 28, 2003. The sale to IIG was approved, subject to the submission of a revised proposed sale order. On May 12, 2003, the Bankruptcy Court entered an Order approving the sale to IIG, *nunc pro tunc* to April 28, 2003.

(g) Sale of Owens Corning Metal Systems Assets

Owens Corning Metal Systems ("OCMS"), a division of Exterior Systems, Inc., was in the aluminum building products industry. As part of the Debtors' ongoing review of its business operations, the Debtors determined that the business of OCMS was non-strategic and non-core. Consequently, the Debtors decided to sell the assets utilized in the business of OCMS at auction.

The Debtors, through their investment banker, Goldsmith Agio Helms Securities, Inc., undertook solicitation and marketing efforts directed at potential strategic buyers and financial sponsors. After consideration of the proposals submitted by interested bidders in January 2003 and following on-going discussions with those interested bidders who had made acceptable proposals, the Debtors determined that the offer proposed by ALSCO Acquisition Corp., now known as ALSCO Metals Corporation ("ALSCO"), was the highest and best offer. Accordingly, Exterior Systems, Inc., Owens-Corning Fiberglas Technology, Inc. and, for limited purposes, Owens Corning, entered into an Asset Purchase Agreement, dated March 19, 2003, with ALSCO for the sale of certain assets, the assumption by ALSCO of certain liabilities, the execution and entry of a supply agreement and a transition services agreement and the Debtors' assumption and assignment to ALSCO of certain executory contracts and unexpired leases. The purchase price set forth in the Asset Purchase Agreement was $50 million in cash plus certain assumed liabilities. The Asset Purchase Agreement was subject to higher and better offers.

On March 19, 2003, the Debtors filed a motion to approve sale procedures and bidding protections. This Motion was granted by Order of the Bankruptcy Court, dated April 22, 2003. On March 19, 2003, the Debtors also filed a motion seeking authorization to sell the assets to ALSCO or to the successful bidder.

The Debtors conducted an auction on May 16, 2003. After spirited bidding by ALSCO and another bidder, MIC Acquisition Corp., ALSCO emerged as the highest bidder with its final bid of $53 million in cash and a $3 million note. A hearing was held before the Bankruptcy Court on May 19, 2003. The sale to ALSCO was approved by order by the Bankruptcy Court, dated May 19, 2003.

(h) Sale of Real Property in Hebron, Ohio

OCD owned property located at 341 O'Neill Drive in Hebron, Ohio, consisting of approximately 7.38 acres of land and a closed 81,106 sq. foot facility at which OCD previously manufactured insulation for appliances and other applications. The property was no longer needed for the Debtors' operations; accordingly, OCD entered into a Purchase and Sale Agreement, dated June 18, 2003, with Golden Property Management LLC, as buyer, for a sale price of $1,015,000. Such Purchase and Sale Agreement was approved by Order of the Bankruptcy Court dated July 23, 2003, but was not consummated because Golden Property Management LLC terminated the agreement when it was discovered that the roof at the facility needed to be replaced, at an estimated cost of $288,000.

Upon termination of the sale agreement with Golden Property Management LLC, the Debtors recommenced their efforts to sell the property. As a result of such efforts, OCD entered into a Purchase and Sale Agreement with River Valley Stone Co., with a purchase price of $825,000. On March 8, 2005, the Bankruptcy Court entered an Order approving the sale.

(i) Sale of Real Property in Lynchburg, Virginia

Exterior Systems owned an approximately 4.875 acre parcel of land located at 6222 Logan Lane in Lynchburg, Virginia, on which there was a vacant vinyl siding production plant no longer needed for the Company's operations. Exterior Systems initially entered into a Purchase and Sale Agreement with Home Depot USA, Inc. ("Home Depot") to sell the property for a sale price of $950,000. Such Purchase and Sale Agreement was approved by the Bankruptcy Court by Order dated October 23, 2003. The sale between Exterior Systems and Home Depot was not consummated because Home Depot exercised its contractual right to terminate the Purchase and Sale Agreement during an agreed-upon investigation period.

Upon termination of the sale agreement with Home Depot, the Debtors recommenced their efforts to sell the property. Ultimately, Exterior Systems entered into a Purchase and Sale Agreement with Hendricks Commercial Properties, LLC for a sale price of $900,000, which was approved by Order of the Bankruptcy Court dated June 23, 2004.

(j) Sale of Real Property in Valparaiso, Indiana

OCD owned approximately 40.49 acres of undeveloped land located at 2552 Industrial Drive in Valparaiso, Indiana. OCD determined that it did not need the

property for its operations and accordingly engaged in efforts to sell the property. After considering several lesser offers, OCD entered into a Purchase and Sale Agreement with Shipshehanna, LLC, as buyer, for a sale price of $325,000. Such Purchase and Sale Agreement was approved by the Bankruptcy Court by Order dated December 20, 2004.

(k) Sale of Real Properties in Newark, Ohio

As of the Petition Date, OCD owned property located at 365 Cedar Run Road in Newark, Ohio, comprised of approximately 3.645 acres of land containing a single family dwelling. The property is adjacent to an OC landfill and served as a buffer between the landfill and properties owned by third parties. Because this property was not needed for OC's operations, it entered into an agreement to sell the property to a third party, Robert Arenz for $144,000, subject to certain adjustments. This agreement was approved by Bankruptcy Court Order dated September 30, 2005.

As of the Petition Date, OCD owned a second parcel in Newark, Ohio located at 422 Cedar Run Road. Such property, which was adjacent to an Owens Corning landfill, consisted of a residence and approximately 5.2 acres of land. On December 21, 2005, the Debtors filed a motion with the Bankruptcy Court seeking authority to sell this property to Rick Cody for $131,000. On January 30, 2006, the Bankruptcy Court entered an order authorizing the Debtors to sell the property. The sale of this property to Rick Cody, as authorized by the January 30, 2006 Bankruptcy Court order, was not consummated. Thereafter, on April 5, 2006, the Debtors filed a motion with the Bankruptcy Court seeking authority to sell the property to John Palmer and Marsha Palmer for $133,000 and, on May 4, 2006, the Bankruptcy Court entered an order authorizing the sale.

(l) Sale of Asphalt Facility and Real Property in Channelview, Texas

As of the Petition Date, OCD owned an asphalt manufacturing facility located in Harris County, Texas, which was situated on approximately 4.836 acres of land (the "Channelview Facility"). The Channelview Facility was closed in 2004 as part of the Debtors' re-assessment of their asphalt business, and the Debtors solicited potential purchasers for the property. OCD entered into an Asset Purchase Agreement with Pelican Refining Company, LLC ("Pelican"), as buyer, for a purchase price of $3,150,000 and requested the Bankruptcy Court to approve such agreement. Upon objection by a potential purchaser who offered a higher price for the Channelview Facility, the Debtors conducted an auction sale of the property on June 24, 2005. At such auction, Pelican increased its offer to $4.75 million and was selected by the Debtors as the party making the highest and best offer for the Channelview Facility. The parties modified the Asset Purchase Agreement to reflect a purchase price of $4.75 million, which was approved by Bankruptcy Court Order dated June 27, 2005.

(m) Sale of Real Property in Elkhart, Indiana

As of the Petition Date, OCD owned real property located at 1838 Middlebury Street in Elkhart, Indiana, comprised of approximately 4 acres of land and a 42,500 square ft. laminating plant. After marketing the property, the Debtors entered into a Purchase and Sale Agreement with Silver Valley Properties, LLC to sell the property and certain related property for $825,000. Such Purchase and Sale Agreement was approved by Bankruptcy Court Order dated June 23, 2004.

(n) Sale of Manufacturing Solutions' Assets

In December 2005, the Debtors received Bankruptcy Court approval to sell certain assets to American Dietze & Schell Corp. ("Dietze & Schell") pursuant to an Asset Purchase Agreement with Dietze & Schell. The Asset Purchase Agreement provided for OCD to sell to Dietze & Schell the assets OCD used in its winding and chopping equipment production business, for a purchase price of $6.8 million to be paid in four installments between December 31, 2006 and December 31, 2009. In connection with the asset sale, the parties also entered into a Supply Agreement which requires Dietze & Schell to supply OCD with certain equipment and a License Agreement which requires OCD to license to Dietze & Schell certain know-how related to equipment to be provided under the Supply Agreement. This motion was approved by the Bankruptcy Court by Order entered December 20, 2005.

(o) Sale of North Bend, Ohio Asphalt Manufacturing Facility and Real Property

As of the Petition Date, OCD owned an asphalt manufacturing facility located at 10100 Brower Road in North Bend, Ohio, which was situated on an approximately 53 acre parcel of land. The facility was closed in 2004 as a part of the Debtors' re-assessment of their asphalt business, and the Debtors solicited potential purchasers for the sale of the property. OCD entered into a Purchase and Sale Agreement with Valley Asphalt Corporation to sell the facility for $2,050,000, subject to a downward adjustment to $1,850,000 if certain permits were not assigned by OCD. Such Purchase and Sale Agreement was approved by Bankruptcy Court Order dated August 30, 2005.

(p) Sale of Real Property in Athens, Alabama

As of the Petition Date, OCD owned property located at 8468 Highway 72 in Athens, Alabama, consisting of approximately 2.039 acres of land and a vacant 26,091 square foot plant. Such plant had previously been used for the manufacture of molded fiberglass products used in the production of partition panels for commercial office furniture. The Debtors engaged in efforts to market the property and, in September 2005, entered into a Purchase and Sale Agreement with Tecvox OEM Solutions LLC, as buyer, for a sale price of $197,000. The Purchase and Sale Agreement was approved by Bankruptcy Court Order dated October 20, 2005.

(q) Sale of Real Property in Berlin, New Jersey

As of the Petition Date, OCD owned property located at 160 Jackson Avenue, Berlin, New Jersey, which consisted of approximately 45 acres of land and 303,200 square feet of buildings and other structures. Such facility had previously been used for the production of asbestos-containing insulation product known as Kaylo. Certain of the buildings on the property, as well as a landfill and a settling pond, contained asbestos. Separately, the soil and groundwater at the property contained significant amounts of oils used in the Kaylo manufacturing process. With the exception of environmental remediation activity on

the property, all activity at the property ceased and the Debtors no longer needed the property for their operations. Accordingly, OCD entered into a Purchase and Sale Agreement with Berlin Jackson LLC, which (subject to certain terms and conditions) agreed to take title to the property for $1 in exchange for assuming responsibility for the remediation of the property's environmental condition. The Bankruptcy Court approved the Purchase and Sale Agreement by Order dated September 26, 2005.

(r) Sale of Real Property in Douglas, Georgia

As of the Petition Date, Exterior Systems owned an approximately five acre parcel of property and an approximately half-acre parcel of property, located at 2141 Broxton Highway in Douglas, Georgia. The five acre parcel contained a 92,000 square foot manufacturing facility at which Exterior Systems previously manufactured specialty roofing products. The property was no longer needed for the Debtors' operations; accordingly, Exterior Systems entered into a Purchase and Sale Agreement with Douglas Metal Roofing, Inc. to sell the property for a sale price of $550,000, of which $543,600 was attributable to the five acre parcel and $6,400 was attributable to the one-half acre parcel. By Order dated June 30, 2005, the Bankruptcy Court approved the Purchase and Sale Agreement and authorized Exterior Systems to sell the five acre parcel and (upon resolution of certain title issues with respect to the half-acre parcel) the half-acre parcel to Douglas Metal Roofing, Inc.

(s) Sale of Real Property in Tucker, Texas

As of the Petition Date, OCD owned real property located at 10658 State Highway 294 in Tucker, Texas, comprised of three parcels. The first parcel consisted of approximately 20 acres of land on which there was a vacant 64,423 square foot insulation plant; the second and third parcels consisted of a total of approximately 17.56 acres of land and contained several buildings. The Debtors no longer needed the property for their operations. Accordingly, Owens Corning entered into a Purchase and Sale Agreement with Weissker Properties, L.P. with a purchase price of $625,000, subject to certain adjustments. The Purchase and Sale Agreement was approved by Order of the Bankruptcy Court dated October 18, 2005.

19. Certain Proposed Asbestos Legislation

On April 19, 2005, Senators Arlen Specter and Patrick Leahy introduced and co-sponsored an asbestos litigation reform bill (S-852) entitled the Fairness in Asbestos Resolution Act of 2005 (the "FAIR Act"), which proposes to establish an asbestos administrative claims resolution structure through which all asbestos claims would be channeled and reviewed. The FAIR Act would establish a national trust fund, supported through mandated contributions from defendant companies, insurance companies and existing trusts, that would be the source of compensation of all approved claims. Under the FAIR Act, companies like the Debtors that have filed for bankruptcy but have not yet emerged through a confirmed plan of reorganization, would be included as participants in the resolution structure. The FAIR Act was voted out of the Senate Judiciary Committee on May 26, 2005, and brought to the floor in early 2006. On February 14, 2006, the Senate voted on a motion to waive the Budget Act with respect to the FAIR Act, but the motion failed when the waiver failed to obtain the necessary 60 votes. Pursuant to this vote, the legislation has been recommitted to the Senate Committee on the Judiciary pursuant to Section 312-F of the Congressional Budget Act. On or about May 26, 2006, Senators Specter

and Leahy introduced an amended version of the FAIR Act, entitled the Fairness in Asbestos Resolution Act of 2006, to incorporate certain amendments which had been offered with respect to the prior iteration of the bill. The FAIR Act has not been brought back up for reconsideration as of this time, and whether it will receive further consideration in this session of Congress is uncertain. At this point, it is impossible to determine if the proposed legislation will be enacted, and what the final terms of the legislation will be, if enacted. For a discussion of the impact on the distributions under the Plan if the FAIR Act is enacted and made law prior to the Trigger Date, see Section VII.A.18 of this Disclosure Statement entitled "FAIR Act."

20. Pension Claims

The Company has several defined benefit pension plans covering most employees. Under the plans, pension benefits are generally based on an employee's pay and number of years of service. Company contributions to these pension plans are determined by an independent actuary to meet or exceed minimum funding requirements. Plan assets consist primarily of equity securities with the balance in fixed income investments.

The pension plans are managed by an investment review committee that meets periodically to provide oversight, review long term investment strategies, assess plan and individual manager investment performance and evaluate the funding status of the plans. Over the last several years, various factors, such as the decline in asset value due to market conditions, the decrease in the discount rate, as well as the review of assumptions related to the valuation of pension plan liabilities have impacted the Company's long-term pension plan liability and funding.

Certain of the Company's pension plans have an accumulated benefit obligation in excess of the fair market value of plan assets. The accumulated benefit obligation and fair market value of plan assets for such plans are $1.338 billion and $1.062 billion, respectively, at October 31, 2005. Certain of the Company's pension plans are not funded. The portion of the total projected benefit obligation attributable to unfunded plans is approximately $12 million at October 31, 2005.

The Company also sponsors defined contribution plans available to substantially all United States employees. Company contributions reflect a matching of a percentage of employee savings up to a maximum savings level and certain profit sharing awards. The Company recognized expense of $25 million in 2005.

The "PBGC", an agency of the United States, filed a Claim on the General Bar Date in the amount of approximately $458 million, in connection with statutory liability for unfunded benefit liabilities of the Owens Corning Merged Retirement Plan (the "Merged Plan"). The Claim states that it is contingent upon termination of the Merged Plan. The Merged Plan is a tax-qualified defined benefit pension plan covered by and subject to Title IV of the Employee Retirement Income Security Act of 1974, as amended, 29 U.S.C. §§ 1301-1462 ("ERISA"). Pursuant to Title IV, each of the Debtors is a contributing sponsor of the Merged Plan or a member of a contributing sponsor's controlled group. 29 U.S.C. § 1301(a)(13)(14). The Plan specifically provides that OCD and any other of the Reorganized Debtors whose employees are covered by the Merged Plan shall assume and continue the Merged Plan, satisfy the minimum funding standards pursuant to 26 U.S.C. § 412 and 29 U.S.C. § 1082, and administer the Merged

Plan in accordance with its terms and the provisions of ERISA. Further, nothing in the Plan of Reorganization shall be construed in any way as discharging, releasing or relieving the Debtors or the Debtors' successors, including the Reorganized Debtors, or any party, in any capacity, from liability imposed under any law or regulatory provision with respect to the Merged Plan or PBGC.

OCD is required to comply with ERISA's minimum funding requirements. Funding is generally in cash but may also be in stock or debt (in general, not exceeding 10% of the plan's assets). During these Chapter 11 Cases, with the Bankruptcy Court's approval, the Company has funded its pension obligations with approximately $600 million.

The 2006 pension payments will be made from cash on hand and operating cash flow. As a consequence, for purposes of this Disclosure Statement it is assumed for purposes of projections of future performance and projected distributions under the Plan that (1) the Merged Plan will not be terminated, (2) OCD will make all minimum funding payments and (3) the Pension Plan will be less than 100% funded at October 31, 2006, and (4) OCD will not be required to reserve assets in the Plan to fully fund the Pension Plan, but will be required to demonstrate its ability to adequately fund the Merged Plan in future periods.

21. Notice Procedures and Transfer Restrictions on Trading of Equity Securities

On February 23, 2005, the Debtors filed a motion in the Bankruptcy Court for the entry of interim and final orders pursuant to Sections 105(a), 362(a)(3) and 541 of the Bankruptcy Code to enable the Debtors to avoid limitations on the use of their tax net operating loss carry-forwards and certain other tax attributes by imposing certain notice procedures and transfer restrictions on the trading of equity securities of OCD. The Bankruptcy Court granted the requested interim order (the "Interim Equity Order") on March 1, 2005, and granted the requested final order (the "Final Equity Order") on April 15, 2005.

In general, the Final Equity Order applies to any person or entity that, directly or indirectly, beneficially owns (or would beneficially own as a result of a proposed transfer) at least 4.75% of the outstanding equity securities of OCD. Under the Final Equity Order, all persons or entities who at the time of the Final Equity Order or in the future beneficially own at least 4.75% of the outstanding equity securities of Owens Corning (each a "Substantial Equityholder") is required to file with the Bankruptcy Court and serve upon the Debtors and the Debtors' counsel a notice of such status. In addition, the Final Equity Order provides that a person or entity that would become a Substantial Equityholder by reason of a proposed acquisition of equity securities of OCD is also required to comply with the notice and service provisions before effecting that transaction. The Final Equity Order gives the Debtors the right to object in the Bankruptcy Court to certain acquisitions or sales of OCD common stock if the acquisition or sale would pose a material risk of adversely affecting the Debtors' ability to utilize such tax attributes.

Under the Final Equity Order, prior to any proposed acquisition of equity securities that would result in an increase in the amount of OCD equity securities owned by a Substantial Equityholder, or that would result in a person or entity becoming a Substantial Equityholder, such person, entity or Substantial Equityholder is required to file with the

Bankruptcy Court, and serve on the Debtors and the Debtors' counsel, a Notice of Intent to Purchase, Acquire or Otherwise Accumulate an Equity Security. In addition, prior to effecting any disposition of OCD's equity securities that would result in a decrease in the amount of OCD equity securities beneficially owned by a Substantial Equityholder, such Substantial Equityholder is required to file with the Bankruptcy Court, and serve on the Debtors and the Debtors' counsel, a Notice of Intent to Sell, Trade or Otherwise Transfer Equity Securities.

Any purchase, sale or other transfer of OCD equity securities in violation of the restrictions of the Final Equity Order would be null and void ab initio as an act in violation of the Final Equity Order and would therefore confer no rights on a proposed transferee.

22. Glenview Stipulation and Private Letter Ruling

By Order entered May 12, 2005, the Bankruptcy Court approved a Stipulation (the "Glenview Stipulation") between and among OCD, Glenview Capital Partners, LP, ("GCP"), Glenview Institutional Partners, LP ("GIP"), and Glenview Capital Master Fund, Ltd. ("GCM" and with GCP and GIP, the "Glenview Funds"), which addressed certain issues arising under the Interim Equity Order and Final Equity Order. Specifically, the Stipulation addressed the acquisition of certain shares of OCD common stock by one or more of the Glenview Funds after the entry of the Interim Equity Order. Under the terms of the Glenview Stipulation, OCD agreed to seek a Private Letter Ruling from the IRS that would confirm that the Glenview Funds' acquisition of OCD common stock did not cause any one or more of the Glenview Funds to become a "5% shareholder" of OCD for purposes of section 382 of the IRC, so that the Glenview Funds' acquisition of Owens Corning stock would be disregarded in determining whether Owens Corning experienced an "ownership change" for purposes of Section 382. The Glenview Stipulation further provided, among other things, that in the event that such a Private Letter Ruling was not obtained, the Glenview Funds would unwind their relevant acquisitions and disposition of Owens Corning common stock in a manner reasonably acceptable to OCD. On October 28, 2005, the IRS issued the requested Private Letter Ruling, which confirmed that the Glenview Funds were separate entities for purposes of the Interim and Final Orders.

23. Harbinger Stock Sales

On March 23, 2005, Harbinger Capital Partners Master Fund I, Ltd. (f/k/a Harbert Distressed Investment Master Fund, Ltd.), Harbinger Capital Partners Offshore Manager, L.L.C. (f/k/a HMC Distressed Investment Offshore Manager, L.L.C.), HMC Investors, LLC, and Alpha US Sub Fund VI, LLC (collectively, "Harbinger") filed a Notice of Status as a Substantial Equityholder, pursuant to the terms of the Interim Order.

On March 2, 2006, Harbinger filed a Notice pursuant to the Interim and Final Equity Orders, by which Harbinger gave notice of its intention to sell, trade or otherwise transfer all or any part of its 5,525,000 shares of OCD's equity securities, to unidentified parties. On March 17, 2006, the Debtors submitted to the Court a Stipulation extending until March 22, 2006 the Debtors' deadline under the Final Equity Order to object to such Notice. On March 22, 2006, and with the consent and agreement of the Debtors, Harbinger filed an amended Notice pursuant to the Interim and Final Equity Orders, stating that any transfer by it of OCD equity securities would be made to persons whose identity Harbinger does not actually know. Such

amended Notice also stated that Harbinger would give written notice to Owens Corning and its attorneys within three business days after the closing of the sale, transfer or other disposition of any Equity Securities, and that such notice would detail the number of shares sold and the date sold. Harbinger's amended Notice also stated that any person acquiring or proposing to acquire OCD equity securities would remain fully subject to the Final Equity Order, including, without limitation, the notice procedures set forth in the Final Equity Order and the attachments thereto. Pursuant to the terms of such amended Notice, and without objection of the Debtors, Harbinger has sold approximately 1,025,000 shares of OCD equity securities through April 30, 2006.

24. Rule 2019 Orders

By Orders dated August 27, 2004, October 22, 2004, and July 8, 2005, the Bankruptcy Court established certain procedures regarding the filing of Statements pursuant to Federal Rule of Bankruptcy Procedure 2019. Each party filing a Rule 2019 Statement is required to provide with such Statement certain specified information in a designated format, as further specified in such Orders.

25. The Trustee Motion

On October 17, 2003, the Unsecured Creditors' Committee filed a motion in the Bankruptcy Court requesting the appointment of a Chapter 11 trustee under Section 1104(a) of the Bankruptcy Code based upon an alleged breach of the Debtors' fiduciary duty of undivided loyalty to act in the best interest of all creditors. On October 29, 2003, such motion was dismissed by the Bankruptcy Court for failure to comply with local court rules. On October 30, 2003, the Unsecured Creditors' Committee re-filed such motion (the "Trustee Motion"), which was subsequently "supplemented" on May 28, 2004 (the "Supplemented Trustee Motion"). On July 13, 2004, Credit Suisse First Boston, as Agent, joined in the Trustee Motion and Supplemented Trustee Motion. In addition, Mt. McKinley Insurance Company and Century Indemnity Insurance Company filed responses in support of the Trustee Motion. Various filings in opposition to the Trustee Motion and Supplemented Trustee Motion were filed by the Debtors, the Futures Claimants' Representative, and the Asbestos Claimants' Committee. Further proceedings on this matter have been voluntarily continued by the movants on a monthly basis.

When the Supplemented Trustee Motion was filed, the Unsecured Creditors' Committee served on the Debtors its first set of amended interrogatories and the first amended request for production of documents generally seeking discovery of information related to either (1) the process, including all discussions and negotiations, by which the draft and filed plans of reorganization were created; (2) discovery related to the contacts between the parties and Judge Wolin or his former advisors, including Frances McGovern, the court-appointed mediator, during the period prior to Judge Wolin's recusal; (3) asbestos valuation and the process and means by which asbestos valuation should be determined, including the decision to oppose an asbestos bar date and claims objection process; and (4) the acts underlying the alleged claims against certain law firms concerning payments made under the National Settlement Program that the Court either stayed or which are the subject of tolling agreements authorized by the Court. The Debtors filed a motion for a protective order asserting that the requested discovery was inappropriate, threatens to waste the assets of the Debtors' bankruptcy estates, and seeks to circumvent the process by which the Court has determined issues in this case should be resolved.

CSFB filed an opposition to the motion for a protective order and the Ad Hoc Bondholders' Committee filed a joinder in the opposition. Further proceedings on this matter were voluntarily continued by the movant on a monthly basis.

The Debtors believed that the Trustee Motion and the Supplemental Trustee Motion were without merit and intended to vigorously oppose the Trustee Motion. In particular, the Debtors believed that the Trustee Motion and the Supplemented Trustee Motion were stale and were rendered moot by the filing of the Plan.

In accordance with the terms of the letter of CSFB's counsel, dated December 30, 2005, attached as Appendix K to the Disclosure Statement, on March 23, 2006, the Unsecured Creditors' Committee authorized the withdrawal of the motion and the withdrawal was filed on that date. Counsel for the Debtors and counsel for the Asbestos Claimants' Committee represented that they would not oppose withdrawal of the Trustee Motion and the Supplemental Trustee Motion on this basis.

26. The Bank Holders' Examiner Motion

On May 24, 2004, Credit Suisse First Boston, Kensington International Limited, Springfield Associates LLC and Angelo Gordon filed a motion in the Bankruptcy Court requesting the appointment of a Chapter 11 examiner under Section 1104(c) of the bankruptcy Code to examine (i) alleged improper conduct by management of the Debtors, (ii) alleged breaches of fiduciary duty by management of the Debtors resulting from the influence of the Futures Claimants' Representative and the Asbestos Claimants' Committee on the process of developing a Plan and the tort estimation process, (iii) alleged connections between the asbestos plaintiffs' interests, a Court appointed mediator, and the Debtors' asbestos liability estimation firm, and (iv) other alleged improper conduct (the "Bank Holders' Examiner Motion"). Owens Corning, the Futures Claimants' Representative, and the Asbestos Claimants' Committee have each filed responsive pleadings objecting to the Bank Holders' Examiner Motion. The Bankruptcy Court heard argument on the Bank Holders' Examiner Motion on June 21, 2004 and, on July 7, 2004, signed an Order continuing the Bank Holders' Examiner Motion until a final order is entered by the Bankruptcy Court with respect to the Trustee Motion.

The Debtors believe that the Bank Holders' Examiner Motion is without merit and intend to continue to vigorously oppose the Bank Holders' Examiner Motion. In particular, the Debtors believe that the Bank Holders' Examiner Motion are stale and are rendered moot by the filing of the Plan, and should therefore be dismissed with prejudice.

27. Section 965 Motion

By Order entered October 20, 2005, the Bankruptcy Court authorized the Company to implement a "foreign fund repatriation program" by which certain of Owens Corning's subsidiaries could repatriate to the United States and, specifically, to IPM approximately $220 million of excess cash. This program was implemented in order to take advantage of section 965 of the IRC, 26 U.S.C. § 965, which was enacted to provide a temporary reduction in the U.S. tax on repatriated dividends. Under section 965, certain dividends received by a U.S. corporation from controlled foreign corporations, to the extent in excess of certain threshold amounts, are eligible for an 85% dividends-received deduction. If applicable, this

deduction results in a greatly reduced effective federal tax rate of 5.25% on the amount of the qualifying dividend. The excess cash was actually repatriated under the program to IPM on December 15, 2005. The sources of such excess cash were as follows: Owens Corning Canada Inc. ($165 million); Vytec Corporation ($25 million); and Owens Corning Veil Netherlands B.V. ($30 million).

28. Shareholder Motion for Appointment of an Equity Holders Committee

Shareholders made requests to the United States Trustee in 2003 and 2004 for the appointment of an official committee of equity security holders and in 2005 for the appointment of an official committee of preferred and equity security holders. Because the Debtors did not believe there was any reasonable prospect for recovery by shareholders or preferred security holders in the absence of enactment of asbestos litigation reform legislation, the Debtors opposed each such request. The United States Trustee agreed with the Debtors' position and in each instance declined such requests. On December 20, 2005, the Ad Hoc Equity Holders' Committee filed a motion seeking an order from the Bankruptcy Court directing the United States Trustee to appoint an official committee of preferred and equity security holders ("Shareholder Committee Motion"). The Shareholder Committee Motion was opposed by the United States Trustee, the Debtor, the Asbestos Claimants' Committee, and CSFB. At a hearing on January 30, 2006, the Bankruptcy Court denied the Shareholder Committee Motion for several reasons, including the lack of a cognizable economic stake for the preferred and equity security holders given the Debtors' financial condition. The Bankruptcy Court also rejected the Ad Hoc Equity Holders' Committee's contention that a preferred and equity security committee should be appointed based on uncertain contingencies, such as the potential enactment of federal legislation or the potential reversal of the OCD Asbestos Personal Injury Estimation Order. An order denying the Shareholder Committee Motion was entered on February 17, 2006. On February 27, the Ad Hoc Equity Holders' Committee filed a motion for leave to appeal. On March 9, 2006, the Debtors filed their opposition to the motion for leave to appeal. On May 18, 2006, in accordance with the Settlement Term Sheet, the Ad Hoc Equity Holders' Committee filed a stipulation of dismissal of this appeal. On May 24, 2006 the Court approved the stipulation dismissing the appeal.

29. Shareholder Motion Regarding Shareholders' Meeting

In addition to filing its motion for the appointment of an official committee of preferred and equity security holders, on December 20, 2005, the Ad Hoc Equity Holders' Committee filed the Motion for Entry of an Order (i) Confirming that Owens Corning Shareholders are Entitled to Prosecute an Action in Delaware Chancery Court to Compel a Shareholders' Meeting, or (ii) in the Alternative, Granting Stay Relief to Prosecute Such an Action. (the "Shareholder Meeting Motion") with the Bankruptcy Court. The Shareholder Meeting Motion alleged that OCD is required to hold annual shareholders' meetings and that the shareholders should be permitted to elect directors of OCD who will offer a plan that provides for a recovery to shareholders based upon, among other things, the potential enactment of the federal FAIR Act legislation. The Debtors filed an opposition to this motion. A hearing on this motion was held on January 30, 2006, at which time the Bankruptcy Court declined to grant the Shareholder Meeting Motion, but directed Debtors' counsel to continue the hearing from month

to month until the prospects of the so-called FAIR Act could be more definitively determined. On February 28, 2006, the Ad Hoc Equity Holders' Committee filed with the District Court a Petition for Relief in the Nature of Mandamus in the District Court to direct the Bankruptcy Court to enter an order granting or denying the Shareholder Meeting Motion (the "Mandamus Petition"). On March 14, 2006, the Debtors filed an opposition to the Mandamus Petition. A reply was filed by the petitioners on March 21, 2006. On March 23, 2006, the District Court denied the petition. The Ad Hoc Equity Holders' Committee filed a notice of appeal of the denial of the petition. On May 16, 2006, in accordance with the Settlement Term Sheet, the Ad Hoc Equity Holders' Committee filed a motion to withdraw the appeal with prejudice. On May 22, 2006, the Third Circuit entered an order dismissing the appeal.

30. Summary of Certain Litigation

(a) John Hancock Litigation

Certain of OCD's current and former directors and officers, as well as certain underwriters, are named defendants in a class action lawsuit captioned John Hancock Life Insurance Company, et al. v. Goldman, Sachs & Co., et al., CA No. 01-10729-RWZ, pending in the United States District Court for the District of Massachusetts (the "Hancock Litigation"). The suit, commenced on or about April 30, 2001, is a securities-related class action on behalf of purchasers of securities pursuant to, or traceable to, two public offerings by OCD on or about April 30, 1998 and July 22, 1998. No Debtors are named as defendants in the lawsuit.

On or about April 27, 2001, a complaint was filed on behalf of purchasers of the $300 million aggregate principal amount of $550 Million Term Notes (First Series) issued by OCD due May 1, 2005 (consisting of 7.5% Term Notes) and the $250 million aggregate principal amount of $550 Million Term Notes (Second Series) issued by OCD due May 1, 2008 (consisting of 7.7% Term Notes) in offerings occurring on or about April 30, 1998. On or about July 5, 2001, an amended complaint was filed that added reference to the $400 million aggregate principal amount of $400 Million Debentures issued by OCD due August 1, 2018 (consisting of 7.5% Debentures), in an offering occurring on or about July 23, 1998.

By the amended complaint, the plaintiffs allege, among other things, that the defendants violated the Securities Act of 1933 in that the SEC Form S-3 registration statements, including the prospectus and prospectus supplements, pursuant to which the debt offerings were made, contained untrue and misleading statements of material fact and omitted to provide certain required material facts. In particular, the amended complaint alleges that the registration statements for the debt securities contained the following untrue and misleading statements of fact and omissions of material facts: (a) the representation that the debt securities would "rank equally with all other unsecured and unsubordinated indebtedness of the Company," (b) misleading representations concerning OCD's other unsecured indebtedness, (c) the failure to disclose that certain of OCD's other unsecured and unsubordinated indebtedness was guaranteed by one or more of OCD's Subsidiaries, (d) the failure to disclose that OCD had a substantial debt to one of its Subsidiaries, (e) the failure to disclose the existence of and the terms of certain promissory notes issued by OCD to one of its Subsidiaries, and (f) the failure to disclose the existence of and terms of an intellectual property licensing arrangement between OCD and one of its Subsidiaries. The amended complaint sought, among other things, an unspecified amount of damages or, where appropriate, rescission of the plaintiffs' purchases of the securities.

On November 14, 2001, and November 20, 2001, respectively, the underwriter defendants and the individual defendants filed motions to dismiss the amended complaint for failure to state a claim upon which relief can be granted. The individual defendants argued that the plaintiffs' action should be dismissed because the information that plaintiffs claim was omitted either was disclosed in OCD's filings with the SEC and incorporated by reference into the registration statements, or was not required to be disclosed under applicable SEC regulations. The individual defendants further argued that the plaintiffs' action was barred by the applicable statute of limitations because it was brought more than one year after the allegedly concealed facts were disclosed in public filings.

On January 28, 2002, the plaintiffs filed a combined opposition to the underwriter and individual defendants' motions to dismiss. On March 29, 2002, both the individual defendants and the underwriter defendants filed reply memoranda in further support of their respective motions. A hearing was held on the motions to dismiss on April 11, 2002.

On August 26, 2002, the United States District Court for the District of Massachusetts issued a memorandum of decision, wherein it determined that dismissal of the amended complaint is inappropriate because "several questions of fact remain," including: (i) "whether defendants' statement that the securities would 'rank equally with other unsecured and unsubordinated obligations of the Company,' was false or misleading when read in context with the rest of the information provided in the registration statement;" (ii) "whether the defendants' disclosures about intercompany licensing agreements and guarantees on other debt by OCD's subsidiaries were false or misleading with respect to the subordination rights of securities purchasers;" and (iii) "whether the registration statements provided plaintiffs with sufficient information to fully understand their rights relevant to other unsecured creditors." The Court further concluded that, contrary to the defendants' argument, the plaintiffs' claims were not time-barred. The Court, therefore, denied the defendants' motions to dismiss the amended complaint.

On March 9, 2004, the Court granted class certification as to those claims relating to written representations, but denied certification as to claims relating to alleged oral representations. Mediation was conducted on November 2, 2005, at which mediation the plaintiffs and the underwriter defendants agreed to settlement terms. A status conference on this matter was held on November 8, 2005. A trial is scheduled to commence in September, 2006, as to the director and officer defendants. Owens Corning believes that the claim is without merit.

The named defendants in this proceeding have each filed contingent indemnification claims with respect to this litigation against OC pursuant to the General Bar Date process.

Executive Risk Indemnity Inc. ("Executive Risk") issued to OCD Directors and Officers Liability Insurance Policy No. 8165-4021 for the policy period March 29, 2001 to March 29, 2002 (the "Policy"). Executive Risk received notice under the Policy relating to the Hancock Litigation and has indicated a willingness to pay on a current basis certain defense expenses, as that term is used in the Policy, incurred on or after March 29, 2002 under

the Policy, subject to mutual reservations of rights, in connection with the Hancock Litigation to or on behalf of the insureds. A proposed Stipulation and Order Among Debtors, Executive Risk Indemnity Inc., Norman P. Blake, Jr., Gaston Caperton, Domenic Cecere, Leonard S. Coleman, Jr., William W. Colville, John H. Dasburg, Landon Hilliard, Glen H. Hiner, Sir Trevor Holdsworth, Jon M. Huntsman, Jr., Ann Iverson, W. Walker Lewis, Michael I. Miller, Furman C. Moseley, Jr., W. Ann Reynolds, and Steven J. Strobel was filed with the Bankruptcy Court providing *inter alia* that, notwithstanding the automatic stay of 11 U.S.C. § 362, Executive Risk shall be and hereby is authorized to make payments under the Policy to or for the benefit of the Insureds for Defense Expenses incurred in connection with the Hancock Litigation. The Bankruptcy Court approved the stipulation on March 25, 2003.

(b) Deloitte Litigation

On August 10, 2001, Deloitte Consulting, L.P. ("Deloitte") filed an Administrative Claim (the "Deloitte Administrative Claim") in the Chapter 11 Cases seeking not less than $2 million, on the theory that after the Petition Date, the Debtors had converted Deloitte's contributions to Debtors' HOMExperts home repair and inspection business. On February 5, 2002, Deloitte filed its adversary complaint against the Debtors, asserting copyright infringement, conversion, and post-petition use and benefit, seeking not less than $2 million in damages and/or administrative expenses (the "Deloitte Adversary Action"). The Debtors vigorously contested the Deloitte Administrative Claim and the Deloitte Adversary Action and moved to dismiss the Deloitte Administrative Claim.

The Debtors and Deloitte exchanged discovery requests, documents and written responses, and commenced depositions. After considerable negotiations, the Debtors and Deloitte reached a settlement resolving, without further litigation, all of Deloitte's claims related to HOMExperts, the Deloitte Administrative Claim, and the Deloitte Adversary Action. Pursuant to the terms of the settlement, Deloitte was allowed an administrative expense claim of $350,000 to be paid within 30 days after entry of the order approving the settlement; Deloitte was allowed an unsecured pre-petition claim against OCD in the net amount of $400,000 by reason of the matters asserted in the Deloitte Administrative Claim and the Deloitte Adversary Action against OCD, Integrex and HOMExperts LLC, which shall be treated in the Chapter 11 Cases and pursuant to applicable provisions of the Bankruptcy Code as an Allowed General Unsecured Claim; the Deloitte Adversary Action was automatically dismissed upon entry of the order approving the settlement; and Deloitte released the Debtors for all claims resolved under the settlement.

(c) Tobacco Litigation

OC has spent significant monies to resolve claims of asbestos claimants whose injuries were caused or exacerbated by cigarette smoking. OCD and Fibreboard were pursuing litigation against tobacco companies (discussed below) for restitution/unjust enrichment, fraud, and violations of state antitrust law to obtain payment of monetary damages (including punitive damages) for payments made by OCD and Fibreboard to asbestos claimants who developed smoking-related diseases.

In October 1998, the Circuit Court for Jefferson County, Mississippi granted leave to file an amended complaint in an existing action to add claims by

OCD against seven tobacco companies and several other tobacco industry defendants. The action brought by OCD in the Circuit Court of Jefferson County, Mississippi is styled Ezell Thomas, et al. v. R.J. Reynolds Tobacco Company, et al. and Owens Corning v. R.J. Reynolds Tobacco Company, Docket No. 96-0065. On June 17, 2001, the Jefferson County court entered an Order dismissing OCD's case in response to the defendants' motion for summary judgment on the basis that OCD's injuries were indirect and thus too remote under Mississippi law to allow recovery. OCD appealed the dismissal to the Supreme Court of Mississippi. The Supreme Court of Mississippi issued an opinion upholding the dismissal on March 18, 2004.

In addition to the Mississippi lawsuit, in December 1997, OCD and Fibreboard brought a lawsuit in the Superior Court of California, County of Alameda, against the same tobacco companies. That lawsuit, which is currently pending, is styled Fibreboard Corp., et al. v. R.J. Reynolds Tobacco Company, et al., Case No. 791919-8 (the "California Litigation"). In August 2001, the defendants filed motions to dismiss OCD's and Fibreboard's claims on the basis of the decision in the Mississippi lawsuit as well as California law. After a hearing on these motions on November 20, 2001, the California court denied the motion to dismiss Fibreboard's claims on the basis of the decision in the Mississippi lawsuit and otherwise stayed the proceeding pending the outcome of the Mississippi suit.

Following the dismissal of the Mississippi lawsuit, on May 10, 2006, the Debtors filed a motion to approve, pursuant to Fed. R. Bankr. P. 9019, an agreement between the Debtors and the defendants in the California Litigation to dismiss the California Litigation and certain claims (as described in the motion) on the terms set forth in an Agreement to Dismiss Suit and Related Claims dated as of May 10, 2006. On June 16, 2006, the Court entered an order approving the settlement with the tobacco defendants to dismiss the California Litigation and related claims.

(d) Greenburg Class Action Securities Litigation

On or about January 27, 2003, certain of the Company's current and former directors and officers were named as defendants in a lawsuit captioned Robert Greenburg, et al. v. Glen Hiner, et al. in the United States District Court for the Northern District of Ohio, Western Division. Subsequent to January 27, 2003, three substantially similar actions, with named plaintiffs Nicholas Radosevich, Howard E. Leppla, and William Benanchietti, respectively, were filed against the same defendants in the same court. On July 30, 2003, the Court consolidated the four cases under the caption Robert Greenburg, et al. v. Glen Hiner, et al., and appointed as lead plaintiffs JKF Investment Co., Icarus Trading, Inc. and HGK Asset Management. An amended complaint was filed by the plaintiffs on or about September 8, 2003. Owens Corning was not named in the lawsuit. The suit purported to be a class action for securities fraud under sections 10(b) and 20(a) of the Securities Exchange Act of 1934, on behalf of a class comprised of persons who purchased stock of Owens Corning during the period from September 20, 1999, through October 4, 2000. The complaint sought an unspecified amount of damages and/or, where appropriate, rescission. On March 3, 2005, the Court granted the defendants' motion to dismiss the action, on the grounds that the plaintiffs' claims are time-barred under the applicable statute of limitations. The plaintiffs filed a notice of appeal of the dismissal to the Sixth Circuit. On February 24, 2006, the Sixth Circuit affirmed the dismissal.

(e) New York Packaging Corp.'s Administrative Claim

New York Packaging Corporation ("NYPC"), a supplier of plastic sheets to certain of the Debtors' manufacturing facilities, filed a motion for allowance of administrative expense on January 22, 2002. NYPC claimed that the Debtors owed it approximately $1.4 million in connection with an unpaid invoice for the purchase order of plastic sheets placed by the Debtors in or around April 2001. The Debtors filed an objection to the motion on March 25, 2002, wherein they contended that the invoice was incorrect and that the Debtors owe NYPC only $7,154 on account of the order. The parties engaged in discovery and a trial was held before the Bankruptcy Court on January 21, 2003. The primary issues before the Court were (i) whether the purchase order contained an obvious mistake such that the contract should be rescinded or reformed under New York law; (ii) whether the purchase order should be interpreted consistently with the parties' prior course of dealing in accordance with the Uniform Commercial Code; and (iii) whether Section 503 of the Bankruptcy Code limits NYPC's claim to the actual value to the Debtors' Estates.

On April 9, 2003, the Court issued a Memorandum Opinion finding that the purchase order contained an error in the price based upon a mistake of material fact. The Court reformed the contract and modified the price to avoid an unconscionable result. Having found that the Debtors previously paid the sum due, the Court determined that nothing further was owed to NYPC.

(f) Foreland Refining Corporation

Prior to the Petition Date, on or about April 5, 1999, OC and Foreland Refining Corporation ("Foreland") entered into a Joint Asphalt Production and Marketing Agreement (the "Foreland Agreement"). The Foreland Agreement provided that Foreland would produce certain quantities of asphalt that would be purchased by OC and that Foreland would act as OC's non-exclusive sales agent for the sale of the asphalt in certain geographic areas, and that OC would market, promote and sell the asphalt in other areas. On the Petition Date, Foreland was in possession of certain asphalt produced by Foreland for OC pursuant to the Foreland Agreement, to which both OC and Foreland claimed title. On or about July 18, 2001, the Debtors and Foreland entered into a Stipulation and Consent Order whereby the parties agreed to the consensual rejection of the Foreland Agreement.

After the Foreland Agreement was rejected, Foreland continued to sell asphalt product to Debtors. On or about March 6, 2002, Foreland filed an amended application alleging an administrative expense claim for the post-petition delivery of asphalt product to $104,853.93. The Debtors objected to the application. Thereafter, the Debtors and Foreland resolved the dispute and entered into a stipulation whereby Foreland withdrew its applications with prejudice subject to the Debtors payment of $75,000 in full and complete satisfaction of any and all claims asserted by Foreland with respect to the post-petition delivery of asphalt product, but without prejudice to other claims.

OC scheduled a general unsecured (non-priority) claim in favor of Foreland in the amount of $394,107. On August 16, 2001, Foreland filed proof of claim No. 3064 in the amount of $20,365,882.65. Foreland also alleged that the exclusive marketing provisions were an enforceable claim notwithstanding the rejection and gave rise to an

administrative claim in excess of $11 million. The Debtors maintained that pursuant to Sections 101(5) and 365(g) of the Bankruptcy Code, the rejection rendered all damages for breach of the Foreland Agreement as general unsecured claims. On September 10, 2003, the Debtors filed an objection to the filed claim together with a counterclaim. On September 3, 2004, the Court granted summary judgment in favor of the Debtors and against Foreland as to the "Production Short Fall" and "Violation of Exclusive Territories Provisions" claims asserted by Foreland. Foreland represented that it intended to pursue an appeal.

On December 31, 2004, the Debtors and Foreland entered a settlement and release as to all remaining issues related to Foreland's pre-petition claim, its filed proof of claim, its alleged administrative claims and Debtors' counterclaim. The settlement provided, *inter alia*, that the filed claim be reduced and allowed as an unsecured, non-priority claim in the amount of $300,000 against OC, which would supersede the scheduled claim, and the counterclaim be deemed withdrawn with prejudice. Additionally the Debtors issued a wire transfer to Foreland in the amount of $100,000. On January 19, 2005, the Debtors filed a motion under Bankruptcy Rule 9019 seeking approval of the settlement and, by Order dated February 24, 2005, the Bankruptcy Court granted the motion.

(g) The ServiceLane Litigation

Owens Corning owns 54% of the stock in SL.com, the parent company of ServiceLane.com, Inc. ("ServiceLane"), an internet-based home repair and remodeling business. SL.com commenced a Chapter 7 bankruptcy case in the United States Bankruptcy Court for the Northern District of Texas, Case No. 01-36045. The Chapter 7 case was closed in July, 2002.

In July, 2001, ServiceLane also commenced a chapter 7 bankruptcy case in the United States Bankruptcy Court for the Northern District of Texas, Dallas Division, Case No. 01-36044-HCA-7 (B.J.). The ServiceLane case remains open. In early 2003, the ServiceLane Trustee engaged the counsel representing two former employees of ServiceLane, Michael Burchfield ("Burchfield") and R.Q. Whitmire ("Whitmire") to pursue claims on behalf of the ServiceLane estate. On July 24, 2003, Burchfield and Whitmire, along with the ServiceLane Trustee, brought suit against Michael H. Thaman ("Thaman") and Charles W. Stein ("Stein"), OCD officers, who also were directors of ServiceLane, in the United States District Court for the Northern District of Ohio, Western Division. In the complaint, entitled ServiceLane.com, Inc., et al. v. Stein, et al., Case No. 3:03CV7448 (Carr, J.), ServiceLane alleged a breach of fiduciary duty against both Thaman and Stein and Burchfield and Whitmire alleged fraud solely against Stein. Thaman and Stein were represented by their own counsel in this action. This lawsuit has been dismissed.

Prior to this lawsuit, Burchfield and Whitmire each filed a proof of claim against OCD in the Chapter 11 Cases, alleging fraud and misrepresentation, similar to the claim alleged against Thaman and Stein. On September 10, 2003, the Debtors filed the Debtors' Fourteenth Omnibus (Substantive) Objection to Proofs of Claim filed by Michael Burchfield and R.Q. Whitmire and Counterclaim, objecting to the Burchfield and Whitmire proofs of claim and asserting a counterclaim seeking declaratory relief that neither OCD, nor Thaman and Stein, harmed Burchfield and Whitmire. The objection and counterclaim was assigned Adv. No. 03- 55737. On October 10, 2003, Burchfield and Whitmire moved to dismiss Owens Corning's counterclaim, and the Company filed an opposition to that motion. That motion is pending.

On October 1, 2003, Thaman and Stein filed an adversary action against Burchfield and Whitmire in the Bankruptcy Court, Adv. No. 03-56302, seeking a declaratory judgment that neither Thaman nor Stein engaged in any wrongdoing with respect to Burchfield and Whitmire. Burchfield and Whitmire, individually and on behalf of the ServiceLane estate, counterclaimed, alleging fraud and misrepresentation. Thaman and Stein moved to dismiss this counterclaim. On December 21, 2005, the Bankruptcy Court issued a Memorandum Opinion and entered an Order dismissing all claims derivative of or on behalf of the ServiceLane estate with prejudice. With respect to the allegations of liability to Burchfield and Whitmire individually for the alleged fraud by Stein, the Bankruptcy Court found that the complaint "barely" met the pleading requirements of Rule 9(b) of Fed R. Civ. P. and denied the motion to dismiss on the claim without prejudice as to dispositive motions after discovery.

In October, 2005 the ServiceLane Trustee moved to abandon ServiceLane's claims against Owens Corning, Thaman and Stein. Owens Corning objected and offered to acquire those claims in order to extinguish them. Burchfield and Whitmire asked the Texas Bankruptcy Court to assign the estate's claims to them. After a hearing in December, 2005, the Texas Bankruptcy Court authorized the requested abandonment.

Owens Corning believes the remaining claims asserted by Burchfield and Whitmire are without merit.

(h) The New York Action

On or about September 2, 2003, certain of the Company's current and former directors and officers were named as defendants in a lawsuit captioned Kensington International Limited, et al. v. Glen Hiner, et al. in the Supreme Court of the State of New York, County of New York, Index No. 602748/03 (the "New York Action"). OCD is not named in the lawsuit. The suit, which was brought by Kensington International Limited ("Kensington") and Springfield Associates, LLC ("Springfield"), two assignees of lenders under the 1997 Credit Agreement, alleges causes of action (1) against all defendants for breach of fiduciary duty, and (2) against certain defendants for fraud in connection with certain loans made under the 1997 Credit Agreement. The complaint seeks an unspecified amount of damages. On October 6, 2003, the Debtors filed in the United States Bankruptcy Court for the District of Delaware, Adv. No. A-03-56359 (JKF), a Complaint for Temporary Restraining Order, Preliminary Injunction and Enforcement of the Automatic Stay, requesting a preliminary injunction against further prosecution of the suit until after confirmation of a plan of reorganization for the Debtors. By Order of the Bankruptcy Court entered May 3, 2004, the New York Action was preliminarily enjoined, with limited exceptions, until the earlier of the entry of an order confirming a plan of reorganization for the Debtors or further order of the Court.

On January 11, 2005, the Bankruptcy Court entered a further Consent Order enjoining the New York Action until the entry of an Order confirming a plan of reorganization, subject to the following exceptions: (1) Kensington and Springfield were permitted to amend their Complaint to add and serve certain additional defendants; (2) any defendant could respond to the Complaint, including by way of motion to dismiss, to which

Kensington and Springfield could respond; and (3) the Supreme Court of the State of New York could rule upon any outstanding motion to dismiss. Following such a ruling the parties are to report the outcome to the Bankruptcy Court.

No new defendants were added to the New York Action. On February 7, 2005, all defendants filed a joint motion to dismiss, to which Kensington and Springfield responded. A hearing on the motion to dismiss was held on May 2, 2005. No decision has been issued.

OCD believes that the claim is without merit.

(i) Proposed Class Action Relating to MiraVista® Roofing Products

From 1996-2002, OCD manufactured and distributed specialty roofing products under the name MiraVista®. In response to the April 15, 2002 bar date, 12 proofs of claim were filed alleging product defects and resulting damages. Three of those 12 proofs of claim were brought by individuals acting for themselves and as representatives of a purported class of all purchasers of MiraVista® roofing products. The aggregate amount of their claims was $275 million although the claimants have stated in pleadings filed with the Bankruptcy Court that their claims total approximately $80 million. Claimants thereafter filed a motion for certification of a class of all pre-petition purchasers on April 2, 2004. In July of 2004, plaintiffs, in an already pending class action in California state court, amended their complaint to include claims against OCD arising from the purchase of MiraVista® products after the Petition Date. The complaint against OCD was removed from California state court to federal bankruptcy court in California. The matter was then transferred to the Bankruptcy Court. Both actions allege that MiraVista® products had an undue tendency to lift, warp and curl, break off and slide out of place, crack, leak, and/or discolor, resulting in *inter alia* weather damage to roofing paper, fasteners, flashing, underlayment, and wood substrate.

OCD believes that it has substantial defenses as to both the merits of the plaintiffs' claims and the propriety of class certification. Nonetheless, because class action litigation is costly and the results are difficult to predict, OCD has agreed, in principle, to enter into a settlement. The parties are in the process of drafting the settlement agreement, including the proposed plan of distribution and eligibility criteria for compensable claims. When the settlement documents are finalized (the "MiraVista Class Action Settlement Agreement"), they will be presented to the Bankruptcy Court and/or District Court for approval under Bankruptcy Rule 9019 and Rule 23 of the Federal Rules of Civil Procedure as made applicable by Bankruptcy Rule 7023. As part of the notice process, class members will be permitted to opt out of the class settlement and pursue their claims individually. If the settlement class and notice procedures are approved, a fairness hearing will likely be conducted in the Fall of 2006. In its current form, the settlement will require OCD to pay $11 million in exchange for a release of all claims and potential claims by members of the proposed settlement class ("Settlement Class Members"). Under the MiraVista Class Action Settlement Agreement, OCD will have the right to withdraw from the settlement after the notice to the class upon the occurrence of certain conditions specified therein.

The Settlement Class Members are alleged to consist of persons whose claims arose both prepetition and postpetition, but the MiraVista Class Action Settlement

Agreement would provide the same treatment for all Settlement Class Members. If the MiraVista Class Action Settlement Agreement is approved, some Settlement Class Members might receive treatment different than that which they would otherwise receive under the Plan. If (1) the MiraVista Class Action Settlement Agreement is approved under Bankruptcy Rule 9019, (2) the settlement is approved at the fairness hearing, and (3) OCD does not withdraw from the settlement, all class members who do not opt out of the class will be treated as provided in the MiraVista Class Action Settlement Agreement in the form approved at the fairness hearing. If the MiraVista Class Action Settlement Agreement is not approved or OCD withdraws from the settlement, Settlement Class Members will receive the treatment provided under the Plan, which includes OCD's right to object to the Allowance of Claims.

If the settlement agreement currently is not consummated, OCD reserves the right to enter into a further settlement agreement, subject to the approval of the Bankruptcy Court, before or after the Confirmation Date or the Effective Date. Such an agreement is a MiraVista Class Action Settlement Agreement under the Plan and will be treated under the Plan exactly as would the settlement agreement currently under discussion.

The distributions under the MiraVista Class Action Settlement Agreement are presently designed to occur independently of the distributions under the Plan. Provided the MiraVista Class Action Settlement Agreement receives the required court approvals and becomes effective, notwithstanding any provision to the contrary in the Plan or Confirmation Order, the provisions of the MiraVista Class Action Settlement Agreement shall govern matters covered by the settlement.

THE CHAPTER 11 CASES ARE ONGOING AND PARTIES WHO DESIRE CURRENT INFORMATION ON EVENTS WHICH MAY AFFECT THESE CASES SHOULD REGULARLY REVIEW THE DOCKETS AND PLEADINGS, WHICH ARE AVAILABLE FROM THE BANKRUPTCY COURT AND THE DISTRICT COURT, CONSULT WITH THEIR COUNSEL AND/OR ATTEND OR PARTICIPATE IN HEARINGS SCHEDULED IN THE CHAPTER 11 CASES, EITHER IN PERSON OR TELEPHONICALLY.

G. Avoidance Actions In the Chapter 11 Cases

1. General Background

The Bankruptcy Code creates certain "avoidance actions" which a debtor-in-possession or a trustee may pursue on behalf of the bankruptcy estate to recover funds transferred prior to and, in certain circumstances, after the filing of a debtor's bankruptcy petition. Included among such avoidance actions are "preferences" and "fraudulent conveyances."

Preferences. Pursuant to the Bankruptcy Code, a debtor may recover (or "avoid") as "preferential" payments of funds and other transfers of property that were (a) made to or for the benefit of a creditor, (b) made while the debtor was insolvent, (c) made on account of pre-existing debts and (d) made during the ninety (90) days immediately prior to the debtor's bankruptcy filing, but only to the extent such payment or transfer permitted the recipient to receive more than it would have received if (i) the transfer had not been made, (ii) the debtor had

been liquidated under Chapter 7 of the Bankruptcy Code and (iii) the transferee was paid in accordance with applicable bankruptcy law. The ninety (90) day recovery period is extended to one year if the recipient of the preferential transfer is an "insider" of the debtor.

There are various defenses to preference actions. For example, transfers made in the ordinary course of the debtor's and the transferee's businesses, and made in accordance with ordinary business terms, may not be avoidable. Similarly, a transferee that extended credit subsequent to its receipt of an otherwise preferential transfer (and prior to the commencement of the debtor's bankruptcy case) for which the transferee was not repaid, is entitled to an offset/credit against an otherwise avoidable preference for the amount of such new value provided.

Fraudulent Conveyances. Under Sections 548 and 544 of the Bankruptcy Code and under various state laws, a debtor may recover, on a "fraudulent conveyance" theory, transfers of property made while the debtor was insolvent or which rendered the debtor insolvent if and to the extent the debtor received less than reasonably equivalent value for such transfer. A debtor also may be able to recover, as a fraudulent conveyance, transfers made with the actual intent to hinder, delay or defraud creditors.

2. Description of Avoidance Actions During Chapter 11 Cases

In accordance with their duties as debtors-in-possession, the Debtors undertook a review to determine the extent to which avoidance actions existed on behalf of their estates. The Debtors shared the results of their review with the Committees and the Future Claimants' Representative and discussed with them what avoidance actions should be commenced. The Debtors, the Committees and the Future Claimants' Representative generally agreed that the Debtors would (a) pursue actions against non-key vendors that received potential preferential transfers in the aggregate amount of $200,000 or more, to the extent tolling agreements could not be obtained, (b) obtain tolling agreements with each of their outside professionals that received potentially preferential payments exceeding $200,000, and (c) obtain tolling agreements from each of their present and former officers who received more than $200,000 of so-called "CIP" and/or "OSIP" incentive payments in September 2000. With the exception of three non-key vendors, the Debtors obtained each of the referenced tolling agreements. The Debtors commenced preference actions against the three vendors that did not execute tolling agreements, as described below.

An intercompany tolling agreement was also executed between and among each of the Debtors and their Non-Debtor Subsidiaries. Such tolling agreement expires thirty (30) days after the effective date of a plan of reorganization.

Because not all parties agreed as to which actions should be brought or which party should bring certain avoidance actions, the Unsecured Creditors' Committee, the Future Claimants' Representative and the Official Representatives filed motions to prosecute certain avoidance actions on behalf of the Debtors' estates.

(a) The Future Claimants' Representative's Motion

On September 6, 2002, the Future Claimants' Representative filed a motion (the "Future Claimants' Motion") for an order authorizing the Future Claimants' Representative (either alone or in combination with the other creditor constituencies) to commence certain avoidance actions on behalf of the Debtors' Estates under Sections 544, 545, 547, 548 and/or 553 of the Bankruptcy Code. The Future Claimants' Representative sought to bring avoidance actions against, among other parties, certain (i) trade vendors and outside professionals retained by the Debtors, and (ii) law firms holding NSP-related funds pursuant to the NSP Agreements. The Asbestos Claimants Committee joined in the Future Claimants' Motion.

(b) The Unsecured Creditors' Committee Motion

On September 10, 2002, the Unsecured Creditors' Committee filed a motion (the "Unsecured Committee Motion") for an order authorizing it to commence the following avoidance actions on behalf of the Debtors' Estates:

(i) an action under Sections 547 and 550 of the Bankruptcy Code seeking the return of approximately $115 million in preferential transfers made to NSP claimants and their law firms during the 90 days prior to the Petition Date;

(ii) an action under Sections 547 and 550 of the Bankruptcy Code seeking the return of approximately $290 million in preferential transfers made to NSP executive committee members and the NSP claimants represented by those members between approximately March 2000 and the Petition Date;

(iii) an action under Sections 547 and 550 of the Bankruptcy Code seeking the return of payments made to the Debtors' officers and directors within one year prior to the Petition Date (which included mid-year bonuses based on performance during the first six months of 2000);

(iv) an action under Sections 548, 544 and 550 of the Bankruptcy Code seeking the return of approximately $700 million in cash transferred by OCD and/or Fibreboard into the accounts of certain law firms participating in the NSP; and

(v) an action under Sections 548, 544 and 550 of the Bankruptcy Code seeking to avoid obligations incurred, and the return of funds transferred, by OCD pursuant to some or all NSP Agreements which OCD entered into after January 1, 2000 and agreements entered into earlier but allegedly converted or accelerated as a result of OCD's financial difficulties.

On September 17, 2002, the Unsecured Creditors' Committee filed a joinder and response to the Future Claimants' Motion, seeking authority to prosecute the claims identified in the Future Claimants' Motion, either with the Future Claimants' Representative, or independently, if the Future Claimants' Representative did not prosecute the claims.

The Debtors filed a response to the Unsecured Committee Motion, in which the Debtors asked the Bankruptcy Court to deny the motion on several grounds. Among other things, the Debtors stated that they were actively pursuing tolling agreements with the NSP firms specified in the Unsecured Committee Motion and, if the Debtors were able to obtain tolling agreements, the Unsecured Committee Motion would be largely mooted. Further, the Debtors requested that the Unsecured Committee Motion be denied on substantive grounds because the Unsecured Creditors' Committee had not met its burden of establishing that the claims it sought to assert were colorable.

Waters & Kraus LLP ("W&K") also filed a response in opposition to the Unsecured Committee Motion.

W&K has contested the claims on the grounds that the administrative deposit held by W&K came exclusively from the Fibreboard Insurance Settlement Trust under the NSP and that the Fibreboard Insurance Settlement Trust is an independent legal entity, separate from the Debtors. Therefore, W&K asserts that the property of the Fibreboard Insurance Settlement Trust was not property of Fibreboard on the Petition Date. Accordingly, W&K believes that the Debtors lack standing to pursue recovery of the administrative deposit held by W&K. As noted above, W&K made post-petition distributions from Administrative Deposits that it held in the amount of approximately $11.6 million without obtaining authorization from the Bankruptcy Court. W&K executed a tolling agreement and no action has been filed against W&K as of the date of this Disclosure Statement.

Under the Plan, all Avoidance Actions are tolled and stayed pending Plan confirmation, and shall be dismissed with prejudice on the Effective Date under the Plan unless otherwise provided for in Schedule XIV of the Plan with the agreement of the Debtors, the Asbestos Claimants' Committee and Future Claimants' Representative.

(c) The Official Representatives' Motion

On September 11, 2002, the Official Representatives filed a motion for an order authorizing them to commence the following avoidance actions on behalf of the Debtors' Estates in addition to the actions sought to be asserted by the Unsecured Committee's Motion (the "Official Representatives' Motion"):

(i) a fraudulent conveyance action pursuant to Section 544 of the Bankruptcy Code to avoid and set aside OCD's acquisition of Fibreboard's capital stock and related transactions. The Official Representatives sought recovery of the property transferred or the value of such property for the benefit of the Debtors' estates and for creditors, as well as other relief, including realignment of the allocation of the purported asbestos liabilities of the Debtors as between Fibreboard and its pre-acquisition affiliates, on the one hand, and the rest of the Debtors, on the other;

(ii) a fraudulent conveyance action pursuant to Section 544 of the Bankruptcy Code to avoid and set aside the claims of the Bank Holders against the Debtors and their Non-Debtor Subsidiaries under Subsidiary Guarantees supporting the Pre-petition loans made by the Bank Holders to certain of the Debtors or, alternatively, to equitably subordinate such claims; and

(iii) a fraudulent conveyance action pursuant to Sections 544 and 548 of the Bankruptcy Code to avoid dividends paid to the Debtors' shareholders between 1996 and 2000, and to recover such dividends for the Debtors' Estates.

(d) Subsequent Developments Relating to Motions Concerning Avoidance Actions

On September 20, 2002, several days before the hearing on the above-described motions and the expiration of the statute of limitations, the Third Circuit (in Official Comm. v. Chinery (In re Cybergenics Corp.), 304 F.3d 316 (3d Cir. 2002) reh'g en banc granted, op. vacated, 310 F.3d 785 (3d Cir. 2002), rev'd en banc, 330 F.3d 548 (3d Cir. 2003) determined that official creditors' committees in Chapter 11 cases cannot properly bring avoidance actions on behalf of a debtor and that such actions can only be prosecuted by a debtor-in-possession or trustee (the initial opinion, which was vacated and ultimately reversed, the "Cybergenics I Decision").

At a hearing held on September 24, 2002, the Bankruptcy Court, in accordance with the Cybergenics I Decision, denied the motions of the Future Claimants' Representative, the Unsecured Creditors' Committee and the Official Representatives to assert avoidance actions on behalf of the Debtors' Estates. By Order dated September 25, 2002, the Bankruptcy Court ordered that the Debtors file by September 27, 2002 a statement as to which Avoidance Actions they would not commence. It was further ordered that the Unsecured Creditors' Committee and any other interested party inform the Bankruptcy Court on October 1, 2002, based on the Debtors' September 27th statement: (i) whether it believed that the Debtors were unreasonably refusing to pursue any cause of action; and (ii) whether, as a result, such party sought the appointment of a trustee with special powers to bring any such avoidance action on behalf of the Estates.

The Court's September 25, 2002 Order also provided that, in the event any party believed the Debtors were unreasonably refusing to commence any Avoidance Action, a hearing would be held on October 3, 2002, to consider whether a "special trustee" should be appointed to commence such action on behalf of the Estates. The Bankruptcy Court noted that it would not permit actions to be filed to recover settlement payments made to individual asbestos claimants on any legal theory. The Bankruptcy Court also required the Debtors to obtain any tolling agreements by noon on October 3, 2002.

In accordance with the Bankruptcy Court's September 25, 2002 Order, the Debtors sent a letter to the Bankruptcy Court on September 27, 2002, which set forth their view that the alleged Avoidance Actions identified by the Unsecured Creditors' Committee should not be brought. Such letter concluded that, if the Bankruptcy Court were to find that the Unsecured Creditors' Committee's proposed Avoidance Actions stated a colorable claim as to particular NSP payments, the Debtors would file actions against named NSP firms that did not sign a tolling agreement.

By Order dated October 2, 2002, the Bankruptcy Court (i) directed the Debtors to obtain valid and enforceable tolling agreements from certain specified law firms, (ii) directed the Debtors to commence an avoidance action against any NSP law firm that had not executed a tolling agreement, (iii) directed the Debtors to commence appropriate actions against

any asbestos plaintiff as to whom an NSP law firm failed to produce, prior to the payments, sufficient evidence that the plaintiff had satisfied the conditions precedent to the payment, unless a tolling agreement had been obtained, and (iv) canceled the hearing scheduled for October 3, 2002.

On November 18, 2002, the Third Circuit vacated the September 20, 2002 opinion and judgment in Cybergenics and granted rehearing en banc. On May 29, 2003, the Third Circuit, *en banc*, held that "bankruptcy courts can authorize creditors' committees to sue derivatively to avoid fraudulent transfers for the benefit of the estate."

3. Commencement of Avoidance Actions

(a) Dividend Action

On October 2, 2002, the Debtors filed a class action complaint with the Bankruptcy Court pursuant to Sections 105, 544, 548 and 550 of the Bankruptcy Code, Sections 2201(a) and 2202 of Title 28 of the United States Code and Bankruptcy Rules 7001 and 7023, against certain shareholders of OCD common stock who had each received at least $100,000 in total dividends from June 1996 through the Petition Date, seeking the return of up to approximately $62 million (the "Dividend Action"). The Debtors' complaint sought (i) a determination that the dividend payments constituted fraudulent transfers pursuant to bankruptcy and state law and were therefore voidable and (ii) the recovery of such transfers, or the value thereof, together with interest.

(b) Bank of America Action

On October 2, 2002, the Debtors filed a complaint against Bank of America Corp. with the Bankruptcy Court pursuant to Sections 105, 544 and 550 of the Bankruptcy Code, Sections 2201(a) and 2202 of Title 28 of the United States Code and Federal Rule of Bankruptcy Procedure 7001 seeking (i) a determination that the repayment of approximately $133 million of debt of Fibreboard to Bank of America Corp. in connection with the acquisition of Fibreboard was a fraudulent transfer and was therefore voidable and (ii) recovery of such transfer or the value thereof, with interest (the "Bank of America Action").

(c) Guarantee/Bank Holders Action

On October 3, 2002, the Debtors and certain Non-Debtors filed a complaint against the Bank Holders with the Bankruptcy Court entitled Owens Corning, et al. v. Credit Suisse First Boston, et al., A-02-5829, (i) to avoid the fraudulent incurrence of the obligations under the Subsidiary Guarantees; (ii) in the alternative, for declaratory relief to limit and determine respective amounts of such obligations; (iii) to avoid and recover preferential transfers; and (iv) to determine the allowed amount of claims of the Pre-petition Agent and certain lenders party to the 1997 Credit Agreement. The plaintiffs argued that, given the opinion in Official Committee of Asbestos Personal Injury Claimants v. Sealed Air Corporation (In re: W.R. Grace & Co.), 281 B.R. 852 (D. Del. 2002) ("Grace" or "Sealed Air") and the latency periods inherent in the continuing development of asbestos-related personal injuries, the entities subject to such asbestos-related claims may have been insolvent far earlier than previously understood and earlier than the entities themselves reasonably believed. The plaintiffs

accordingly asserted, among other things, that (i) the Subsidiary Guarantors were insolvent or became insolvent and/or had unreasonably small capital in relation to their business or the transaction at the time or as a result of the guaranteed obligations incurred within a year of the Petition Date; (ii) within a year before the Petition Date, each Subsidiary Guarantor incurred guaranteed obligations for which they received less than reasonably equivalent value; and (iii) the obligations at issue could be avoided under applicable state law, including the Uniform Fraudulent Conveyance Act and the Uniform Fraudulent Transfer Act. In addition, the Debtors sought avoidance and recovery of transfers of certain payments made by OC during the 90-day period prior to the Petition Date to the Pre-petition Agent as "preferences" under Sections 547 and 550 of the Bankruptcy Code.

(d) Fibreboard Shareholders Action

On October 3, 2002, OCD and Fibreboard filed a class action complaint with the Bankruptcy Court seeking a determination that the tender offer and payment by OCD of up to approximately $515 million to Fibreboard's shareholders, through its wholly-owned subsidiary Sierra Corporation, for the acquisition of Fibreboard were fraudulent transfers pursuant to Section 544 of the Bankruptcy Code and applicable state law and seeking recovery of payments to those shareholders who received $198,000 or more (the "Fibreboard Shareholders Action"). OCD and Fibreboard sought to recover these transfers or their value pursuant to Section 550 of the Bankruptcy Code. In applying the rationale set out in the Sealed Air decision discussed above, OCD and Fibreboard asserted that OCD and Sierra Corporation were insolvent at the time of, or were rendered insolvent by, and/or had unreasonably small assets or capital in relation to their business or the transaction at the time or as a result of the tender offer or payment for the acquisition of Fibreboard, and Fibreboard was also insolvent at that time. OCD and Fibreboard accordingly asserted that the tender offer and payments at issue were voidable as fraudulent transfers by OCD and should be avoided pursuant to Section 544 of the Bankruptcy Code and applicable law, including the Uniform Fraudulent Conveyance Act and the Uniform Fraudulent Transfer Act.

(e) NSP Actions, Tolling Agreements, and the Resolution Incorporated in the Plan

The Debtors executed tolling agreements with approximately 104 of the approximately 115 law firms that entered into NSP or non-NSP Agreements with the Debtors on behalf of claimants asserting asbestos-related personal injury or wrongful death claims.

With respect to those law firms that did not sign tolling agreements, on October 4, 2002, OCD, Fibreboard and Integrex filed 11 complaints with the Bankruptcy Court, pursuant to Sections 544, 548 and 550 of the Bankruptcy Code, Sections 2201(a) and 2202 of Title 28 of the United States Code and Federal Rule of Bankruptcy Procedure 7001 ("NSP Actions"). These complaints sought declaratory relief determining, among other things, whether (i) the NSP Agreement with each respective defendant was a valid agreement enforceable in accordance with its terms, subject to applicable bankruptcy law; or (ii) the NSP payments made to each respective defendant were avoidable or recoverable as fraudulent transfers under applicable state and federal fraudulent conveyance law.

These complaints were filed as declaratory judgment actions to preserve certain allegations asserted by the Unsecured Creditors' Committee, but that do not reflect the views of the Debtors. In light of the Cybergenics I Decision, the Unsecured Creditors' Committee was named as a defendant in each of these actions to make it a party to permit it to present its own position on the allegations. In the event that the Bankruptcy Court determines that the NSP payments made to each respective defendant are avoidable or recoverable as fraudulent transfers under applicable state and federal fraudulent conveyance law, one or more claims will exist against each defendant to avoid and recover some or all of the NSP-related payments at issue.

On or before September 29, 2003, similar lawsuits were brought against 5 additional law firms whose tolling agreements were about to expire. The Unsecured Creditors' Committee was named as a defendant in all such lawsuits, solely with respect to the declaratory relief sought. During the first quarter of 2004, the lawsuit against one of the law firms was dismissed with consent of the Unsecured Creditors Committee and Bankruptcy Court approval. The Debtors requested a stay of the litigation pending the determination of the disposition of such litigation under the plan of reorganization. Pursuant to Court Order, the litigation has been stayed until August 31, 2006. On October 3, 2005, the Debtors brought additional adversary actions against Gertler, Gertler, Vincent & Ploktin, LLP, et al. and Murray Law Firm, et al. These two defendants, which had signed previous tolling agreements, were located in Louisiana and could not be contacted to extend the tolling agreements because of Hurricane Katrina. The Debtors moved to stay the Gertler and Murray adversary actions, so that the stay of the adversary actions would be consistent with the stay currently in place as to the other adversary actions, i.e., until August 31, 2006.

[Recoveries, if any, of funds held by attorneys under the NSP paid from the Fibreboard Insurance Settlement Trust are included in the definition of FB Reversions under the Plan. As such, any such recoveries would be transferred to the FB Sub-Account of the Asbestos Personal Injury Trust under the Plan.

Recoveries net of expenses of recovery, if any, of funds held by attorneys under the NSP paid by OCD constitute OCD Reversions under the Plan. OCD Reversions that are Cash as of the Effective Date are included as Available Cash to be distributed to creditors of OCD on the Initial Distribution Date under the Plan. Similarly, any such funds which are determined to constitute OCD Reversions after the Effective Date shall be included as Excess Available Cash to be distributed to creditors of OCD on the Final Distribution Date under the Plan.]

(f) Third-Party Preference Actions

The Debtors identified (i) approximately 44 non-affiliated parties that received potential preferences under Section 547 of the Bankruptcy Code, exceeding a threshold amount of $200,000; (ii) 12 present and former officers that received certain incentive payments exceeding a threshold of $200,000 in the aggregate per officer, in September 2000; (iii) one director that received a pre-petition pension payment in September 2000; and (iv) a joint venture affiliate of OC that received approximately $3.8 million in the one-year period prior to the commencement of the Chapter 11 proceedings. The Debtors executed tolling agreements

with approximately 54 of the parties mentioned above, including some present and former officers, the director and the affiliate of OC. The officers and directors who executed tolling agreements each received amounts in excess of $200,000 in supplemental compensation within 90 days of the Petition Date; the Unsecured Creditors' Committee has alleged that such payments are either preferences or fraudulent conveyances.

Between September 30, 2002 and October 2, 2002, the Debtors commenced actions against three vendors who had not executed tolling agreements, seeking the return of potential preferential funds received by those parties in an amount totaling approximately $1.2 million.

The Debtors do not currently believe that the likely realizable value of pursuit of any of these actions described in (a) through (f) above is sufficiently great to materially enhance the distributions to creditors or influence a decision to vote to accept or reject the Plan. Pursuant to the Plan, all Avoidance Actions and other rights of action that have been brought by or on behalf of the Debtors shall also be dismissed with prejudice on the Effective Date, other than such actions which are specifically preserved under the Plan, unless otherwise provided for with the agreement of the Debtors, the Asbestos Claimants' Committee and Future Claimants' Representative in Schedule XIV of the Plan, which may be filed up to ten (10) business days prior to the Objection Deadline. Material Rights of Action will be retained and vest in the Reorganized Debtors unless specifically released by inclusion in Schedule XIII of the Plan.

Unless listed on Schedule XIV of the Plan, which may be filed up to ten (10) business days prior to the Objection Deadline, the Plan would release all Avoidance Actions. The Plan Proponents have not made a final determination whether to pursue pending or tolled Avoidance Actions, [but presently do not intend to pursue any such actions.] The Plan Proponents retain the right to release any such actions if, consistent with the Debtors' business judgment, the pursuit of such actions does not provide a material enhancement of distributions to creditors commensurate with the time, expense and disruption in pursuing such actions or is not otherwise in the best interests of the Debtors' estates.

(g) Turnover Action

On October 2, 2002, the Debtors commenced an action against The Northern Trust Company, styled Owens Corning v. The Northern Trust Company, Adv. No. 02-5818, seeking the turnover of approximately $65,400 that the Debtors believed had been improperly retained by the bank in October 2000, or improperly charged against Owens Corning's account, due to certain banking errors. Further investigation revealed that the bank's actions were largely appropriate, and the parties entered into a stipulation, approved by Bankruptcy Court Order entered August 23, 2005, that (a) required The Northern Trust Company to pay OCD $2,993.04 plus certain interest and (b) permitted The Northern Trust Company to retain the balance of the funds at issue.

4. Events Subsequent to Filing of Avoidance Actions

On October 16, 2002, the Debtors filed in each of the Avoidance Actions discussed above a Motion for Order Staying Adversary Actions Pending Introduction and

Confirmation of Plan of Reorganization (the "Stay Motion"). In the Stay Motion, the Debtors asserted that staying the Avoidance Actions would (a) permit the Debtors and creditor constituencies to focus attention and resources on creating a consensual plan of reorganization, (b) allow the creditor constituencies to participate in the decision regarding whether and to what extent these claims are litigated and (c) maximize the efficient use of judicial and Debtor resources. Certain parties filed objections to the Stay Motion, including, among others, the Official Representatives, and CSFB, as Agent for the Bank Holders.

On January 13, 2003, the Bankruptcy Court entered an Order that stayed the Avoidance Actions until January 27, 2003 (with the exception of service of process). By further Orders of the Bankruptcy Court, the stay was further extended. Currently, the Avoidance Actions are stayed until August 31, 2006. Under the Plan, consistent with the Settlement Term Sheet, all Avoidance Actions are tolled and stayed pending Plan confirmation, and will be dismissed with prejudice on the Effective Date under the Plan unless otherwise provided for with the agreement of the Debtors, the Asbestos Claimants' Committee and Future Claimants' Representative.

(a) The Guarantee/Bank Holders Action, the Amended Cybergenics Motion and the Subordination Action

On November 7, 2002, the Official Representatives filed a cross-motion to intervene in the Bank Holders Action, to which CSFB, as Agent, filed an objection.

Pursuant to Judge Wolin's Case Management Order, dated December 23, 2002, the reference to the Bankruptcy Court was withdrawn with respect to the Bank Holders Action. In accordance with the terms of the order, on December 31, 2002, the Official Representatives filed an amended motion to intervene and a proposed complaint, which was amended on January 10, 2003. The Debtors and certain non-Debtors filed a partial opposition to the amended motion to intervene. Also on December 31, 2002, the Future Claimants' Representative and the Asbestos Claimants' Committee filed motions to intervene. On January 10, 2003, CSFB, as Agent, filed a motion to dismiss the Bank Holders Action, an objection to the Official Representatives' amended motion to intervene and a memorandum of law. The Debtors filed a memorandum of law in opposition to CSFB's motion to dismiss on January 16, 2003.

At the request of the Debtors and in an effort to limit the number of issues to be presented at trial, on January 20, 2003, the Future Claimants' Representative filed a notice of withdrawal of certain counts of its complaint in intervention, but reserved the right to pursue such claims in the future. Although a hearing was scheduled to commence April 2003, it was postponed and no decisions have been issued on any of the pending motions.

On December 5, 2005, the Official Representatives made written demand on the Debtors to vigorously prosecute to conclusion the fraudulent transfer and preference claims asserted in the original Bank Holders Action as modified in a proposed amended complaint (the "Proposed Complaint"). On January 20, 2006, the Official Representatives filed the Motion of the Official Representatives of the Bondholders and Trade Creditors of the Debtors (i) to Amend Prior Motion to Seek (a) Authority to Prosecute Existing Claims and Commence Others on Behalf of the Debtors' Estates, and (b) Leave to File a

Complaint in the Amended Form Annexed, and (ii) For an Order Pursuant to 11 U.S.C. § 362(d) Modifying the Automatic Stay to the Extent Necessary to Permit the Prosecution of the Claims Asserted in the Proposed Complaint (the "Amended Cybergenics Motion"). The Amended Cybergenics Motion seeks, among other things, to amend the Bank Holders Action in the form of the Proposed Complaint and to permit the Official Representatives to prosecute such complaint on behalf of the estate. The Proposed Complaint would amend the Bank Holders Action to include the following: (1) claims to recover alleged fraudulent transfers to subsidiaries of Owens Corning dating back as far as 1991, and related equitable relief; (2) a request to impose a constructive trust for the benefit of Owens Corning's estate on the assets transferred by Owens Corning to its subsidiaries as a remedy to address the alleged fraudulent transfers; and (3) claims challenging the validity of the guarantees given by Owens Corning's subsidiaries under the 1997 Credit Agreement. As part of its proposed amendments to the Bank Holders Action regarding fraudulent transfers and constructive trust, the Official Representatives proposed to add four additional Owens Corning subsidiaries as defendants: OCFT, Integrex, Exterior and Fibreboard.

On February 3, 2006, the Debtors filed a Motion to Refer Bank Adversary Action to the Bankruptcy Court (the "Referral Motion"). This Referral Motion sought to refer the Bank Holders Action back to the Bankruptcy Court. In the Referral Motion, the Debtors assert that the Bankruptcy Court could administer the Bank Holders Action and the issues raised by the Official Representatives as part of the proceedings on confirmation of the Plan. The Official Representatives filed an opposition to this Referral Motion and assert that such issues are properly determined in the separate pending Bank Holders Action.

On March 21, 2006, the Debtors and CSFB each filed an opposition to the Amended Cybergenics Motion, requesting the District Court, or the Bankruptcy Court if the Bank Holders Action is referred back to the Bankruptcy Court, to deny the Official Representatives the right to prosecute the Bank Holders Action on behalf of the estate or to amend the complaint.

Additionally, on January 6, 2006, the Official Representatives filed the adversary proceeding captioned The Official Representatives of the Bondholders and Trade Creditors of Debtors Owens Corning, et al. v. Credit Suisse First Boston, individually and in its capacity as Agent, et al. and IPM, Inc. et al., Adv. Proc. No. 06-50122 (JKF) (the "Subordination Action") and filed a motion to withdraw the reference to the Bankruptcy Court of the Subordination Action. The Subordination Action contains factual allegations substantially similar to the Proposed Complaint. In the Subordination Action, the Official Representatives seek to equitably subordinate the Bank Holders' claims against Owens Corning to those of the bondholders and trade creditors, to equitably subordinate in favor of Owens Corning the claims of the Bank Holders against the non-debtor guarantors, and to pierce the corporate veils of Owens Corning's non-Debtor guarantor subsidiaries, IPM, OC Sweden and Vytec, to make the assets of those subsidiaries part of Owens Corning's bankruptcy estate. The theory behind the cause of action to equitably subordinate the claim of the Bank Holders to those of the bondholders and trade creditors is based on the alleged false representations made by certain of the lenders under the 1997 Credit Agreement in OCD's bond prospectuses that OCD's bond debt would rank equally and ratably with OCD's debt under the 1997 Credit Agreement. On March 22, 2006, CSFB filed a Motion to Dismiss the Subordination Action. On March 28, 2006, the Defendant Subsidiaries, joined by OCD, filed a Motion to Dismiss or, in the Alternative, to Stay the Complaint.

Previously, on February 3, 2006, the Debtors and CSFB had filed separate oppositions to the Official Representatives' motion seeking withdrawal of the reference. The parties have also asserted differing views on the extent to which the record developed in the substantive consolidation proceedings would need to be supplemented and the extent to which additional discovery would be required to adjudicate the Bank Holders Action and Subordination Action in the separate adversary proceedings. The District Court has not yet ruled on whether to retain the Bank Holders Action or refer it to the Bankruptcy Court and whether to withdraw the reference of the Subordination Action or permit it to be adjudicated by the Bankruptcy Court.

Pursuant to the Settlement Term Sheet, under the Plan, the Bank Holders Action and Subordination Action are stayed pending confirmation and shall be dismissed with prejudice on the Effective Date. This would result in dismissal of the Official Representatives' Motion, the Amended Cybergenics Motion and any other motions with respect to the prosecution of these actions. Under the Plan, all Avoidance Actions and other causes of action commenced against the Bank Holders shall be released, waived and dismissed with prejudice as of and subject to the occurrence of the Effective Date. Similarly, all Avoidance Actions and other causes of action relating to successor liability and piercing the corporate veil (other than the Integrex Asbestos Personal Injury Claims to the extent preserved under Sections 3.3(c)(ii)(B)(3), 3.3(d)(ii)(B)(3), 3.3(d)(ii)(C)(3), 3.3(e)(ii)(B)(3) and 3.3(c)(ii)(C)(3)) shall be released, waived and dismissed with prejudice as of, and subject to the occurrence of the Effective Date.

(b) The Unsecured Creditors' Committee Motion to Intervene

On August 5, 2003, the Unsecured Creditors' Committee filed a motion to intervene as of right as a party plaintiff and to file complaints in the Avoidance Actions involving payments to law firms under NSP Agreements. This Motion also sought to lift the stay applicable to those actions, as well as an order authorizing the Committee to commence actions against all of the law firms with which the Debtors have entered into tolling agreements. The Unsecured Creditors' Committee also requested a hearing on its motion on shortened notice. The Debtors objected to the Unsecured Creditors' Committee's motion to shorten notice on August 18, 2003 and responded to the Unsecured Creditors' Committee's motion to intervene on September 9, 2003.

On August 19, 2003, the Bankruptcy Court entered an Order denying the Unsecured Creditors' Committee's motion to shorten notice. A hearing was held on the motion to intervene on September 22, 2003, and on September 24, 2003, the Bankruptcy Court entered two Orders addressing the motion. The first Order directed all law firms that had entered into NSP Agreements or non-NSP agreements with the Debtors, and their professionals, to preserve all records related to such NSP Agreements or non-NSP agreements. The second Order authorized the Unsecured Creditors' Committee, upon filing appropriate motions in the Avoidance Actions involving payments to law firms under NSP Agreements, to intervene in such actions. However, the Order did not authorize the Unsecured Creditors' Committee to file amended or other complaints in such actions and did not modify the stay in effect with respect to

such actions. The second Order also directed the Debtors, on or before September 29, 2003, to either (a) obtain and file new tolling agreements, to the extent necessary, from the appropriate law firms, or (b) commence suits against such law firms. To the extent the Debtors did not obtain tolling agreements or file suits, the Unsecured Creditors' Committee was authorized by such Order to commence suits against such firms.

By September 29, 2003, the Debtors entered into approximately 79 new tolling agreements. With respect to those law firms that did not sign new tolling agreements, OCD, Fibreboard and Integrex filed five complaints with the Bankruptcy Court in substantially the same form as the complaints filed on October 4, 2002. See Section V.G.3.e of this Disclosure Statement entitled "NSP Actions, Tolling Agreements, and the Resolution Incorporated in the Plan." The Unsecured Creditors' Committee was named as defendant in all such lawsuits, solely with respect to declaratory relief sought. During the first quarter of 2004, the lawsuit against one of the law firms was dismissed with the consent of the Official Committee of Unsecured Creditors and Bankruptcy Court approval. Debtors later requested a stay of the litigation pending its disposition in a plan of reorganization. Pursuant to Bankruptcy Court order, the litigation has been stayed until August 31, 2006.

Under the Plan, all Avoidance Actions are tolled and stayed pending Plan confirmation, and shall be dismissed with prejudice on the Effective Date under the Plan unless otherwise provided for in Schedule XIV of the Plan with the agreement of the Debtors, the Asbestos Claimants' Committee and Future Claimants' Representative.

(c) Settlement of Preference Action against A.C. Leadbetter & Son, Inc.

Between September 30, 2002 and October 2, 2002, the Debtors commenced actions against three vendors who had not executed tolling agreements, seeking the return of potentially preferential funds received by those parties in an amount totaling approximately $1.2 million. One of these actions has been settled. By Order entered October 30, 2003, the Bankruptcy Court approved a stipulation between OCD and A.C. Leadbetter & Son, Inc. in Owens Corning v. A.C. Leadbetter & Son, Inc., Adv. No. 02-5810, in which, among other things, (a) OCD agreed to release its preference action against A.C. Leadbetter & Son, Inc., in the amount of $466,749 net of certain "subsequent new value," and (b) A.C. Leadbetter & Son, Inc. agreed to amend to $0.00 two secured proof of claims against OCD, each in the amount of $657,575.22 plus interest, costs and other charges.

H. Bank Holders Unimpairment Motion

On March 1, 2006, CSFB filed a Motion of Credit Suisse, as Agent, for Order Pursuant to Section 1124 of the Bankruptcy Code to Determine that the Classes of Bank Holders Claims are Unimpaired Under the Plan (the "Unimpairment Motion"). The Unimpairment Motion sought a determination that the Bank Holders will be unimpaired if they receive the treatment provided in the Fifth Amended Plan (which treatment is identical to that in the Plan). On March 22, 2006, an opposition was filed by the Official Representatives. The Debtors filed a response in which they asserted that, although they agreed with the underlying premise of the Unimpairment Motion that the Bank Holders are unimpaired, under the Debtors' previously filed voting procedures motion, the Debtors proposed to solicit votes from the Bank Holders in order

to save the Debtors' estates potentially significant administrative costs, expenses and delay associated with the an unimpairment determination. Prior to the scheduled hearing, an agreement was reached among the Debtors, the Bank Holders and certain other parties to resolve the Unimpairment Motion and consent to a determination that the Bank Holders' Claims shall be deemed to be unimpaired if they receive the treatment provided in the Unimpairment Motion which was to be incorporated into Section 3.3(b)(ii)(A) of the Fifth Amended Plan (an which treatment is now contained in Section 3.3(b)(ii)(A) of the Plan). On April 7, 2006, the Bankruptcy Court entered an Interim Order Pursuant to Section 1124 of the Bankruptcy Code Determining that Treatment of Bank Claims Pursuant to Section 3.3(b)(ii)(A) of the Proposed Plan Satisfies Bank Claims in Full and Renders Bank Claims Unimpaired Under the Proposed Plan, Thereby Satisfying in Full All Bank Claims in Respect of the Credit Agreement Against the Debtors and Non-Debtors. The Debtors mailed and published a Notice of the Interim Order. Following a hearing on May 10, 2006, the Bankruptcy Court overruled various responses to the Interim Order becoming final and entered the Final Bank Unimpairment Order. Pursuant to the terms of the Final Bank Unimpairment Order, Bank Holders are conclusively presumed to have accepted the Plan in accordance with section 1126(f) of the Bankruptcy Code and will not vote.

I. Agreement Among Major Constituencies and Settlement Term Sheet

As discussed above, on May 10, 2006, the Debtors (subject to approval by the Bankruptcy Court), the Asbestos Claimants' Committee, the Future Claimants' Representative, the Official Representatives, the Ad Hoc Equity Holders' Committee, and the Ad Hoc Bondholders' Committee executed the Settlement Term Sheet outlining the agreed upon key terms of a revised plan of reorganization, to be proposed by Owens Corning, including the summary of treatment to be provided to the various classes of creditors. These terms are now incorporated in the Plan and described in this Disclosure Statement. The Settlement Term Sheet assumes an enterprise value of Owens Corning of $5.858 billion, and fixes the Class A7 Aggregate Amount at $7 billion. The Settlement Term Sheet further provides that under the Plan, the existing equity of OCD will be extinguished and 131.4 million shares of New OCD Common Stock will be issued. In addition, under the Plan, consistent with the Settlement Term Sheet, on or before the Effective Date, a $2.187 billion Rights Offering and a $1.8 billion Exit Facility shall have each been executed and consummated. The Settlement Term Sheet provides that the Plan must be effective no later than October 30, 2006, or such later date as the Plan Proponents shall unanimously agree.

Additionally, on May 10, 2006, Owens Corning, the Asbestos Claimants' Committee, the Future Representative and the Supporting Holders entered into the Plan Support Agreement with respect to the summary terms set forth in the Settlement Term Sheet. The Plan Support Agreement provides that the Supporting Holders have agreed to accept the treatment provided for their claims in the Settlement Term Sheet and, subject to the terms of the Plan Support Agreement and the Bankruptcy Code, to support a plan of reorganization consistent with the terms of the Settlement Term Sheet. The Plan Support Agreement also provides that Owens Corning and the other Plan Proponents shall prepare all documents needed to effectuate a plan of reorganization consistent with the terms of the Settlement Term Sheet and the Plan Support Agreement. On May 23, 2006, the Debtors filed the PSA Motion with the Bankruptcy Court. The Bankruptcy Court heard arguments on the PSA Motion at a hearing on June 19, 2006, and, at hearing on June 23, 2006, approved the motion in a bench ruling. The Bankruptcy Court entered a final order approving the PSA Motion on June 29, 2006.

Consistent with the terms of the Settlement Term Sheet, on May 10, 2006, Owens Corning and J.P. Morgan executed the Equity Commitment Agreement, subject to Bankruptcy Court approval. The Equity Commitment Agreement contemplates the Rights Offering, whereby holders of eligible Class A5 Claims, Class A6-A Claims and Class A6-B Claims would be offered the opportunity to subscribe for up to their *pro rata* share of 72,900,000 shares of the New OCD Common Stock at a purchase price of $30.00 per share. The Equity Commitment Agreement provides for the Investor to purchase a number of shares of New OCD Common Stock equal to 72,900,000 minus the number of shares of New OCD Common Stock properly subscribed for pursuant to the Rights Offering on or before its expiration. The Equity Commitment Agreement provides for the Investor to receive a backstop fee of $100,000,000 (the "Backstop Fee") from Owens Corning following approval of the Equity Commitment Agreement by the Bankruptcy Court in consideration of, among other things, the backstop commitment of the Investor through the Termination Date (October 31, 2006, unless extended up to December 15, 2006) to purchase any and all shares not properly subscribed for under the Rights Offering prior to its expiration. If, prior to October 30, 2006, the Debtors' Plan Co-Proponents, the ACC and the FCR, request that the Debtors seek, or consent to, the extension of the term of the Equity Commitment Agreement, or the Plan Support Agreement, from October 30, 2006 to December 15, 2006 pursuant to the terms and conditions of such agreements, then the Debtors have agreed to do so in accordance with such agreements. The Equity Commitment Agreement may be terminated by J.P Morgan if, among other things, it has not been approved by the Bankruptcy Court by June 30, 2006. A copy of the Equity Commitment Agreement is attached as Exhibit O to the Plan.

On May 23, 2006, the Debtors filed a Motion for an Order Pursuant to Sections 105(a), 363(b), and 1125(e) of the Bankruptcy Code (A) for Authority to Enter Into Equity Commitment Agreement, Pay Associated Fee and Expenses, and Furnish Related Indemnities and (B) Approving Related Syndication Agreement (the "ECA Motion") with the Bankruptcy Court. After hearings on June 23 and 29, 2006, the Bankruptcy Court approved the ECA Motion in an Order Pursuant to Sections 105(a), 363(b), and 1125(e) of the Bankruptcy Code (A) Authorizing the Debtors to Enter into Equity Commitment Agreement, Pay Associated Fees and Expenses, and Furnish Related Indemnities and (B) Approving Related Syndication Agreement (the "ECA Approval Order"). Pursuant to the ECA Approval Order, before payment of the Backstop Fee, the Debtors shall have filed on or before July 7, 2006, copies of the Collars and Registration Rights Agreement (as defined in Section 5(n) of the Equity Commitment Agreement) approved by the ACC and FCR and signed by the Company and the parties thereto. The ECA Approval Order provides that [(i) in the event that all of such documents are filed, then the ECA Approval Order shall have full force and effect commencing on July 10, 2006, and the Debtors shall pay the Backstop Fee no later than July 10, 2006, and (ii) in the event that such documents are not filed, then the ECA Approval Order shall not be enforceable and, among other things, J.P. Morgan and the Company shall have the right (but not the obligation) to terminate the Equity Commitment Agreement.]

To facilitate the Rights Offering, on June 8, 2006, the Debtors filed a Motion for Order Approving the (A) Rights Offering Subscription Procedures; (B) Form of Certain

Subscription Documents; (C) Fixing of Rights Participation Amounts; and (D) Supplementation of the Plan Voting/Solicitation Procedures. Several objections have been filed to this motion. A hearing on the motion is scheduled for July 10, 2006.

The Plan provides, as contemplated by the Settlement Term Sheet, that prior to the occurrence of the Effective Date, the Debtors shall have entered into and shall have credit availability under the Exit Facility in an amount sufficient to meet the needs of the Reorganized Debtors, as determined by the Plan Proponents. The Settlement Term Sheet contemplated that the amount drawn under the exit facility as of the Effective Date would be $1.8 billion. In furtherance of the Debtors' efforts to secure appropriate exit financing at soon as practicable, on June 29, 2006, the Debtors filed a Motion For an Order Pursuant to Sections 105(a) and 363(b) of the Bankruptcy Code for Authority to (A) Enter Into the Senior Credit Facilities Commitment Letter, Fee Letters, and Engagement Letter, and (B) to Pay Associated Fees and Expenses, and (C) Furnish Related Indemnities (the "Exit Facility Motion") with the Bankruptcy Court. Pursuant to the underlying Senior Credit Facilities Commitment Letter (the "Commitment Letter"), Citigroup Global Markets Inc. ("Citigroup"), Bank of America, N.A. and Banc of America Securities LLC (collectively, "BofA", and collectively with Citigroup, the "Commitment Parties") have undertaken, subject to the approval of the Bankruptcy Court, definitive credit documentation and the other terms and conditions therein, provide the Debtors with post-emergence financing, consisting of a $1.4 billion term loan facility (the "Term Facility") and a $1.0 billion revolving credit facility (the "Revolving Facility", together with the Facility, the "Exit Facility"). Additionally, the Exit Facility Motion seeks authority to enter into an Engagement Letter (the "Engagement Letter"), that would provide the Debtors with the capability to undertake one or more securities offerings (collectively, the "Securities Offerings") within six months after the Debtors' exit from bankruptcy.

The Debtors contemplate that the Exit Facility shall close and initially fund on the Effective Date, and that the proceeds of the Exit Facility shall be used to fund, among other things, certain distributions provided under the Sixth Amended Plan, potentially including payment of the Contingent Note. Consistent with the economic assumptions set forth in Appendix I to the Disclosure Statement, it is also contemplated that, as of the Effective Date, the aggregate Exit Facility Amount, whether drawn from under the Term Facility or the Revolving Facility or otherwise, shall not exceed $1.8 billion.

Pursuant to the terms of the Commitment Letter, the Commitment Parties reserve the right to syndicate all or a portion of their commitments to one or more other financial institutions (the "Lenders"), which will become parties to the definitive exit facility credit documents (the "Operative Documents"). The Debtors are advised that Citigroup and Banc of America Securities LLC intend to commence such syndication efforts as soon as practicable following approval of the Disclosure Statement. In addition, pursuant to the terms of the Commitment Letter, Citigroup's and BofA's commitments under the Commitment Letter shall terminate on the earliest of: (A) July 31, 2006 (or such later date as may be agreed to in writing by the Commitment Parties), unless the Bankruptcy Court has entered an order approving the Commitment Letter and various Fee Letters ancillary thereto, (B) the date the Operative Documents become effective, or (C) 364 days after the date of the Commitment Letter, unless the transactions have been consummated, the Operative Documents entered into, and the initial fundings have occurred. The Commitment Letter also contemplates that an underwriting fee

based on the aggregate amount of the Senior Credit Commitment shall be due and payable on the date the Operative Documents are executed and delivered, which the Debtors contemplate shall occur on or about the Effective Date. In addition, if the Debtors ultimately consummate the transactions contemplated in the Commitment Letter with a financial institution other than the Commitment Parties before the Commitment Letter is terminated, the Underwriting Fee, less the amount of any upfront underwriting fees paid to the Commitment Parties in connection with such other transactions, will immediately be due to the Commitment Parties when such transactions occur. As set forth in greater detail in the Exit Facility Motion, a copy of the Commitment Letter has been filed with the Bankruptcy Court under seal and may be made available upon request to any party in interest upon the submission of an appropriate confidentiality agreement.

In addition to the financing contemplated in the Commitment Letter, the Engagement Letter contemplates that Citigroup will serve as the lead underwriter of, or joint lead placement agent for, or joint lead initial purchaser of, and joint lead book runner for any securities offerings contemplated by the Debtors pursuant to the Sixth Amended Plan. The potential transactions would consist of one or more offerings of securities prior to, concurrently with, or within six months after the Debtors' exit from bankruptcy. The offerings would be intended to generate gross cash proceeds of at least $400,000,000, with proceeds in excess of that amount to be used to repay or reduce the Term Facility contemplated as part of the Exit Facility. If Securities Offerings are consummated before termination of the Engagement Letter, the Debtors will pay an offering fee calculated as a percentage of gross proceeds of the Offerings (the "Offering Fee"). The Offering Fee is payable upon closing of the Securities Offerings and upon closing a Securities Offering for which Citigroup did not act in the roles described in the Engagement Letter with respect to such a Securities Offering. The Offering Fee is subject to certain reductions as set forth in the Engagement Letter. The Debtors will also reimburse Citigroup for all reasonable out-of-pocket costs and expenses incurred in connection with the preparation of the Engagement Letter, the Securities Offerings, or any other transactions contemplated by the Engagement Letter. As set forth in greater detail in the Exit Facility Motion, a copy of the Engagement Letter has also been filed with the Bankruptcy Court under seal.

In accordance with the Settlement Term Sheet, on June 5, 2006, the Debtors filed the Sixth Amended Plan consistent with the terms and conditions of the Settlement Term Sheet. The Court has scheduled a plan confirmation hearing for September 18, 2006, and the Debtors intend to seek confirmation and consummation of the Sixth Amended Plan at the earliest practicable time, however, if the Effective Date of the Sixth Amended Plan does not occur before December 31, 2006, and if the Plan Proponents of the Sixth Amended Plan (comprised of the Debtors, the ACC and the FCR) do not agree to extend the conditions precedent in the Sixth Amended Plan respecting the occurrence of the Effective Date beyond December 31, 2006, then the Debtors intend to seek confirmation of the Fifth Amended Plan filed with the Court on December 31, 2005 (as such Plan has been amended prior to the filing of the Sixth Amended Plan) at the earliest practicable date. Consistent with the terms of the Fifth Amended Plan, any substantive changes to the Fifth Amended Plan and related documents, including, without limitation, any registration rights agreement and terms respecting the composition of the Board of Directors of Reorganized OCD, will be subject to the reasonable consent of the Plan Proponents.

THE CHAPTER 11 CASES ARE ONGOING AND PARTIES WHO DESIRE CURRENT INFORMATION ON EVENTS THAT MAY AFFECT THESE CASES SHOULD REGULARLY REVIEW THE DOCKETS AND PLEADINGS, WHICH ARE AVAILABLE FROM THE BANKRUPTCY COURT AND THE DISTRICT COURT, AND/OR ATTEND OR PARTICIPATE IN HEARINGS SCHEDULED IN THE CHAPTER 11 CASES, EITHER IN PERSON OR TELEPHONICALLY.

VI. FUTURE BUSINESS OF THE REORGANIZED DEBTORS

A. Structure and Business of the Reorganized Debtors

Following the Effective Date, the Reorganized Debtors intend to continue to operate their businesses as they have been operated to date, with the exception of such reorganization, divestitures and other restructurings as may be contemplated by the Plan. In addition, the Reorganized Debtors reserve the right, subject to such approvals of their respective boards of directors or shareholders as shall be required by law, to entertain and implement such opportunities for acquisitions, divestitures, restructuring or other internal reorganizations as shall be deemed appropriate under the circumstances. OC intends to implement a restructuring plan that would reorganize OCD and its Subsidiaries along OC's major business lines. The planning for this restructuring is ongoing. A more detailed description of the Restructuring Transactions (including a summary of the corporate action necessary to accomplish the Restructuring Transactions) will be set forth in Schedule XX to the Plan to be filed no later than ten (10) Business Days prior to the Objection Deadline. On or prior to, or as soon as practicable after, the Effective Date, the Debtors or the Reorganized Debtors may take such steps as may be necessary or appropriate to effectuate Restructuring Transactions that satisfy the requirements set forth in Section 5.6 of the Plan.

B. Board of Directors and Management of Reorganized Debtors

As of June 5, 2006, OCD's Board of Directors was composed of ten current directors (and two vacancies), divided into three classes. Each class of directors serves for a term expiring at the third succeeding annual meeting of stockholders after the year of election of such class, and until their successors are elected and qualified.

1. Composition of the Board of Directors as of Date of Disclosure Statement

The following is a list, as of the date of the filing of this Disclosure Statement, of the names of each of the Directors of OCD:

Name	Title
Norman P. Blake, Jr.	Director
David T. Brown	Director, President and Chief Executive Officer
Gaston Caperton	Director
William W. Colville	Director
Landon Hilliard	Director
Ann Iverson	Director
W. Walker Lewis	Director
W. Ann Reynolds	Director
Robert B. Smith, Jr.	Director
Michael H. Thaman	Director, Chairman of the Board and Chief Financial Officer

Norman P. Blake, Jr. has been a Director since 1992. He is former Chairman, President and Chief Executive Officer of Comdisco, Inc., global technology services, Rosemont, IL. A graduate of Purdue University, Mr. Blake also previously has served as Chief Executive Officer of the United States Olympic Committee; Chairman, President and Chief Executive Officer of Promus Hotel Corporation; Chairman, President and Chief Executive Officer of USF&G Corporation; and Chairman and Chief Executive Officer of Heller International Corporation of Chicago. Mr. Blake is a member of the Purdue Research Foundation, Purdue University's President's Council and Dean's Advisory Council, Krannert School of Management. He is the recipient of the degree of Doctor of Economics honoris causa from Purdue University, granted jointly by the Krannert School of Management and School of Liberal Arts. He has also been awarded The Ellis Island Medal of Honor.

David T. Brown has been a Director since January 2002, and, since April 18, 2002, has been President and Chief Executive Officer of OCD. A graduate of Purdue University, Mr. Brown became Executive Vice President and Chief Operating Officer in January 2001. Previously, he held numerous leadership positions in sales and marketing at OC, including serving as President of the Insulating Systems Business beginning in 1997, President of Building Materials Sales and Distribution beginning in 1996, and President of the Roofing and Asphalt Business beginning in 1994. Mr. Brown joined OC in 1978 after working for Procter & Gamble, Shearson Hammill and Eli Lilly. Mr. Brown serves on the Board of Directors of Borg Warner, Inc. He also is on the Board of Directors of the Toledo Museum of Art and the Dean's Advisory Council for Purdue's Krannert School of Management. Mr. Brown is a past board member of the Asphalt Roofing Manufacturers Association Executive Committee, National Roofing Contractors Association Advisory Board, Thermal Insulation Manufacturers Association and Executive Committee of the North American Insulation Manufacturers Association.

Gaston Caperton has been a Director since 1997. He is President and Chief Executive Officer of The College Board, a not-for-profit educational association located in New York, NY, Chairman of The Caperton Group, a business investment and development company in Shepherdstown, WV and former Governor of the State of West Virginia. A graduate of the University of North Carolina, Mr. Caperton began his career in a small insurance agency, became its principal owner and chief operating officer, and led the firm to become the tenth largest privately-owned insurance brokerage firm in the U.S. He also has owned a bank and mortgage banking company. Mr. Caperton was elected Governor of West Virginia in 1988 and 1992. In 1997, Mr. Caperton taught at Harvard University as a fellow at the John F. Kennedy Institute of Politics. Prior to beginning his current position in mid-1999, Mr. Caperton also taught at Columbia University, where he served as Director of the Institute on Education and Government at Teachers College. Mr. Caperton is a director of United Bankshares, Inc., Energy Corporation of America, West Virginia Media Holdings, and Prudential Financial. He was the 1996 Chair of the Democratic Governors' Association, and served on the National Governors' Association executive committee and as a member of the Intergovernmental Policy Advisory Committee on U.S. Trade. He also was Chairman of the Appalachian Regional Commission, Southern Regional Education Board, and the Southern Growth Policy Board.

William W. Colville has been a Director since 1995. He is now retired and was a former Senior Vice President, General Counsel and Secretary of OC. A graduate of Yale University and the Columbia University Law School, Mr. Colville began his career at OC in 1984 as Senior Vice President and General Counsel. Prior to joining OC, he was President of the Sohio Processed Minerals Group from 1982 to 1984, and General Counsel of Kennecott Corporation from 1980 to 1982. Mr. Colville is also a director of Nordson Corporation.

Landon Hilliard has been a Director since 1989. He is a partner with Brown Brothers Harriman & Co., private bankers in New York, NY. A graduate of the University of Virginia, Mr. Hilliard began his career at Morgan Guaranty Trust Company of New York. He joined Brown Brothers Harriman in 1974 and became a partner in 1979. Mr. Hilliard is a director of Norfolk Southern Corporation, Western World Insurance Company and Russell Reynolds Associates, Inc. He is also Chairman of the Board of Trustees of the Provident Loan Society of New York and Secretary of The Economic Club of New York.

Ann Iverson has been a Director since 1996. She is President and Chief Executive Officer of International Link, an international consulting firm in Scottsdale, AZ. Ms. Iverson began her career in retailing and held various buying and executive positions at retail stores in the U.S. through 1989, including Bloomingdales, Dayton Hudson, and US Shoe. She then joined British Home Stores as Director of Merchandising and Operations in 1990; Mothercare as Chief Executive Officer in 1992; Kay-Bee Toy Stores as President and Chief Executive Officer in 1994; and Laura Ashley Holdings plc. as Group Chief Executive in 1995. In 1998, she founded and became President and Chief Executive Officer of International Link. She is a member of the Board of Trustees of the Thunderbird School of International Management, and a member of Financo Global Consulting.

W. Walker Lewis has been a Director since 1993. He is Chairman of Devon Value Advisers, a financial consulting and investment banking firm in Greenwich, CT and New York, NY. Previously, Mr. Lewis served as Senior Advisor to SBC Warburg Dillon Read; Senior Advisor to Marakon Associates; and Managing Director of Kidder, Peabody & Co., Inc. Prior to April 1994, he was President of Avon U.S. and Executive Vice President of Avon Products, Inc. Prior to March 1992, Mr. Lewis was Chairman of Mercer Management Consulting, Inc., a wholly-owned subsidiary of Marsh & McLennan, which is the successor to Strategic Planning Associates, a management consulting firm he founded in 1972. He is a graduate of Harvard College, where he was President and Publisher of the Harvard Lampoon. Mr. Lewis is a director of Ameriprise Financial, Inc. and Mrs. Fields' Original Cookies, Inc., and is Chairman of Applied Predictive Technologies. He is also a member of the Council on Foreign Relations and the Washington Institute of Foreign Affairs.

W. Ann Reynolds has been a Director since 1993. She is a former President and Professor of Biology at The University of Alabama at Birmingham, located in Birmingham, AL. A graduate of Kansas State Teachers College and the University of Iowa, Dr. Reynolds previously served as Chancellor of the City University of New York System for seven years and for eight years as Chancellor of the California State University System. Dr. Reynolds is a director of Humana, Inc., Abbott Laboratories, Invitrogen Corporation, and the Post-Gazette, Champaign-Urbana, IL. She is also a member of the Society for Gynecological Investigation, and the Perinatal Research Society.

Robert B. Smith, Jr. has been a Director since 2004. He is Director of the Virginia Environmental Endowment, a nonprofit, funded, grant making corporation dedicated to improving the environment. A graduate of the University of North Carolina and the University of North Carolina Law School, Mr. Smith's previous experience included serving as Trustee of the Dalkon Shield Claimants Trust, a public interest trust of $3 billion created by the Federal Bankruptcy Court to compensate those damaged by the Dalkon Shield, and as Vice President for Government Relations of the Pharmaceutical Manufacturers Association. His prior experience also included various positions related to the U.S. Senate, including: Chief Counsel and Staff Director, U.S. Senate Government Operations Committee; Chief Counsel, U.S. Senate Subcommittee on Revision and Codification of the Laws; Chief Legislative Assistant, Senator Sam J. Ervin, Jr.; Special Counsel, U.S. Senate Antitrust and Monopoly Subcommittee; and Counsel, U.S. Senate Subcommittee on Constitutional Rights.

Michael H. Thaman has been a Director since January 2002 and is Chairman of the Board and Chief Financial Officer of OCD. A graduate of Princeton University, Mr. Thaman joined OC in 1992. He was elected Chairman of the Board in April 2002 and became Chief Financial Officer in 2000. Before assuming his current positions, Mr. Thaman held a variety of leadership positions at OC, including serving as President of the Exterior Systems Business beginning in 1999 and President of the Engineered Pipe Systems Business beginning in 1997. Prior to joining OC, Mr. Thaman was Vice President in the New York office of Mercer Management Consulting, a strategy consulting firm. Mr. Thaman is a director of Florida Power and Light Group, Inc.

2. Identity of Executive Officers as of Date of Disclosure Statement

The following is a list, as of the date of the filing of this Disclosure Statement, of the names of the executive officers of OC and the positions held by each such executive officer at OC:

Name	Title
Sheree L. Bargabos	Vice President and President, Roofing and Asphalt Business
David T. Brown	President and Chief Executive Officer
Brian D. Chambers	Vice President and President, Sidings Solution Business
Charles E. Dana	Vice President and President, Composite Solutions Business
Roy D. Dean	Vice President and President, Insulating Systems Business
Joseph C. High	Senior Vice President, Human Resources
David L. Johns	Senior Vice President and Chief Supply Chain and Information Technology Officer
Stephen K. Krull	Senior Vice President, General Counsel and Secretary
Frank C. O'Brien-Bernini	Vice President, Science and Technology
Ronald Ranallo	Vice President and Corporate Controller
Charles W. Stein, Jr.	Vice President and President, Cultured Stone Business
Michael H. Thaman	Chairman of the Board and Chief Financial Officer

Sheree L. Bargabos has been Vice President and President, Roofing and Asphalt Business since October 2005. She was formerly Vice President and President of Exterior Systems; Vice President of Training and Development; Vice President and General Manager of the Foam Business; General Manager of the Foam Business; and Sales Leader of Building Materials Sales and Distribution, Canada.

David T. Brown has been President and Chief Executive Officer of OCD since April 2002. He was formerly Executive Vice President and Chief Operating Officer and has also formerly served as Vice President and President of the Insulating Systems Business and President of Building Materials Sales and Distribution. He has also been a Director since January 2002.

Brian D. Chambers has been Vice President and President, Siding Solutions Business since October, 2005. Previously, he was Vice President and General Manager of the Residential Roofing Business.

Charles E. Dana has been Vice President and President of the Composite Solutions Business since February 2004. He was formerly Vice President - Corporate Controller and Global Sourcing; Vice President, Global Sourcing and eBusiness; Vice President of Owens Corning Supply Chain Solutions; Vice President of Global Sourcing Management;and Vice President of Planning and Analysis - Composite Systems.

Roy D. Dean has been Vice President and President, Insulating Systems Business since March 2006. Previously he was Vice President and Corporate Controller and Vice President and Controller of the Insulating Systems Business.

Joseph C. High has been Senior Vice President, Human Resources since January 2004.

David L. Johns has been Senior Vice President and Chief Supply Chain and Information Technology Officer since April 2001. He was formerly Vice President and Chief Technology Officer.

Stephen K. Krull has been Senior Vice President, General Counsel and Secretary of OCD since February 2003. He was formerly Vice President of Corporate Communications; Vice President and General Counsel of Operations; Director, Law; and Senior Counsel, Law.

Frank C. O'Brien-Bernini has been Vice President, Science and Technology since April 2003. He was formerly Vice President, Corporate Science and Technology (2002), and Vice President, Science and Technology, Insulating Systems Business commencing in March 2001.

Ronald Ranallo has been Vice President and Corporate Controller since March 2006. He was formerly Vice President and Acting General Manager of the Owens Corning Construction Services (OCCS) business, after having previously served as Vice President and Controller of OCCS and in a variety of leadership positions in sourcing and finance at Owens Corning after joining the corporation in 1999 from Eaton Corporation.

Charles W. Stein, Jr. has been Vice President and President, Cultured Stone Business since October 2005. He was formerly Vice President and General Manager, OC Construction Services (2005), Vice President and General Manager, HOMExperts (2003), Vice President, Residential Services and Solutions (2002), and Vice President, Remodeling Services.

Michael H. Thaman has been Chairman of the Board and Chief Financial Officer of OCD since April 2002. He was formerly Senior Vice President and Chief Financial Officer, Vice President and President of the Exterior Systems Business; and Vice President and President of Engineered Pipe Systems. He has also been a Director since January 2002.

Of the executive officers referenced above, only Messrs. Brown, Johns, and Thaman served as executive officers of OC at or within two years before the Petition Date. In addition, Messrs. Brown, Dean, Krull, and Thaman also served as executive officers of one or more of the Subsidiary Debtors at or within two years before the Petition Date.

3. Directors and Officers of Reorganized Debtors as of the Effective Date

The Reorganized OCD Board shall initially consist of sixteen (16) members, consisting of the twelve (12) Continuing Directors, one (1) member to be named by the Asbestos Claimants' Committee, one (1) member to be named by the Future Claimants' Representative and two (2) members to be named by the Ad Hoc Bondholders' Committee. The identities of the members to be named by the Asbestos Claimants' Committee, the Future Claimants' Representative and the Ad Hoc Bondholders' Committee shall be disclosed on Schedule XIX, to be filed no later than ten (10) Business Days prior to the Objection Deadline, which shall be in form and substance satisfactory to the Debtors

[The Reorganized OCD Board shall be divided into three classes, designated Class I, Class II and Class III, respectively, with five (5) directors in Class I, five (5) directors in Class II and six (6) directors in Class III. Eleven (11) of the Continuing Directors shall serve in Class II and Class III, and the remaining directors shall serve in Class I. At the first annual meeting of stockholders, which shall be held no earlier than the first anniversary of the Effective Date, the terms of office of the Class I directors shall expire and Class I directors shall be elected for a full term of three years; *provided, however*, that for as long as the Asbestos Personal Injury Trust owns shares of New OCD Common Stock, it shall have the rights to designate one (1) member of the Reorganized OCD Board as directed by the Future Claimants' Representative and one (1) member as directed by the TAC; *provided further, however*, that in the event that the Asbestos Personal Injury Trust no longer holds any shares of New OCD Common Stock, the members of the Reorganized OCD Board named by the Asbestos Claimants' Committee and the Future Claimants' Representative, or their successors, shall resign in accordance with the Amended and Restated By-Laws of Reorganized OCD. At the second annual meeting of stockholders, the terms of office of the Class II directors shall expire and Class II directors shall be elected for a full term of three years. At the third annual meeting of stockholders, the terms of office of the Class III directors shall expire and Class III directors shall be elected for a full term of three years. At each succeeding annual meeting of stockholders, directors shall be elected for a full term of three years to succeed the directors of the class whose terms expire at such annual meeting.] The terms of the members of the Reorganized OCD Board may be described in greater detail in the Amended and Restated Certificate of Incorporation of Reorganized OCD, the Amended and Restated By-Laws of Reorganized OCD or such other documents as the Plan Proponents may determine, to be filed no later than ten (10) Business Days prior to the Objection Deadline.

The Chairman of the Board shall preside at all meetings of the Reorganized OCD Board and at meetings of the stockholders, and shall have all powers and responsibilities attendant therewith, as may be described in greater detail in the Amended and Restated Certificate of Incorporation of Reorganized OCD, the Amended and Restated By-Laws of Reorganized OCD or such other documents as the Plan Proponents may determine, to be filed no later than ten (10) Business Days prior to the Objection Deadline. Michael H. Thaman shall serve as the initial Chairman of the Board.]

4. Treatment of Director and Officer Indemnification Under the Plan

The Plan provides that the Debtors will treat indemnity obligations to directors and officers under their charters, by-laws, statutes or contracts as executory contracts that will be assumed by the Debtors. As a result, the Debtors will be obligated in accordance with the terms of their charters, by-laws, statutes or contracts to indemnify directors and officers for their services, except that such indemnification will not cover willful misconduct by any director or officer.

The Plan also provides that after the Effective Date, the Reorganized Debtors will obtain and maintain tail insurance coverage and will indemnify and hold harmless all Persons who were directors and officers of the Debtors on the Petition Date or thereafter.

5. Compensation of Executive Officers

The following table sets forth information concerning compensation and stock-based awards received by each individual that served as Chief Executive Officer during 2005 and each of the next four highest paid executive officers who were serving as executive officers of the Company at the end of 2005 (these five individuals collectively are referred to as the "Named Executive Officers").

		Annual Compensation			Long Term Compensation			
					Awards		Payouts	
Name and Principal Position[4]	Year	Salary ($)	Bonus ($)[5]	Other Annual Compensation ($)[6]	Restricted Stock Award(s) ($)[7]	Securities Underlying Options/ SARs(#)[8]	LTIP Payouts ($)	All Other Compensation ($)
David T. Brown	2005	750,000	2,856,195				3,750,000	10,500[10]
President and Chief Executive	2004	750,000	3,062,640[6]				3,008,250[9]	6,250[10]
Officer	2003	750,000	1,470,000[9]				2,625,000[9]	10,000[10]
Michael H. Thaman	2005	650,000	1,823,452				3,185,000	10,500[10]
Chairman of the Board and Chief	2004	650,000	1,902,680[9]				2,483,000[9]	5,417[10]
Financial Officer	2003	650,000	828,000[9]				2,145,000[9]	10,000[10]
George E. Kiemle	2005	320,124	703,389				791,774	10,500[10]
Vice President and President,	2004	284,625	788,819[9]				652,361[9]	10,250[10]
Insulating Systems Business	2003	275,000	270,000[9]				577,500[9]	10,000[10]
Joseph C. High	2005	325,000	976,918				585,000	10,500[10]
Senior Vice President, Human Resources	2004	325,000	803,316[9]	54,258[6]			744,900[9]	10,250[10]
David L. Johns	2005	367,500	718,301				992,250	10,500[10]
Senior Vice President, and Chief	2004	367,500	643,421[9]				842,310[9]	10,250[10]
Supply Chain and Information Technology Officer	2003	367,500	264,000[9]				771,750[9]	10,000[10]

4 Mr. High joined Owens Corning in January 2004.

5 In addition to payments under Owens Corning's annual Corporate Incentive Plan, the amounts shown for 2005 include payments under Owens Corning's Key Employee Retention Plan as follows: Mr. Brown, $750,000; Mr. Thaman, $650,000; Mr. Kiemle, $286,000; Mr. High, $325,000 and Mr. Johns, $276,000.

6 "Other Annual Compensation" includes perquisites and personal benefits, where such perquisites and personal benefits exceed the lesser of $50,000 or 10% of the Named Executive Officer's annual salary and bonus for the year, as well as certain other items of compensation. For the years shown, none of the Named Executive Officers received perquisites and/or personal benefits in excess of the applicable threshold. In 2004, Mr. High received $54,258 as payment of certain taxes on a sign-on bonus.

7 There were no restricted stock awards to any of the Named Executive Officers in 2003, 2004, or 2005.
At the end of 2005, Messrs. Brown and Thaman each held a total of 3,333 shares of restricted stock, valued at $9,999; Messrs. Kiemle and Johns each held a total of 1,333 shares of restricted stock, valued at $3,999; and Mr. High held no shares of restricted stock. The value of these aggregate restricted stock holdings was calculated by multiplying the number of shares held by the closing price of Owens Corning common stock on December 31, 2005 (as reported on the Over The Counter Bulletin Board). Dividends are paid by Owens Corning on restricted stock held by the Named Executive Officers if paid on stock generally.

8 No stock options or stock appreciation rights (SARs) were awarded to any of the Named Executive Officers in 2003, 2004, or 2005.

9 The amounts reflected in the LTIP Payouts column for 2003 and 2004 represent amounts payable pursuant to Owens Corning's Long Term Incentive Plan with respect to one-year transition performance period cycles adopted in connection with phase-in of the new plan, which became effective January 1, 2003.

10 The amount shown for each of the Named Executive Officers represents contributions made by Owens Corning to such officer's account in the Owens Corning Savings Plan during the year.

6. Compensation/Retirement Plans/Retirement Benefits

OC maintains a tax-qualified Cash Balance Plan covering certain of its salaried and hourly employees in the United States, including each of the Named Executive Officers, in lieu of the qualified Salaried Employees' Retirement Plan maintained prior to 1996 ("Prior Plan"), which provided retirement benefits primarily on the basis of age at retirement, years of service and average earnings from the highest three consecutive years of service. In addition, OC has a non-qualified Executive Supplemental Benefit Plan ("ESBP") to pay eligible employees leaving OC the difference between the benefits payable under OC's tax-qualified retirement plan and those benefits which would have been payable except for limitations imposed by the IRC. Named Executive Officers are eligible to participate in both the Cash Balance Plan and the ESBP.

Cash Balance Plan - Under the Cash Balance Plan, each covered employee's earned retirement benefit under the Prior Plan (including the ESBP) was converted to an opening cash balance. Each year, eligible employees earn a benefit based on a percentage of such employee's covered pay. Prior to July 1, 2003, the percentage was 2% for covered pay up to 50% of the Social Security Taxable Wage Base and 4% for covered pay in excess of such wage base; effective July 1, 2003, the percentage became 4% for all subsequent covered pay. For this purpose, covered pay includes base pay, and certain annual incentive bonuses payable during the year. Accrued benefits earn monthly interest based on the average interest rate for five-year U.S. treasury securities. Employees vest in the Cash Balance Plan on completion of five years of service. Vested employees may receive their benefit under the Cash Balance Plan as a lump sum or as a monthly payment when they leave OC.

For employees who were at least age 40 with 10 years of service as of December 31, 1995 ("Grandfathered Employees"), including Messrs. Brown and Kiemle, the credit percentages applied to covered pay are increased pursuant to a formula based on age and years of service on such date. In addition, Grandfathered Employees are entitled to receive the greater of their benefit under the Prior Plan frozen as of December 31, 2000, or under the Cash Balance Plan (in each case including the ESBP).

Supplemental Executive Retirement Plan - OC maintains a Supplemental Executive Retirement Plan ("SERP") covering certain employees, including Mr. High, who joined OC mid-career. The SERP provides for a lump sum payment following termination of employment equal to a multiple of the covered employee's Cash Balance Plan balance minus an offset equal to the present value of retirement benefits attributable to prior employment. The applicable multiplier for each covered employee ranges from 0.5 to 4.0 (determined by the covered employee's age when first employed by OC) and is 2.4 in the case of Mr. High.

Other Arrangements - Owens Corning has agreed to provide Mr. Dana a supplemental pension benefit, under Owens Corning's pension plan formula in existence on his employment date, determined as if he had earned 1 1/2 years of service for each year worked, provided that he remains an Owens Corning employee for no less than ten years following his November 15, 1995 employment date.

In 1992, OC established a Pension Preservation Trust for amounts payable under the ESBP as well as under the individual pension arrangements described above. The

Compensation Committee determines the participants in and any amounts to be paid with respect to the Pension Preservation Trust, which may include a portion of benefits earned under the ESBP and the pension agreements described above. Amounts paid into the Trust and income from the Trust reduce the pension otherwise payable at retirement. During 2004, no payments were made to the Trust.

The Debtors have analyzed the Pension Preservation Trust and provided the Unsecured Creditors' Committee the documents relating to the Pension Preservation Trust and the SERP. According to the Debtors' analysis, the Pension Preservation Trust is a true or "secular" trust, which is not property of the estate.

The Compensation Committee continually reviews the nature of compensation and incentive plans available to officers and key employees and suggests revisions from time to time as it deems appropriate to reflect current trends in compensation programs and the needs of OC. To the extent that any changes in compensation programs are approved and proposed to be implemented, they will be described in an amendment to this Disclosure Statement.

7. Management Employment, Severance and Certain Other Agreements

On January 18, 2001, the Bankruptcy Court approved the Order Under 11 U.S.C. §§ 105, 363 and 365 Authorizing Continuation or Implementation of Employee, Emergence and Severance Programs. The Bankruptcy Court found that the reaffirmation of the Debtors' existing Employee Severance Program as defined in the Debtors' underlying motion was necessary to the Debtors reorganization efforts and specifically authorized the Debtors to provide severance benefits to their employees in accordance with the Employee Severance Program and in accordance with certain employment contracts identified in Exhibit D thereto. The Bankruptcy Court also authorized the filing of the exhibits to the motion under seal.

OC maintains a Corporate Incentive Plan under which participating employees, including each of the Named Executive Officers, are eligible to receive annual cash incentive awards based on their individual performance and on corporate performance against annual performance goals set by the Compensation Committee. For the 2004 and 2005 annual performance periods, the funding measures set by the Compensation Committee are based on "income from operations" (weighted at 75%) and "cash flow from operations" (weighted at 25%). Cash awards paid to the Named Executive Officers under the Corporate Incentive Plan for the 2004 performance period are reflected in the compensation table above.

Effective beginning with calendar year 2004, OC maintains a Key Employee Retention Incentive Plan ("KERP") to provide an incentive to designated key employees, including each of the Named Executive Officers, to remain in the employ of OC through the date of OC's emergence from Chapter 11. Under the KERP, each eligible employee is entitled to a cash payment equal to (1) a specified percentage of his or her annual base salary if such employee remains employed by OC through the end of the applicable calendar year or (2) a prorated portion of such specified percentage in the event of OC's emergence from Chapter 11 proceedings (or such employee's termination of employment due to death, disability, or termination other than for cause) prior to the end of the applicable calendar year. As of the current time, the Bankruptcy Court has approved the KERP for calendar years 2004 and 2005. Cash awards paid to the Named Executive Officers under the KERP for calendar year 2005 are reflected in the Summary Compensation Table above.

OC has entered into Key Management Severance Agreements with each of the Named Executive Officers (the "Severance Agreements"). Under the terms of the Severance Agreements, if the Named Executive Officer's employment is terminated without "cause" or if the Named Executive Officer terminates his or her employment due to "Constructive Termination," the Named Executive Officer is entitled to a payment in an amount equal to two times the sum of base salary and annual incentive bonuses (based on the greater of their average three-year target-level participation in the plan or their average actual awards), plus continuation of insurance benefits for a period of up to two years and, in the case of Messrs. Brown, Thaman and Kiemle, a payment equal to the additional lump sum pension benefit that would have accrued had such individuals been three years older, with three additional years of service, at the time of employment termination.

By order dated January 26, 2006, the Court authorized certain amendments to the Severance Agreements with Messrs Brown and Thaman (collectively the "Executives"), including: (a) the definitions were amended to provide that OC's emergence from bankruptcy shall not constitute a "Change of Control" for severance purposes; (b) the definitions were amended to make clear that a "Constructive Termination" shall be deemed to have occurred if: (i) the Executives involuntarily lose their positions as members of the Board of Directors, and in the case of Mr. Thaman, the involuntary loss of his position as Chairman of the Board; (ii) the Executives' eligibility under OC's incentive plans are reduced without the Executives' written consent; and (iii) Mr. Thaman does not succeed Mr. Brown as the Company's Chief Executive Officer; (c) a provision has been added to each of the Executives' Severance Agreements to provide for the full reimbursement by OC for any excise or similar taxes which the Executives may be required to pay as a result of payments made under the agreements; (d) Mr. Brown's agreement has been amended to make clear that, when Mr. Brown retires, the Compensation Committee of OC's Board of Directors will follow the plan document and exercise its discretion to allow Mr. Brown to remain eligible for a pro rata long term incentive plan award, if any; and (e) the Executives' Severance Agreements were changed to make clear that the agreements remain in effect after the two year period following a "Change of Control.

8. Directors' Compensation

Retainer and Meeting Fees - OC compensates each director who is not an OC employee pursuant to a standard annual retainer/meeting fee arrangement. Effective July 1, 2004, such arrangement provides each non-employee director an annual retainer of $100,000, a fee of $1,500 for attendance at each meeting of a Board Committee of which such director is a member, no fees for attendance at meetings of the Board of Directors, and a fee of $1,500 for each day's attendance at other functions in which directors are requested to participate. In addition, Chairmen of Board Committees receive an additional annual retainer of $7,500. Prior to July 1, 2004, OC paid each director who was not an OC employee an annual retainer of $35,000 and a fee of $1,200 for (a) attendance at one or more meetings of the Board of Directors on the same day, (b) attendance at one or more meetings of each Committee of the Board of Directors on the same day, and (c) each day's attendance at other functions in which directors were requested to participate. In addition, Committee Chairmen received an additional retainer of $4,000 each year.

Prior to December 2000, a director could elect to defer all or a portion of his or her annual retainer and meeting fees under the Directors' Deferred Compensation Plan, in which case his or her account was credited with the number of shares of common stock that such deferred compensation could have purchased on the date of payment. The account was also credited with the number of shares that dividends on previously credited shares could have purchased on dividend payment dates. The Deferred Compensation Plan provides that account balances are payable in cash based on the value of the account, which is determined by the then fair market value of OC common stock, at the time the participant ceases to be a director. Under the terms of the Deferred Compensation Plan, the claims of directors to the cash value of such deferred shares is effectively equivalent to a claim as a general unsecured creditor of OC. Although no assurance can be given as to the value, if any, that would be attributed to such a claim under any plan or plans of reorganization ultimately confirmed in the Chapter 11 proceedings, any value ascribed to such a claim may be greater than the value of the number of shares of Owens Corning common stock the receipt of which was deferred if, as anticipated, the outstanding Owens Corning common stock is cancelled as part of the implementation of such plan or plans of reorganization.

Stock Plan for Directors — OC has a pre-petition stockholder approved Stock Plan for Directors, applicable to each director who is not an OC employee. The plan provides for two types of grants to each eligible director: (1) a one-time non-recurring grant of options to each new outside director to acquire 10,000 shares of common stock at a per share exercise price of 100 percent of the value of a share of common stock on the date of grant, and (2) an annual grant of 500 shares of common stock on the fourth Friday in April.

Initial option grants become exercisable in equal installments over five years from date of grant, subject to acceleration in certain events, and generally expire ten years from date of grant. No grant may be made under the plan after August 20, 2007, and a director may not receive an annual grant of common stock in the same calendar year he or she receives an initial option grant. A director entitled to receive an annual grant may elect to defer receipt of the common stock until he or she leaves the Board of Directors.

Pursuant to action of the Board of Directors, additional option grants and annual grants under the Plan were suspended effective April 1, 2002, pending further action by the Board. No initial option grants or annual grants were made under the Plan during 2005.

Indemnity Agreements — OC has entered into an indemnity agreement with each member of the Board of Directors which provides that, if the director becomes involved in a claim (as defined in the agreement) by reason of an indemnifiable event (as defined in the agreement), OC will indemnify the director to the fullest extent authorized by OC's by-laws, notwithstanding any subsequent amendment, repeal or modification of the by-laws, against any and all expenses, judgments, fines, penalties and amounts paid in settlement of the claim.

The indemnity agreement also provides that, in the event of a potential change of control (as defined in the agreement), the director is entitled to require the creation of a trust for his or her benefit, the assets of which would be subject to the claims of OC's general

creditors, and the funding of such trust from time to time in amounts sufficient to satisfy OC's indemnification obligations reasonably anticipated at the time of the funding request. For a discussion of the treatment of Indemnity Agreements under the Plan, see Section VI.B.4 entitled "Treatment of Director and Officer Indemnification Under the Plan," above and Section VII.E.6 entitled "Indemnification Obligations."

Charitable Award Program — To recognize the interest of Owens Corning and its directors in supporting worthy educational institutions and other charitable organizations, Owens Corning permits each director who joined the Board of Directors prior to December 31, 2001 (subject to certain vesting requirements) to nominate up to two organizations to share a contribution of $1 million to be made in ten annual installments after the death of the director. Owens Corning expects to fully fund its contributions (as well as insurance premiums) from the proceeds of life insurance policies that it maintains on directors. Directors will receive no financial benefit from this program, since the charitable deduction and insurance proceeds accrue solely to Owens Corning. Under the Plan, as stated in the Management Arrangements described in Exhibit F, the Debtors will continue to meet their obligations under this program.

9. Incentive Plans to be Implemented in Connection with Emergence from Chapter 11 Reorganization

The Plan Proponents have negotiated the principal terms and conditions of certain incentive plans to be made available to employees generally and to certain management employees in connection with the emergence of the Reorganized Debtors from reorganization under Chapter 11. These plans include a broad-based Employee Incentive Program and a Management Incentive Program. A summary of the terms of these programs is set forth below. The summaries set forth below are qualified in their entirety by reference to the terms of the plan documents, which will be filed up to ten (10) Business Days prior to the Objection Deadline, and to the terms of any individual agreements that may be entered into pursuant to those plan documents.

Employee Incentive Program. It is currently contemplated that all full-time employees and regular part-time employees of OCD and its Affiliates as of the Effective Date (excluding any employee who participates in the management incentive program described below, as of the Effective Date) shall be eligible to receive a grant of 100 shares of New OCD Common Stock, or appropriate equivalent interest, upon the Effective Date, as described in the Employee Arrangements set forth on Exhibit F, as it may be amended up to ten (10) Business Days prior to the Objection Deadline. Accordingly, OCD shall reserve 2,000,000 shares of New OCD Common Stock for issuance to such employees (assuming 20,000 eligible employees worldwide), which shares represent approximately 1.52% of the primary number of shares of New OCD Common Stock to be outstanding immediately after the Effective Date (assuming issuance of approximately 131.4 million shares on the Effective Date and excluding options issued on the Effective Date). Each award of 100 shares of New OCD Common Stock, or equivalent interest, will vest in its entirety on the third anniversary of the Effective Date, subject to accelerated vesting for OCD-approved retirements or in the event that OCD terminates the employee's employment without cause.

Management Incentive Program. It is currently contemplated that on the Effective Date, Reorganized OCD will adopt Management Arrangements, the terms and conditions of which shall be summarized in greater detail in Exhibit F to the Plan, as it may be amended up to ten (10) Business Days prior to the Objection Deadline.

The terms and conditions of the Management Arrangements are subject to approval by OCD's Board of Directors (through its compensation committee) in the ordinary course of business on or about April 13, 2006, and shall be more fully disclosed on Exhibit F no later than April 17, 2006. Subject to the foregoing, as part of such Management Arrangements, the Debtors currently contemplate that certain members of management will be granted awards upon emergence or thereafter consisting of a combination of restricted shares of New OCD Common Stock and options to purchase shares of New OCD Common Stock pursuant to a management incentive plan. The Debtors presently contemplate that the restricted stock and options to be awarded under the management incentive plan shall represent approximately 2.87% of the number of shares/options of New OCD Common Stock to be issued on the Effective Date on a fully-diluted basis (excluding shares/options authorized and held for future issuance). The relative percentages of restricted stock and options to be awarded shall be determined by the compensation committee. The Debtors presently contemplate that additional restricted stock and options representing approximately 2.19% of the number of shares of New OCD Common Stock on a fully-diluted basis shall be reserved and authorized for future issuance as shall be determined by the compensation committee of the Board of Directors of Reorganized OCD.

The terms and conditions of the Management Arrangements set forth on Exhibit F shall be subject to further modifications, revisions and supplementation as may be satisfactory in form and substance to the Debtors (and the other Plan Proponents) up to ten (10) days prior to the Objection Deadline.

On the Effective Date, management and designated employees of Reorganized OCD and the other Reorganized Debtors shall receive the benefits provided under such Management Arrangements on the terms and conditions provided for therein.

C. Terms of Certificate of Incorporation of Reorganized OCD

The Amended and Restated Certificate of Incorporation of Reorganized OCD and the Amended and Restated Bylaws of Reorganized OCD will include provisions (i) creating the New OCD Common Stock, and (ii) to the extent necessary or appropriate, effectuating the provisions of the Plan. The Amended and Restated Certificate of Incorporation of Reorganized OCD and the Amended and Restated Bylaws of Reorganized OCD shall be in substantially the forms of Exhibit A and Exhibit B to the Plan, to be filed at least ten (10) Business Days prior to the Objection Deadline.

D. Projected Financial Information

1. Responsibility For and Purpose of the Financial Projections

Appendix B to this Disclosure Statement sets forth certain financial information with respect to the projected future operations of OC ("Financial Projections"). As a condition to confirmation of a plan, the Bankruptcy Code requires, among other things, that the

Bankruptcy Court determine that the plan is "feasible" (i.e., that confirmation is not likely to be followed by a liquidation or the need for further financial reorganization of the debtor) as set forth in Section 1129(a)(11) of the Bankruptcy Code. In connection with the development of the Plan, and for purposes of determining whether the Plan satisfies feasibility standards, OC's management has, through the development of financial projections, analyzed the ability of OC to meet its obligations under the Plan to maintain sufficient liquidity and capital resources to conduct its business. The Financial Projections were also prepared to assist each holder of a claim entitled to vote under the Plan in determining whether to accept or reject the Plan.

The Financial Projections indicate that the Reorganized Debtors should have sufficient cash flow to (a) make the payments required under the Plan, (b) repay service debt obligations, and (c) maintain operations on a going-forward basis. Accordingly, the Debtors believe that the Plan complies with Section 1129(a)(11) of the Bankruptcy Code. The Financial Projections should be read in conjunction with the assumptions, qualifications and footnotes to tables containing the projections set forth herein, the historical consolidated financial information (including the notes and schedules thereto) and the other information set forth in OC's Annual Report on Form 10-K for the year ended December 31, 2005, as well as OC's Annual Report on Form 10-Q for the quarter ended March 31, 2006, OC's Annual Report on Form 10-K for the year ended December 31, 2004, OC's Annual Report on Form 10-K for the year ended December 31, 2003, OC's Annual Report on Form 10-K for the year ended December 31, 2002, OC's Annual Report on Form 10-K for the year ended December 31, 2001, and OC's Annual Report on Form 10-K for the year ended December 31, 2000, copies of which may be obtained, free of charge, through OC's website at www.owenscorning.com. OC's Annual Report on Form 10-K for the year ended December 31, 2005, may also be obtained by sending a written request. See directions for obtaining this document in Appendix D. The Financial Projections were prepared in good faith based upon assumptions believed to be reasonable and applied in a manner consistent with past practice. The Financial Projectionswere preparedin December, 2005, and revised in May, 2006.

The Financial Projections were not prepared with a view towards complying with the guidelines for prospective financial statements published by the American Institute of Certified Public Accountants, but to comply with the disclosure requirement of Section 1125(a) of the Bankruptcy Code. Neither the Debtors' independent auditors, nor any other independent accountants, have compiled or examined the accompanying prospective financial information to determine the reasonableness thereof and, accordingly, have not expressed an opinion or any other form of assurance with respect thereto.

The accompanying prospective financial information, in the view of the Debtors' management, was prepared on a reasonable basis, reflects the best available estimates and judgments at the time made, and presents, to the best of management's knowledge and belief, the expected course of action and the respective expected future financial performance of OC. However, this information is not fact and should not be relied upon as being necessarily indicative of future results, and readers of this Disclosure Statement are cautioned not to place undue reliance on the Financial Projections. Accordingly, the Debtors do not intend, and disclaim any obligation, to (a) furnish updated projections to holders of Claims or Interests prior to the Effective Date or to any party after the Effective Date, (b) include such updated information in any documents that may be required to be filed with the SEC, or (c) otherwise make such updated information publicly available. See the Disclaimer set forth below.

2. Summary of Significant Assumptions

The Debtors' management has developed the Financial Projections to assist holders of Claims and Interests in their evaluation of the Plan and to analyze its feasibility. The Financial Projections are based upon a number of significant assumptions, which along with the Financial Projections are set forth in Appendix B.

DISCLAIMER

THE FINANCIAL PROJECTIONS PROVIDED IN THIS DISCLOSURE STATEMENT HAVE BEEN PREPARED EXCLUSIVELY BY THE DEBTORS' MANAGEMENT. THESE FINANCIAL PROJECTIONS, WHILE PRESENTED WITH NUMERICAL SPECIFICITY, ARE NECESSARILY BASED ON A VARIETY OF ESTIMATES AND ASSUMPTIONS WHICH, THOUGH CONSIDERED REASONABLE BY MANAGEMENT, MAY NOT BE REALIZED, AND ARE INHERENTLY SUBJECT TO SIGNIFICANT BUSINESS, ECONOMIC AND COMPETITIVE UNCERTAINTIES AND CONTINGENCIES, MANY OF WHICH ARE BEYOND THE DEBTORS' CONTROL. NO REPRESENTATIONS CAN BE MADE AS TO THE ACCURACY OF THESE FINANCIAL PROJECTIONS OR TO OC'S ABILITY TO ACHIEVE THE PROJECTED RESULTS. SOME ASSUMPTIONS INEVITABLY WILL NOT MATERIALIZE. FURTHER, EVENTS AND CIRCUMSTANCES OCCURRING SUBSEQUENT TO THE DATE ON WHICH THESE FINANCIAL PROJECTIONS WERE PREPARED MAY BE DIFFERENT FROM THOSE ASSUMED OR, ALTERNATIVELY, MAY HAVE BEEN UNANTICIPATED, AND THUS THE OCCURRENCE OF THESE EVENTS MAY AFFECT FINANCIAL RESULTS IN A MATERIAL AND POSSIBLY ADVERSE MANNER. THE FINANCIAL PROJECTIONS, THEREFORE, MAY NOT BE RELIED UPON AS A GUARANTEE OR OTHER ASSURANCE OF THE ACTUAL RESULTS THAT WILL OCCUR. THESE FINANCIAL PROJECTIONS SHOULD BE CONSIDERED IN CONJUNCTION WITH THE RISK FACTORS SET FORTH IN SECTION XIV OF THIS DISCLOSURE STATEMENT ENTITLED "CERTAIN RISK FACTORS TO BE CONSIDERED."

VII. SUMMARY OF THE PLAN OF REORGANIZATION

A. Introduction

THIS SECTION PROVIDES A SUMMARY OF THE STRUCTURE AND MEANS FOR IMPLEMENTATION OF THE PLAN, AND OF THE CLASSIFICATION AND TREATMENT OF CLAIMS AND INTERESTS UNDER THE PLAN, AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE PLAN (AS WELL AS THE EXHIBITS THERETO AND DEFINITIONS THEREIN), WHICH IS ATTACHED TO THIS DISCLOSURE STATEMENT AS APPENDIX A.

THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT INCLUDE SUMMARIES OF THE PROVISIONS CONTAINED IN THE PLAN AND IN

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

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

The Debtors, the Asbestos Claimants' Committee, and the Future Claimants' Representative are the proponents of the Plan within the meaning of Section 1129 of the Bankruptcy Code. The Steering Committee supports the Plan.

Although IPM, Inc., Vytec Corporation and Owens-Corning Fibreglas Sweden Inc. have not filed under Chapter 11 at the present time, OCD reserves the right to initiate Chapter 11 proceedings on behalf of some or all of such entities prior to the Confirmation Date, in the event OCD deems it necessary to do so in order to effectuate the terms of the Plan, in which case such entities would be included in the Plan. Certain other of OCD's Subsidiaries (including certain foreign entities and joint ventures) also have not commenced cases under Chapter 11 of the Bankruptcy Code, and accordingly continue to operate their businesses in the ordinary course. A list of the Non-Debtor Subsidiaries is attached to the Plan as Schedule II. Although the Non-Debtor Subsidiaries have not filed under Chapter 11 at the present time, one or more of the Non-Debtor Subsidiaries may file for reorganization under Chapter 11 in the future. The timing of any such filing would be determined at a later date, but any such filing would be made to permit the inclusion of such entities as part of the Plan. In the event of such filings, the Debtors reserve the right to file first day motions seeking authority to pay all trade creditors as critical vendors in order to avoid any potential disruption of OC's foreign operations. Moreover, the Plan will provide for full payment of all such trade creditors. In the event that any such additional filings are not required to effectuate the terms of the Plan, the Debtors reserve the right not to cause such entities to file for bankruptcy protection.

Subject to certain restrictions and requirements set forth in Section 1127 of the Bankruptcy Code and Bankruptcy Rule 3019 and Section 14.4 of the Plan, the Plan Proponents reserve the right to alter, amend, modify, revoke or withdraw the Plan prior to its substantial consummation.

B. TREATMENT OF CLAIMS AND INTERESTS

1. Unclassified Claims

(a) DIP Facility Claims

On, or as soon as reasonably practicable after, the latest of (i) the Initial Distribution Date, (ii) the date on which a DIP Facility Claim becomes an Allowed DIP Facility Claim or (iii) the date on which a DIP Facility Claim becomes payable pursuant to any agreement between a Debtor and the holder of such DIP Facility Claim, each holder of an Allowed DIP Facility Claim shall receive in full satisfaction, settlement, release and discharge of and in exchange for such Allowed DIP Facility Claim (x) Cash equal to the unpaid portion of such Allowed DIP Facility Claim or (y) such other treatment as the applicable Debtor and such holder shall have agreed in writing. In addition, on or as soon as reasonably practicable after the Effective Date, letters of credit under the DIP Facility shall be refinanced under the Exit Facility.

(b) Administrative Claims

Except as otherwise provided in the Plan and subject to the requirements hereof, on, or as soon as reasonably practicable after, the latest of (i) the Initial Distribution Date, (ii) the date on which an Administrative Claim becomes an Allowed Administrative Claim or (iii) the date on which an Administrative Claim becomes payable pursuant to any agreement between a Debtor and the holder of such Administrative Claim, each holder of an Allowed Administrative Claim shall receive in full satisfaction, settlement, release and discharge of and in exchange for such Allowed Administrative Claim (a) Cash equal to the unpaid portion of such Allowed Administrative Claim or (b) such other treatment as the applicable Debtor and such holder shall have agreed in writing; *provided, however*, that Allowed Administrative Claims with respect to liabilities incurred by a Debtor in the ordinary course of business during the Chapter 11 Cases shall be paid in the ordinary course of business in accordance with the terms and conditions of any agreements relating thereto.

Holders of Administrative Claims based on liabilities incurred by the Debtors in the ordinary course of their businesses shall not be required to file or serve any request for payment of such Claims, as such liabilities shall be paid, performed or settled when due in accordance with the terms and conditions of the particular agreements governing such obligations.

(c) Priority Tax Claims

Except to the extent that a holder of an Allowed Priority Tax Claim has been paid by the Debtors prior to the Initial Distribution Date or has agreed in writing to a different treatment, each holder of an Allowed Priority Tax Claim shall receive in full satisfaction, settlement, release and discharge of and in exchange for such Allowed Priority Tax Claim, at the sole discretion of the Debtors, (i) Cash equal to the amount of such Allowed Priority Tax Claim on the later of the Initial Distribution Date and the date such Priority Tax Claim becomes an Allowed Claim, or as soon thereafter as is practicable, (ii) deferred Cash payments, having a value as of the Effective Date equal to such Allowed Priority Tax Claim (based upon interest at a rate of 4% per annum), over a period not exceeding six (6) years after

the assessment of the tax on which such Claim is based as the applicable Debtor and such holder shall have agreed in writing, or (iii) such other treatment as the applicable Debtor and such holder shall have agreed in writing.

2. Unimpaired Claims: Other Priority Claims (Classes A1 through U1), Other Secured Tax Claims (Classes A2-A through U2-A) and Other Secured Claims (A2-B through U2-B)

(a) Classes A1 through U1: Other Priority Claims

(i) Treatment

On, or as soon as reasonably practicable after, the latest of (i) the Initial Distribution Date, (ii) the date on which such Other Priority Claim becomes an Allowed Other Priority Claim, or (iii) the date on which such Other Priority Claim becomes due and payable pursuant to any agreement between the Debtors and a holder of an Other Priority Claim, each holder of an Allowed Other Priority Claim shall receive in full satisfaction, settlement, release and discharge of and in exchange for such Allowed Other Priority Claim (a) Cash equal to the unpaid portion of such Allowed Other Priority Claim or (b) such other treatment as the Debtors and such holder shall have agreed in writing. All Allowed Other Priority Claims which are not by their terms due and payable on or before the Effective Date shall be paid in the ordinary course of business in accordance with the terms thereof.

(ii) Status

Other Priority Claims are Unimpaired. Holders of Other Priority Claims shall be deemed to have accepted the Plan, and accordingly are not entitled to vote to accept or reject the Plan.

(b) Class A2-A through U2-A: Other Secured Tax Claims

(i) Treatment

Except to the extent that a holder of an Allowed Other Secured Tax Claim has been paid by the Debtors prior to the Initial Distribution Date or has agreed in writing to a different treatment, each holder of an Allowed Other Secured Tax Claim shall receive in full satisfaction, settlement, release and discharge of and in exchange for such Allowed Other Secured Tax Claim, at the sole discretion of the Debtors, (i) Cash equal to the amount of such Allowed Other Secured Tax Claim, including any interest on such Allowed Other Secured Tax Claim required to be paid pursuant to Section 506(b) of the Bankruptcy Code, on the later of the Initial Distribution Date and the date such Other Secured Tax Claim becomes an Allowed Claim, or as soon thereafter as is practicable, (ii) deferred Cash payments, having a value as of the Effective Date equal to such Allowed Other Secured Tax Claim (based upon interest at a rate of 4% per annum), over a period not exceeding six (6) years after the assessment of the tax on which such Claim is based as the Debtors and such holder shall have agreed in writing, or (iii) such other treatment as the Debtors and such holder shall have agreed in writing. The Debtors' failure to object to any Other Secured Tax Claim in the Chapter 11 Cases shall be without prejudice to the rights of the Debtors or the Reorganized Debtors to contest or otherwise

defend against such Claim in the appropriate forum when and if such Claim is sought to be enforced by the holder of such Claim. Nothing in the Plan or elsewhere shall preclude the Debtors or Reorganized Debtors from challenging the validity of any alleged Encumbrance on any asset of a Debtor or Reorganized Debtor or the value of any collateral.

Each holder of an Allowed Other Secured Tax Claim shall retain the Encumbrances (or replacement Encumbrances as may be contemplated under nonbankruptcy law) securing its Allowed Other Secured Tax Claim as of the Effective Date until full and final payment of such Allowed Other Secured Tax Claim is made as provided in the Plan, and upon such full and final payment, such Encumbrances shall be deemed null and void and shall be unenforceable for all purposes.

(ii) Status

Other Secured Tax Claims are Unimpaired. Holders of Other Secured Tax Claims shall be deemed to have accepted the Plan, and accordingly are not entitled to vote to accept or reject the Plan.

(c) Class A2-B through U2-B: Other Secured Claims

(i) Treatment

On, or as soon as reasonably practicable after, the latest of (i) the Initial Distribution Date, (ii) the date on which such Other Secured Claim becomes an Allowed Other Secured Claim or (iii) the date on which such Other Secured Claim becomes due and payable pursuant to any agreement between a Debtor and the holder of an Allowed Other Secured Claim, each holder of an Allowed Other Secured Claim shall receive in full satisfaction, settlement, release and discharge of and in exchange for such Allowed Other Secured Claim, at the sole discretion of the Debtors, (a) Cash equal to the unpaid portion of such Allowed Other Secured Claim, (b) Reinstatement of the legal equitable and contractual rights of the holder of such Allowed Other Secured Claim, subject to the provisions of Article VII of the Plan, or (c) such other treatment as the Debtors and such holder shall have agreed in writing. The Debtors' failure to object to any Other Secured Claim in the Chapter 11 Cases shall be without prejudice to the rights of the Debtors or the Reorganized Debtors to contest or otherwise defend against such Claim in the appropriate forum when and if such Claim is sought to be enforced by the holder of such Claim. Nothing in the Plan or elsewhere shall preclude the Debtors or Reorganized Debtors from challenging the validity of any alleged Encumbrance on any asset of a Debtor or the value of any collateral.

(ii) Status

Other Secured Claims are Unimpaired. Holders of Other Secured Claims shall be deemed to have accepted the Plan, and accordingly are not entitled to vote to accept or reject the Plan.

3. OCD (Classes A3 through A12)

(a) Class A3: OCD Convenience Claims

(i) Treatment

On, or as soon as reasonably practicable after, the latest of (i) the Initial Distribution Date, (ii) the date on which such Class A3 Claim becomes an Allowed Class A3 Claim, or (iii) the date on which such Class A3 Claim becomes due and payable pursuant to any agreement between OCD and a holder of a Class A3 Claim, each holder of an Allowed Class A3 Claim shall receive in full satisfaction, settlement, release and discharge of and in exchange for such Allowed Class A3 Claim (a) Cash equal to the amount of such Allowed Class A3 Claim or (b) such other treatment as OCD and such holder shall have agreed in writing.

(ii) Election

Any holder of a Claim in Class A6-A or A6-B that desires treatment of such Claim as a Convenience Claim shall make such election on the Ballot to be provided to holders of Impaired Claims entitled to vote to accept or reject the Plan (as specified in Section 4.1 of the Plan) and return such Ballot to the address specified therein on or before the Voting Deadline. Any election made after the Voting Deadline shall not be binding on the Debtors unless the Voting Deadline is expressly waived in writing by the Debtors with respect to any such Claim. For the avoidance of doubt, any holder of a Convenience Claim, including, without limitation, any holder of a Claim in Class A6-A or A6-B that elects to have such Claim treated as a Convenience Claim, shall not be entitled to participate in the Rights Offering.

(iii) Status

Class A3 Claims are Impaired. To the extent and in the manner provided in the Voting Procedures Order, holders of the Claims in Class A3 shall be entitled to vote to accept or reject the Plan.

(b) Class A4: OCD Bank Holders Claims

(i) Allowance

The Class A4 Claims shall be Allowed in the amount of approximately $1.475 billion (excluding approximately $69 million of undrawn pre-petition letters of credit).[11]

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[11] This estimate of Class A4 Claims represents the amount outstanding under the 1997 Credit Agreement as of the Petition Date, including certain amounts related to letters of credit drawn or expected to be drawn prior to the Effective Date, less the application of certain frozen funds. It does not include any amounts for post-petition interest or fees.

(ii) Treatment

(A) In full satisfaction, release and discharge of, and in exchange for their Allowed Claims against the various Debtors and claims against certain of the Non-Debtor Subsidiaries (including, without limitation, their Allowed Class A4 Claims), on or after the Effective Date, each holder of an Allowed Class A4 Claim shall receive such holder's Pro Rata share of Cash in an aggregate amount equal to the sum of the amount of the Allowed Class A4 Claims plus the Bank Default Interest and Fee Amount;[12] *provided, however*, that as a condition to obtaining such payment, each holder of an Allowed Class A4 Claim shall have executed a Bank Holder Release, as defined in the Final Bank Unimpairment Order, in a form reasonably satisfactory to the Debtors (or the Reorganized Debtors), the other Plan Proponents and CSFB releasing each of the Debtors, Reorganized Debtors and the Non-Debtor Subsidiaries from the Bank Holders Claims, which Bank Holder Release shall be binding upon each such holder of an Allowed Class A4 Claim and each of its affiliates, successors and assigns to the fullest extent of the law; and

(B) As of the Effective Date, the undrawn pre-petition letters of credit shall be cancelled or replaced by new letters of credit under the Exit Facility.

(C) As of the Effective Date but subject to the Debtors having made the Initial Bank Holders' Distribution, the rights of any and all Bank Holders to pursue, and receive any benefits of, from or under, the pending appeal of the OCD Asbestos Personal Injury Estimation Order shall be deemed to have been irrevocably waived and released under the Plan to the fullest extent permissible under applicable law (provided that such appeal has not otherwise been dismissed with prejudice on or prior to the Effective Date).

(iii) Status

In accordance with the terms of the Final Unimpairment Order, Class A4 Claims are Unimpaired, and holders of Class A4 Claims shall be deemed to have accepted the Plan, and accordingly are not entitled to vote to accept or reject the Plan.

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[12] For purposes of distribution, the Bank Holders Claims shall be deemed to have been satisfied (a) first, against OCD to the fullest extent permissible under applicable law (except as otherwise provided in the Plan) and (b) second, against the various Debtor guarantors and, if applicable, non-Debtor guarantors up to an amount against each such guarantor that would still allow the holders of allowed third-party claims (x) against each such Debtor guarantor to be paid in full, as set forth herein, and (y) to retain their respective rights against each such non-Debtor guarantor under applicable non-bankruptcy law; *provided, however,* that, the Debtors and their financial advisors have concluded that the ultimate recovery of the Bank Holders Claims pursuant to Section 3.3(b)(ii) of the Plan and other applicable Bank Holder treatment sections in the Plan would not meaningfully change even if the foregoing assumptions regarding the sequencing of the Bank Holders' recovery were altered.

(c) Class A5: OCD Bondholders Claims

(i) Allowance

The Class A5 Claims shall be $1.389 billion, plus accrued but unpaid interest as of the Petition Date.[13]

(ii) Treatment

(A) Initial Distribution

(1) If Class A5 accepts the Plan, then:

(a) in full satisfaction, release and discharge of, and in exchange for, its Allowed Class A5 Claim, each holder of an Allowed Class A5 Claim who has complied with Section 8.8 of the Plan shall receive on, or as soon as reasonably practicable after, the later of the Effective Date or the date on which such Class A5 Claim becomes due and payable pursuant to any agreement between a Debtor and a holder of an Allowed Class A5 Claim, such holder's Pro Rata share of the Class A5 Aggregate Distribution;

(b) on, or as soon as reasonably practicable after, the Effective Date, each holder of an Allowed Class A5 Claim that has properly and timely exercised its Rights pursuant to the Subscription Documents shall receive those Rights Offering Shares to which it is entitled under the Subscription Documents; and

(c) on the first Business Day on which each of the FAIR Act Conditions shall have been satisfied, the Contingent Note and the Contingent Note Stock Pledge (if any) shall (and shall be deemed to) be automatically cancelled and defeased without further notice or order of Court and shall be of no further force and effect whatsoever, and no Reserved New OCD Shares shall be issued or delivered to the OC Sub-Account.

(2) If Class A5 rejects the Plan, then:

(a) in full satisfaction, release and discharge of, and in exchange for, its Allowed Class A5 Claim, each holder of an Allowed Class A5 Claim who has complied with Section 8.8 of the Plan shall receive on, or as soon as reasonably practicable after, the later of the Initial Distribution Date or the date on which such Class A5 Claim becomes due and payable pursuant to any agreement between OCD and a holder of an Allowed Class A5 Claim, (i) such holder's Pro Rata share of the product of (w) the

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[13] This amount of Class A5 Claims represents the principal amount and accrued interest outstanding under the Pre-petition Bond Indentures as of the Petition Date based upon OCD's books and records, and excludes any amounts for post-petition interest or fees. Approval of the Disclosure Statement or confirmation of the Plan is without prejudice to any rights of the Pre-petition Indenture Trustees to assert that a Claim under any Pre-petition Bond Indenture should be Allowed in an amount different from those based on OCD's books and records. The allowance of any Claim in Class A5 is governed by Section 1.19 and Article IX of the Plan, and the applicable provisions of the Bankruptcy Code and Bankruptcy Rules.

Combined OCD Distribution Package and (x) the Class A5 Initial Distribution Percentage, and, subject to Section 3.3(c)(ii)(B)(4) of the Plan, (ii) such holder's Pro Rata share of the product of (y) the Combined OCD Supplemental Distribution Package and (z) a fraction, the numerator of which is the total amount of Allowed Claims in Class A5, and the denominator of which is the aggregate amount of all Allowed Claims in Classes A4, A5 and A6-B;

(b) on, or as soon as reasonably practicable after, the Effective Date, each holder of an Allowed Class A5 Claim that has properly and timely exercised its Rights pursuant to the Subscription Documents shall receive those Rights Offering Shares to which it is entitled under the Subscription Documents;

(c) the rights of holders of Asbestos Personal Injury Claims, the Asbestos Claimants' Committee and the Future Claimants' Representative to assert Integrex Asbestos Personal Injury Claims against Integrex shall be reserved;

(d) the Asbestos Claimants' Committee and the Future Claimants' Representative shall have the right to seek a determination at the Confirmation Hearing that certain or all of the Class A11 Claims should be equitably subordinated or recharacterized; and

(e) the OC Sub-Account shall be funded in the manner set forth in Section 3.3(f)(iii)(A) and (C) of the Plan, irrespective of the outcome of the FAIR Act.

(B) Final Distribution

(1) On or as soon as reasonably practicable after the Final Distribution Date, each holder of an Allowed Class A5 Claim shall receive its Pro Rata share of:

(a) regardless of whether Class A5 rejects or accepts the Plan, (i) Cash in an amount equal to the Class A5 Final Distribution Percentage of the Excess Available Cash (if any) and (ii) shares of New OCD Common Stock in an aggregate number equal to the Class A5 Final Distribution Percentage of the Excess New OCD Common Stock (if any); and either

(b) if Class A5 and Class A6-B both accept the Plan, then Cash and New OCD Common Stock in an aggregate amount or number, in each case, equal to the product of (w) the Supplemental Excess Available Cash (if any) and the Supplemental Excess New OCD Common Stock (if any), respectively, and (x) a fraction, the numerator of which is the total amount of Allowed Claims in Class A5, and the denominator of which is the aggregate amount of all Allowed Claims in Classes A5 and A6-B; or

(c) if either Class A5 or Class A6-B rejects the Plan, then Cash and New OCD Common Stock in an aggregate amount or number, in each case, equal to the product of (w) the Supplemental Excess Available Cash (if any) and the Supplemental Excess New OCD Common Stock (if any), respectively, and (x) a fraction, the numerator of which is the total amount of Allowed Claims in Class A5, and the denominator of which is the aggregate amount of all Allowed Claims in Classes A4, A5 and A6-B.

(C) Indenture Trustee Fees

Holders of Class A5 Bondholder Claims may have their distributions under the Plan reduced to the extent that any of the Pre-petition Indenture Trustees exercises any applicable rights under the Pre-petition Bond Indentures to recover its Indenture Trustee Fees from the distributions to be paid to Holders of Class A5 Bondholder Claims under the Plan. Any payment of such costs or expenses shall commensurately reduce the recovery realized under the Plan by holders of Class A5 Bondholder Claims.

Certain of the Pre-petition Indenture Trustees may assert that the Plan should provide for the payment by the Debtors of Indenture Trustee Fees and/or fees for the making of distributions with respect to Bondholder Claims. If any such objection is filed and not resolved, the Bankruptcy Court will determine this dispute at the Confirmation Hearing.

The Securities and Exchange Commission (the "Commission") has asserted that fees and expenses of the Pre-petition Indenture Trustees should be subject to the review of the Bankruptcy Court for reasonableness even if paid from distributions to holders of Allowed Class A5 Claims and not paid by the Reorganized Debtors. The Commission reserves the right to object to the Plan to the extent the Plan does not provide for such review.

(iii) Status

Class A5 Claims are Impaired. To the extent and in the manner provided in the Voting Procedures Order, holders of the Claims in Class A5 shall be entitled to vote to accept or reject the Plan.

(d) Class A6-A: OCD General Unsecured Claims

(i) Allowance

The Class A6-A Claims shall be allowed or disallowed pursuant to the procedures for resolving disputed, contingent and unliquidated Claims set forth in Article IX of the Plan.

(ii) Treatment

(A) Initial Distribution

(1) If Class A5 and Class A6-A both accept the Plan, then:

(a) in full satisfaction, release and discharge of, and in exchange for, its Allowed Class A6-A Claim, each holder of an Allowed

Class A6-A Claim shall receive on, or as soon as reasonably practicable after, the latest of (i) the Initial Distribution Date, (ii) the date on which such Class A6-A Claim becomes an Allowed Class A6-A Claim, or (iii) the date on which such Class A6-A Claim becomes due and payable pursuant to any agreement between a Debtor and a holder of a Class A6-A Claim, such holder's Pro Rata share of the Class A6-A Aggregate Distribution; *provided, however*, for the avoidance of doubt, that each holder of a Class A6-A Claim that is not an Allowed Claim as of the Effective Date and becomes an Allowed Claim after the Effective Date shall receive (from the Disputed Distribution Reserve, as set forth in Section 9.4(c) of the Plan) a distribution in the same amount as such holder would have received had such Claim been an Allowed Claim as of the Effective Date; and

(b) on, or as soon as reasonably practicable after, the Effective Date, each holder of an Allowed Class A6-A Claim that has properly and timely exercised its Rights pursuant to the Subscription Documents shall receive those Rights Offering Shares to which it is entitled under the Subscription Documents.

(2) If Class A5 rejects the Plan and Class A6-A accepts the Plan, then:

(a) in full satisfaction, release and discharge of, and in exchange for, its Allowed Class A6-A Claim, each holder of an Allowed Class A6-A Claim shall receive on, or as soon as reasonably practicable after, the latest of (i) the Initial Distribution Date, (ii) the date on which such Class A6-A Claim becomes an Allowed Class A6-A Claim, or (iii) the date on which such Class A6-A Claim becomes due and payable pursuant to any agreement between a Debtor and a holder of a Class A6-A Claim, such holder's Pro Rata share of the product of (x) the Class A6-A Initial Distribution Percentage and (y) the Combined OCD Distribution Package; *provided, however*, for the avoidance of doubt, that each holder of a Class A6-A Claim that is not an Allowed Claim as of the Effective Date and becomes an Allowed Claim after the Effective Date shall receive (from the Disputed Distribution Reserve, as set forth in Section 9.4(c) of the Plan) the same distribution as such holder would have received had such Claim been an Allowed Claim as of the Effective Date;

(b) on, or as soon as reasonably practicable after, the Effective Date, each holder of an Allowed Class A6-A Claim that has properly and timely exercised its Rights pursuant to the Subscription Documents shall receive those Rights Offering Shares to which it is entitled under the Subscription Documents; and

(c) the rights of holders of Asbestos Personal Injury Claims, the Asbestos Claimants' Committee and the Future Claimants' Representative to assert Integrex Asbestos Personal Injury Claims against Integrex shall be reserved.

(3) If Class A5 rejects the Plan and Class A6-A rejects the Plan, then:

(a) in full satisfaction, release and discharge of, and in exchange for, its Allowed Class A6-A Claim, each holder of an Allowed Class A6-A Claim shall receive on, or as soon as reasonably practicable after, the latest of (i) the

Initial Distribution Date, (ii) the date on which such Class A6-A Claim becomes an Allowed Class A6-A Claim, or (iii) the date on which such Class A6-A Claim becomes due and payable pursuant to any agreement between a Debtor and a holder of a Class A6-A Claim, such holder's Pro Rata share of the product of (x) the Class A6-A Initial Distribution Percentage and (y) the Combined OCD Distribution Package; *provided, however*, for the avoidance of doubt, that each holder of a Class A6-A Claim that is not an Allowed Claim as of the Effective Date and becomes an Allowed Claim after the Effective Date shall receive (from the Disputed Distribution Reserve, as set forth in Section 9.4(c) of the Plan) the same distribution as such holder would have received had such Claim been an Allowed Claim as of the Effective Date;

(b) the Rights offered to holders of Class A6-A Claims pursuant to the Rights Offering shall be deemed null and void, and the associated Rights Offering Purchase Price Proceeds shall be returned to subscribing holders of Eligible Class A6-A Claims in the amounts and manner set forth in the Subscription Documents; and

(c) the rights of holders of Asbestos Personal Injury Claims, the Asbestos Claimants' Committee and the Future Claimants' Representative to assert Integrex Asbestos Personal Injury Claims against Integrex shall be reserved.

(4) If Class A5 accepts the Plan and Class A6-A rejects the Plan, then:

(a) in full satisfaction, release and discharge of, and in exchange for, its Allowed Class A6-A Claim, each holder of an Allowed Class A6-A Claim shall receive on, or as soon as reasonably practicable after, the latest of (i) the Initial Distribution Date, (ii) the date on which such Class A6-A Claim becomes an Allowed Class A6-A Claim, or (iii) the date on which such Class A6-A Claim becomes due and payable pursuant to any agreement between a Debtor and a holder of a Class A6-A Claim, such holder's Pro Rata share of Cash in an amount equal to the product of (x) the Class A6-A Initial Distribution Percentage and (y) the Combined OCD Distribution Package Value; *provided, however*, for the avoidance of doubt, that each holder of a Class A6-A Claim that is not an Allowed Claim as of the Effective Date and becomes an Allowed Claim after the Effective Date shall receive (from the Disputed Distribution Reserve, as set forth in Section 9.4(c) of the Plan) a distribution in the same amount as such holder would have received had such Claim been an Allowed Claim as of the Effective Date;

(b) the Rights offered to holders of Class A6-A Claims pursuant to the Rights Offering shall be deemed null and void, and the associated Rights Offering Purchase Price Proceeds shall be returned to subscribing holders of Eligible Class A6-A Claims in the amounts and manner set forth in the Subscription Documents; and

(c) for purposes of calculating the distributions to holders of Allowed Class A6-A Claims pursuant to Section 3.3(d)(ii)(C)(1) of the Plan, the rights of holders of Asbestos Personal Injury Claims, the Asbestos Claimants' Committee and the Future Claimants' Representative to assert Integrex Asbestos Personal Injury Claims against Integrex shall be reserved.

(B) Final Distribution

(1) If Class A5 and Class A6-A both accept the Plan, then on or as soon as reasonably practicable after the Final Distribution Date, each holder of an Allowed Class A6-A Claim shall receive its Pro Rata share of that portion of the Class A6-A Aggregate Distribution remaining in the Disputed Distribution Reserve as of such date.

(2) If either Class A5 or Class A6-A rejects the Plan, then on or as soon as reasonably practicable after the Final Distribution Date, each holder of an Allowed Class A6-A Claim shall receive its Pro Rata share of (i) Cash in an amount equal to the Class A6-A Final Distribution Percentage of Excess Available Cash and (ii) shares of New OCD Common Stock in an aggregate number equal to the Class A6-A Final Distribution Percentage of the Excess New OCD Common Stock (solely to the extent such holder received New OCD Common Stock as part of its initial distribution).

(iii) Status

Class A6-A Claims are Impaired. To the extent and in the manner provided in the Voting Procedures Order, holders of the Claims in Class A6-A shall be entitled to vote to accept or reject the Plan.

(e) Class A6-B: OCD General Unsecured/Senior Indebtedness Claims

(i) Allowance

The Class A6-B Claims shall be allowed or disallowed pursuant to the procedures for resolving disputed, contingent and unliquidated Claims set forth in Article IX of the Plan.

(ii) Treatment

(A) Initial Distribution

(1) If Class A5 and Class A6-B both accept the Plan, then:

(a) in full satisfaction, release and discharge of, and in exchange for, its Allowed Class A6-B Claim, each holder of an Allowed Class A6-B Claim shall receive on, or as soon as reasonably practicable after, the latest of (i) the Initial Distribution Date, (ii) the date on which such Class A6-B Claim becomes an Allowed Class A6-B Claim, or (iii) the date on which such Class A6-B Claim becomes due and payable pursuant to any agreement between a Debtor and a holder of an Allowed Class A6-B Claim, such holder's Pro Rata share of the Class A6-B Aggregate Distribution; *provided, however*, for the avoidance of doubt, that each holder of a Class A6-B Claim that is not an Allowed Claim as of the Effective Date and becomes an Allowed Claim after the Effective Date shall receive (from the Disputed Distribution Reserve, as set forth in Section 9.4(c) of the Plan) a distribution in the same amount as such holder would have received had such Claim been an Allowed Claim as of the Effective Date; and

(b) on, or as soon as reasonably practicable after, the Effective Date, each holder of an Allowed Class A6-B Claim that has properly and timely exercised its Rights pursuant to the Subscription Documents shall receive those Rights Offering Shares to which it is entitled under the Subscription Documents.

(2) If Class A5 rejects the Plan and Class A6-B accepts the Plan, then:

(a) in full satisfaction, release and discharge of, and in exchange for, its Allowed Class A6-B Claim, each holder of an Allowed Class A6-B Claim shall receive on, or as soon as reasonably practicable after, the latest of (i) the Initial Distribution Date, (ii) the date on which such Class A6-B Claim becomes an Allowed Class A6-B Claim, or (iii) the date on which such Class A6-B Claim becomes due and payable pursuant to any agreement between a Debtor and a holder of a Class A6-B Claim, (i) such holder's Pro Rata share of the product of (w) the Combined OCD Distribution Package and (x) the Class A6-B Initial Distribution Percentage, and, subject to Section 3.3(e)(ii)(B)(4) of the Plan, (ii) such holder's Pro Rata share of the product of (y) the Combined OCD Supplemental Distribution Package and (z) a fraction, the numerator of which is the total amount of Allowed Claims in Class A6-B, and the denominator of which is the aggregate amount of all Allowed Claims in Classes A4, A5 and A6-B;

(b) on, or as soon as reasonably practicable after, the Effective Date, each holder of an Allowed Class A6-B Claim that has properly and timely exercised its Rights pursuant to the Subscription Documents shall receive those Rights Offering Shares to which it is entitled under the Subscription Documents;

(c) the rights of holders of Asbestos Personal Injury Claims, the Asbestos Claimants' Committee and the Future Claimants' Representative to assert Integrex Asbestos Personal Injury Claims against Integrex shall be reserved; and

(d) the Asbestos Claimants' Committee and the Future Claimants' Representative shall have the right to seek a determination at the Confirmation Hearing that certain or all of the Class A11 Claims should be equitably subordinated or recharacterized.

(3) If Class A5 rejects the Plan and Class A6-B rejects the Plan, then:

(a) in full satisfaction, release and discharge of, and in exchange for, its Allowed Class A6-B Claim, each holder of an Allowed Class A6-B Claim shall receive on, or as soon as reasonably practicable after, the latest of (i) the Initial Distribution Date, (ii) the date on which such Class A6-B Claim becomes an Allowed Class A6-B Claim, or (iii) the date on which such Class A6-B Claim becomes due and payable pursuant to any agreement between a Debtor and a holder of a Class A6-B Claim, (i) such holder's Pro Rata share of the product of (w) the Combined OCD Distribution Package and (x) the Class A6-B Initial Distribution Percentage, and, subject to Section 3.3(e)(ii)(B)(4) of the Plan, (ii) such holder's Pro Rata share of the product of (y) the Combined OCD Supplemental

Distribution Package and (z) a fraction, the numerator of which is the total amount of Allowed Claims in Class A6-B, and the denominator of which is the aggregate amount of all Allowed Claims in Classes A4, A5 and A6-B;

(b) the Rights offered to holders of Class A6-B Claims pursuant to the Rights Offering shall be deemed null and void, and the associated Rights Offering Purchase Price Proceeds shall be returned to subscribing holders of Eligible Class A5 Claims in the amounts and manner set forth in the Subscription Documents;

(c) the rights of holders of Asbestos Personal Injury Claims, the Asbestos Claimants' Committee and the Future Claimants' Representative to assert Integrex Asbestos Personal Injury Claims against Integrex shall be reserved; and

(d) the Asbestos Claimants' Committee and the Future Claimants' Representative shall have the right to seek a determination at the Confirmation Hearing that certain or all of the Class A11 Claims should be equitably subordinated or recharacterized.

(4) If Class A5 accepts the Plan and Class A6-B rejects the Plan, then:

(a) in full satisfaction, release and discharge of, and in exchange for, its Allowed Class A6-B Claim, each holder of an Allowed Class A6-B Claim shall receive on, or as soon as reasonably practicable after, the latest of (i) the Initial Distribution Date, (ii) the date on which such Class A6-B Claim becomes an Allowed Class A6-B Claim, or (iii) the date on which such Class A6-B Claim becomes due and payable pursuant to any agreement between a Debtor and a holder of a Class A6-B Claim, Cash in an amount equal to (i) such holder's Pro Rata share of the product of (w) the Combined OCD Distribution Package Value and (x) the Class A6-B Initial Distribution Percentage, and, subject to Section 3.3(e)(ii)(B)(4) of the Plan, (ii) such holder's Pro Rata share of the product of (y) the Combined OCD Supplemental Distribution Package Value and (z) a fraction, the numerator of which is the total amount of Allowed Claims in Class A6-B, and the denominator of which is the aggregate amount of all Allowed Claims in Classes A4, A5 and A6-B; *provided, however*, for the avoidance of doubt, that each holder of a Class A6-B Claim that is not an Allowed Claim as of the Effective Date and becomes an Allowed Claim after the Effective Date shall receive (from the Disputed Distribution Reserve, as set forth in Section 9.4(c) of the Plan) a distribution in the same amount as such holder would have received had such Claim been an Allowed Claim as of the Effective Date;

(b) the Rights offered to holders of Class A6-B Claims pursuant to the Rights Offering shall be deemed null and void, and the associated Rights Offering Purchase Price Proceeds shall be returned to subscribing holders of Eligible Class A6-B Claims in the amounts and manner set forth in the Subscription Documents;

(c) for purposes of calculating the distributions to holders of Allowed Class A6-B Claims pursuant to Section 3.3(e)(ii)(C)(1) of the Plan, the rights of holders of Asbestos Personal Injury Claims, the Asbestos Claimants' Committee and the Future Claimants' Representative to assert Integrex Asbestos Personal Injury Claims against Integrex shall be reserved; and

(d) for purposes of calculating the distributions to holders of Allowed Class A6-B Claims pursuant to Section 3.3(e)(ii)(C)(1) to the Plan, the Asbestos Claimants' Committee and the Future Claimants' Representative shall have the right to seek a determination at the Confirmation Hearing that certain or all of the Class A11 Claims should be equitably subordinated or recharacterized.

(B) Final Distribution

(1) If Class A5 and Class A6-B both accept the Plan, then on or as soon as reasonably practicable after the Final Distribution Date, each holder of an Allowed Class A6-B Claim shall receive its Pro Rata share of that portion of the Class A6-B Aggregate Distribution remaining in the Disputed Distribution Reserve as of such date.

(2) If either Class A5 or Class A6-B rejects the Plan, then on or as soon as reasonably practicable after the Final Distribution Date, each holder of an Allowed Class A6-B Claim shall receive its Pro Rata share of

(a) (i) Cash in an amount equal to the Class A6-B Final Distribution Percentage of the Excess Available Cash and (ii) shares of New OCD Common Stock in an aggregate number equal to the Class A6-B Final Distribution Percentage of the Excess New OCD Common Stock (solely to the extent such holder received New OCD Common Stock as part of its initial distribution); and

(b) Cash and New OCD Common Stock in an aggregate amount or number, in each case, equal to the product of (w) the Supplemental Excess Available Cash, the Supplemental Excess New OCD Common Stock (solely to the extent such holder received New OCD Common Stock as part of its initial distribution), respectively, and (x) a fraction, the numerator of which is the total amount of Allowed Claims in Class A6-B, and the denominator of which is the aggregate amount of all Allowed Claims in Classes A4, A5 and A6-B.

(iii) Status

Class A6-B Claims are Impaired. To the extent and in the manner provided in the Voting Procedures Order, holders of the Claims in Class A6-B shall be entitled to vote to accept or reject the Plan.

Classes A5, A6-A and A6-B each could receive smaller distributions and/or distributions in different forms (different proportions of Cash versus New OCD Common Stock) if their Class rejects the Plan, or in the case of Class A6-A and Class A6-B, if Class A-5 rejects the Plan. The differences in treatment primarily result from the conditioning of certain waiver of various rights otherwise available to Class A7 on the acceptance of the Plan by Classes A5, A6-A and A6-B.

(f) Class A7: OC Asbestos Personal Injury Claims

(i) Estimated Amount

Solely for purposes of the Plan (but not for Allowance or distribution purposes), the Class A7 Claims shall be estimated at the Class A7 Aggregate Amount.

(ii) Treatment

ALL OC ASBESTOS PERSONAL INJURY CLAIMS SHALL BE CHANNELED TO THE ASBESTOS PERSONAL INJURY TRUST, AND SHALL BE PROCESSED, LIQUIDATED AND PAID PURSUANT TO THE TERMS AND PROVISIONS OF THE ASBESTOS PERSONAL INJURY TRUST DISTRIBUTION PROCEDURES AND THE ASBESTOS PERSONAL INJURY TRUST AGREEMENT. THE ASBESTOS PERSONAL INJURY TRUST SHALL BE FUNDED IN THE MANNER DESCRIBED BELOW. THE SOLE RECOURSE OF THE HOLDER OF AN OC ASBESTOS PERSONAL INJURY CLAIM SHALL BE THE ASBESTOS PERSONAL INJURY TRUST, AND SUCH HOLDER SHALL HAVE NO RIGHT WHATSOEVER AT ANY TIME TO ASSERT ITS CLAIM OR DEMAND AGAINST ANY DEBTOR, REORGANIZED DEBTOR OR PROTECTED PARTY. WITHOUT LIMITING THE FOREGOING, ON THE EFFECTIVE DATE, ALL PERSONS SHALL BE PERMANENTLY AND FOREVER STAYED, RESTRAINED, AND ENJOINED FROM TAKING ANY ENJOINED ACTIONS FOR THE PURPOSE OF, DIRECTLY OR INDIRECTLY, COLLECTING, RECOVERING, OR RECEIVING PAYMENT OF, ON, OR WITH RESPECT TO ANY OC ASBESTOS PERSONAL INJURY CLAIM (OTHER THAN ACTIONS BROUGHT TO ENFORCE ANY RIGHT OR OBLIGATION UNDER THE PLAN, ANY EXHIBITS TO THE PLAN, OR ANY OTHER AGREEMENT OR INSTRUMENT BETWEEN THE DEBTORS OR REORGANIZED DEBTORS AND THE ASBESTOS PERSONAL INJURY TRUST, WHICH ACTIONS SHALL BE IN CONFORMITY AND COMPLIANCE WITH THE PROVISIONS HEREOF).

Nothing contained in Section 3.3(f) of the Plan shall constitute or be deemed a waiver of any claim, right, or cause of action that the Debtors, the Reorganized Debtors or the Asbestos Personal Injury Trust may have against any other Person in connection with or arising out of a Class A7 Claim, and the injunction shall not apply to the assertion of any such claim, right, or cause of action by the Debtors, the Reorganized Debtors, or the Asbestos Personal Injury Trust.

(A) Funding of the OC Sub-Account

(1) If Class A5 accepts the Plan, then:

(a) on the Effective Date, or as soon as practicable thereafter, the Reorganized Debtors shall irrevocably transfer and assign to the Asbestos Personal Injury Trust for allocation to the OC Sub-Account: (i) $1.25 billion in Cash; (ii) the OC Asbestos Personal Injury Liability Insurance Assets; (iii) the OCD Insurance Escrow; (iv) [all amounts held in NSP Administrative Deposit Accounts in respect of OC Asbestos

Personal Injury Claims as of the Effective Date]; and (v) the right to receive settlement payments due under the AIG Settlement Agreement and the Affiliated FM Settlement Agreement as provided for therein;

(b) on the Effective Date, Reorganized OCD shall execute and deliver the Contingent Note to the Asbestos Personal Injury Trust for allocation to the OC Sub-Account[, and Reorganized OCD's obligations under the Contingent Note shall be secured by fifty-one percent (51%) of the voting stock of one or more Subsidiaries of Reorganized OCD as determined by the Debtors, the Asbestos Claimants' Committee, the Future Claimants' Representative and the Backstop Providers to be appropriate to comply with 11 U.S.C. § 524(g)(2)(B)(i)(III), pursuant to the terms of the Contingent Note Stock Pledge (if any)]; and

(c) on the Effective Date, Reorganized OCD shall authorize and provide for the reservation in treasury of the Reserved New OCD Shares pursuant to the Amended and Restated Certificate of Incorporation of Reorganized OCD and related documents *provided, however*, that on and immediately after the Effective Date, the sum of (i) the New OCD Common Stock component of FB Sub-Account Settlement Payment, and (ii) the New OCD Common Stock compentent of that portion of the Combined OCD Distribution Package equal to the product of (x) the Class A7 Initial Distribution Percentage and (y) the Combined OCD Distribution Package, shall comprise no less than 50.1% of the New OCD Common Stock.

(2) If Class A5 rejects the Plan, then:

(a) on the Effective Date, or as soon as practicable thereafter, the Reorganized Debtors shall irrevocably transfer and assign to the Asbestos Personal Injury Trust for allocation to the OC Sub-Account: (i) the OC Asbestos Personal Injury Liability Insurance Assets; (ii) the OCD Insurance Escrow; and (iii) the right to receive settlement payments due under the AIG Settlement Agreement and the Affiliated FM Settlement Agreement as provided for therein;

(b) on the Effective Date, the Reorganized Debtors shall irrevocably transfer and assign to the Asbestos Personal Injury Trust for allocation to the OC Sub-Account the Cash portion of the Combined OCD Distribution Package equal to the product of (x) the Class A7 Initial Distribution Percentage and (y) the Combined OCD Distribution Package;

(c) on the Effective Date, the Reorganized Debtors shall irrevocably transfer and assign to the Asbestos Personal Injury Trust for allocation to the OC Sub-Account $2.1 billion in Cash;

(d) on the Initial Distribution Date, or as soon as practicable thereafter, the Reorganized Debtors shall irrevocably transfer and assign to the Asbestos Personal Injury Trust for allocation to the OC Sub-Account a number of shares of New OCD Common Stock equal to (a) the New OCD Common Stock component of that portion of the Combined OCD Distribution Package equal to the product of (x) the Class A7 Initial Distribution Percentage and (y) the Combined OCD Distribution Package, less (b) 70 million

shares of New OCD Common Stock subject to the Rights Offering; *provided, however*, that notwithstanding the date on which any distribution of New OCD Common Stock is actually made to the Asbestos Personal Injury Trust, the Asbestos Personal Injury Trust shall be deemed to have the rights and benefits of a holder of such New OCD Common Stock as if it were distributed as of the Effective Date; *provided further, however*, that, on and immediately after the Effective Date, the New OCD Common Stock component of that portion of the Combined OCD Distribution Package equal to the product of (x) the Class A7 Initial Distribution Percentage and (y) the Combined OCD Distribution Package, shall comprise no less than 50.1% of the New OCD Common Stock.

(3) If Class A5 rejects the Plan, then on or as soon as reasonably practicable after the Final Distribution Date, the Reorganized Debtors shall irrevocably transfer and assign to the Asbestos Personal Injury Trust for allocation to the OC Sub-Account the following: (i) Cash in an amount equal to the Class A7 Final Distribution Percentage of Excess Available Cash and (ii) shares of New OCD Common Stock in an aggregate number equal to the Class A7 Final Distribution Percentage of the Excess New OCD Common Stock.

(4) Regardless of whether Class A5 accepts or rejects the Plan, on the Effective Date, or as soon as practicable thereafter, the Reorganized Debtors shall irrevocably transfer and assign to the Asbestos Personal Injury Trust those defenses, cross-claims, offsets, and recoupments, as well as rights of indemnification, contribution, subrogation, and similar rights described in Section 1.4(b) of the Asbestos Personal Injury Trust Agreement.

(5) Notwithstanding anything to the contrary herein, and regardless of whether Class A5 accepts or rejects the Plan, the FB/OC Asbestos Settlement Payment shall be made to the FB Sub-Account from the distribution made, or otherwise entitled to be made, to the OC Sub-Account pursuant to Section 3.3(f)(iii)(A) or Section 3.3(f)(iii)(B) of the Plan, as may be applicable.

(iii) Status

Class A7 Claims are Impaired. To the extent and in the manner provided in the Voting Procedures Order, holders of the Claims in Class A7 shall be entitled to vote to accept or reject the Plan.

(g) Class A10: OCD Intercompany Claims

(i) Allowance

All material issues regarding Class A10 Claims that are not resolved among the Plan Proponents or otherwise prior to the Confirmation Hearing, shall be determined by the Court at the Confirmation Hearing.

(ii) Treatment

In full satisfaction, release and discharge of, and in exchange for, its Allowed Class A10 Claim, on, or as soon as reasonably practicable after, the Initial Distribution Date, each holder of an Allowed Class A10 Claim shall be credited with value equal to such holder's Pro Rata share of the Class A10 Distribution Amount.

(iii) Status

Class A10 Claims are Impaired. To the extent and in the manner provided in the Voting Procedures Order, holders of the Claims in Class A10 shall be entitled to vote to accept or reject the Plan.

(h) Class A11: OCD Subordinated Claims

(i) Allowance

Subject to Sections 3.3(c)(ii)(B)(4) and 3.3(e)(ii)(B)(4) of the Plan, the Class A11 Claims related to the MIPS Claims and Interests and the OCFBV Class A11 Claim shall be Allowed in the amounts of approximately $253.2 million and $23.3 million, respectively. All material issues regarding any other asserted Class A11 Claims that are not resolved among the Plan Proponents or otherwise prior to the Confirmation Hearing (including any issues regarding the distributions on account of such asserted Class A11 Claims) shall be determined by the Court at the Confirmation Hearing.

(ii) Treatment

(1) If each of Classes A5, A6-A, A6-B, A7, A10 and A11 accepts the Plan, then:

(a) in full satisfaction, release and discharge of, and in exchange for, its Allowed Class A11 Claim, on, or as soon as reasonably practicable after the Effective Date, but no later than the Initial Distribution Date, each holder of an Allowed Class A11 Claim (other than any Affiliate of OCD, including without limitation, Owens-Corning Capital L.L.C.) shall receive such holder's Pro Rata share of the Class A11 Warrants;

(b) on or before the later to occur of (i) the [sixtieth (60th)] day after the first Business Day on which each of the FAIR Act Conditions shall have been satisfied, and (ii) the [sixtieth (60th)] day after the Initial Distribution Date, each holder of an Allowed Class A11 Claim (other than any Affiliate of OCD, including, without limitation, Owens-Corning Capital L.L.C.) shall have the right to exchange without cost such holder's Class A11 Warrants for such holder's Pro Rata share of five and one-half percent (5.5%) of the fully-diluted New OCD Common Stock, assuming the exchange of all Class A11 Warrants and Class A12-A Warrants for New OCD Common Stock, but exclusive of any options issued to the management of Reorganized OCD (and restricted shares and options reserved for future issuance to management) pursuant to the Management and Director Arrangements or otherwise;

(c) each holder of an Allowed Class A11 Claim (other than any Affiliate of OCD, including without limitation, Owens-Corning Capital L.L.C.) shall be entitled to receive and retain the distributions set forth in Section 3.3(h)(ii)(A) of the Plan notwithstanding any subordination provisions in the applicable agreements or instruments subordinating such Claims, and each holder of a Claim against or Interest in OCD shall be deemed to have waived and released all contractual, legal and equitable rights and claims, if any, to such distributions or to subordinate or recharacterized any of the Allowed Class A11 Claims, whether such rights and claims arise under such subordination provision, Section 510 of the Bankruptcy Code or otherwise; and

(d) for the avoidance of doubt, the term "Pro Rata" as used in this Section 3.3(h)(ii)(A) shall not include any Class A11 Claims held by Affiliates of OCD (including, without limitation, Owens-Corning Capital L.L.C.).

(2) If any of Classes A5, A6-A, A6-B, A7, A10 or A11 rejects the Plan, then holders of Allowed Class A11 Claims shall not receive the distributions set forth in Section 3.3(h)(ii)(A) of the Plan, and, subject to Sections 3.3(c)(ii)(B)(4) and 3.3(e)(ii)(C)(4) of the Plan, any and all distributions which otherwise would have been made to holders of Allowed Claims in Class A11 had such Claims not been subordinated in accordance with the applicable agreements or instruments subordinating such Claims shall be, and shall be deemed to be, paid or issued to the holders of Allowed Claims in Classes A4, A5 and/or A6-B in accordance with the distribution procedures for such Classes in Sections 3.3(b)(ii), 3.3(c)(ii) and 3.3(e)(ii), respectively.

(iii) Status

Class A11 Claims are Impaired. To the extent and in the manner provided in the Voting Procedures Order, holders of the Claims in Class A11 shall be entitled to vote to accept or reject the Plan.

(i) Class A12-A: Existing OCD Common Stock

(i) Treatment

(1) If each of Classes A5, A6-A, A6-B, A7, A10, A11 and A12-A accepts the Plan, then:

(a) in full satisfaction, release and discharge of, and in exchange for, its Existing OCD Common Stock, on, or as soon as reasonably practicable after the Effective Date, but no later than the Initial Distribution Date, each holder of Exisitng OCD Common Stock shall receive such holder's Pro Rata share of the Class A12-A Warrants.

(b) on or before the later to occur of (i) the sixtieth (60th) day after the first Business Day on which each of the FAIR Act Conditions shall have been satisfied, and (ii) the sixtieth (60th) day after the Initial Distribution Date, each holder of Existing OCD Common Stock shall have the right to exchange without cost such holder's Class A12-A Warrants for such holder's Pro Rata share of fourteen and three-quarters

percent (14.75%) of the fully-diluted New OCD Common Stock, assuming the exchange of all Class A11 Warrants and Class A12-A Warrants for New OCD Common Stock, but exclusive of any options issued to the management of Reorganized OCD (and restricted shares and options reserved for future issuance to management) pursuant to the Management and Director Arrangements or otherwise.

(2) If any of Classes A5, A6-A, A6-B, A7, A10, A11 or A12-A rejects the Plan, then no holder of Exisitng OCD Common Stock shall be entitled to, or shall receive or retain, any property or interest in property on account of such Exisitng OCD Common Stock.

(ii) Status

Class A12-A Interests are Impaired. To the extent and in the manner provided in the Voting Procedures Order, holders of the Interests in Class A12-A shall be entitled to vote to accept or reject the Plan.

(j) Class A12-B: OCD Interests Other Than Existing OCD Common Stock

(i) Treatment

On the Effective Date, all of the Class A12-B Interest outstanding as of the Effective Date shall be deemed cancelled and extinguished. No holder thereof shall be entitled to, or shall receive or retain, any property or interest in property on account of such Class A-12-B Interests.

(ii) Status

Class A12-B Interests are impaired. The holders of the Interests in Class A-12B are deemed to have rejected the Plan and, accordingly, are not required to vote to accept or reject the Plan.

4. <u>Fibreboard</u> (Classes B1 through B12)

(a) Class B3: Fibreboard Convenience Claims

(i) Treatment

On, or as soon as reasonably practicable after, the latest of (i) the Initial Distribution Date, (ii) the date on which such Class B3 Claim becomes an Allowed Class B3 Claim, or (iii) the date on which such Class B3 Claim becomes due and payable pursuant to any agreement between Fibreboard and a holder of a Class B3 Claim, each holder of an Allowed Class B3 Claim shall receive in full satisfaction, settlement, release and discharge of and in exchange for such Allowed Class B3 Claim (a) Cash equal to the amount of such Allowed Class B3 Claim or (b) such other treatment as Fibreboard and such holder shall have agreed in writing.

(ii) Election

Any holder of a Claim in Class B6 that desires treatment of such Claim as a Fibreboard Convenience Claim shall make such election on the Ballot to be provided to holders of Impaired Claims entitled to vote to accept or reject the Plan (as specified in Section 4.1 of the Plan) and return such Ballot to the address specified therein on or before the Voting Deadline. Any election made after the Voting Deadline shall not be binding on the Debtors unless the Voting Deadline is expressly waived in writing by the Debtors with respect to any such Claim.

(iii) Status

Class B3 Claims are Impaired. To the extent and in the manner provided in the Voting Procedures Order, holders of the Claims in Class B3 shall be entitled to vote to accept or reject the Plan.

(b) Class B4: Fibreboard Bank Holders Claims

(i) Treatment

In full satisfaction, release and discharge of, and in exchange for, its Allowed Class B4 Claim, each holder of an Allowed Class B4 Claim shall receive the treatment set forth in Section 3.3(b)(ii) of the Plan; *provided, however*, that, solely for purposes of calculating distributions to other holders of Claims against and Interests in Fibreboard, an amount equal to the Class B4 Distribution Amount shall be, and shall be deemed to be, distributable to the Bank Holders on the Initial Distribution Date on account of their Allowed Class B4 Claims.

(ii) Status

To the extent and in the manner provided in the Voting Procedures Order, holders of the Claims in Class B4 shall be entitled to vote to accept or reject the Plan (consistent with the Voting Procedures, the Debtors take the position that Class B4 is Unimpaired under the Plan).

(c) Class B6: Fibreboard General Unsecured Claims

(i) Treatment

In full satisfaction, release and discharge of, and in exchange for, its Allowed Class B6 Claim, on, or as soon as reasonably practicable after, the latest of (i) the Initial Distribution Date, (ii) the date on which such Class B6 Claim becomes an Allowed Class B6 Claim, and (iii) the date on which such Class B6 Claim becomes due and payable pursuant to any agreement between Fibreboard and a holder of a Class B6 Claim, each holder of an Allowed Class B6 Claim shall receive Cash in an amount equal to the amount of such Allowed Class B6 Claim (excluding post-petition interest); *provided, however*, that distributions with respect to Class B6 Claims that become Allowed Claims after the Effective Date shall be made from the Disputed Distribution Reserve, as set forth in Section 9.4(d) of the

Plan; provided further, however, that notwithstanding anything to the contrary herein, holders of Allowed Class B6 Claims which are FB Asbestos Property Damage Claims, if any, shall be paid first from any applicable insurance.

(ii) Status

Class B6 Claims are Impaired. To the extent and in the manner provided in the Voting Procedures Order, holders of the Claims in Class B6 shall be entitled to vote to accept or reject the Plan.

(d) Class B8: FB Asbestos Personal Injury Claims

(i) Estimated Amount

Solely for purposes of the Plan (but not for Allowance or distribution purposes), the Class B8 Claims shall be estimated at the Class B8 Aggregate Amount.

(ii) Treatment

ALL FB ASBESTOS PERSONAL INJURY CLAIMS SHALL BE CHANNELED TO THE ASBESTOS PERSONAL INJURY TRUST, AND SHALL BE PROCESSED, LIQUIDATED AND PAID PURSUANT TO THE TERMS AND PROVISIONS OF THE ASBESTOS PERSONAL INJURY TRUST DISTRIBUTION PROCEDURES AND THE ASBESTOS PERSONAL INJURY TRUST AGREEMENT. THE ASBESTOS PERSONAL INJURY TRUST SHALL BE FUNDED IN THE MANNER DESCRIBED BELOW. THE SOLE RECOURSE OF THE HOLDER OF AN FB ASBESTOS PERSONAL INJURY CLAIM SHALL BE THE ASBESTOS PERSONAL INJURY TRUST AND SUCH HOLDER SHALL HAVE NO RIGHT WHATSOEVER AT ANY TIME TO ASSERT ITS CLAIM OR DEMAND AGAINST ANY DEBTOR, REORGANIZED DEBTOR OR PROTECTED PARTY. WITHOUT LIMITING THE FOREGOING, ON THE EFFECTIVE DATE, ALL PERSONS SHALL BE PERMANENTLY AND FOREVER STAYED, RESTRAINED, AND ENJOINED FROM TAKING ANY ENJOINED ACTIONS FOR THE PURPOSE OF, DIRECTLY OR INDIRECTLY, COLLECTING, RECOVERING, OR RECEIVING PAYMENT OF, ON, OR WITH RESPECT TO ANY FB ASBESTOS PERSONAL INJURY CLAIM (OTHER THAN ACTIONS BROUGHT TO ENFORCE ANY RIGHT OR OBLIGATION UNDER THE PLAN, ANY EXHIBITS TO THE PLAN, OR ANY OTHER AGREEMENT OR INSTRUMENT BETWEEN THE DEBTORS OR REORGANIZED DEBTORS AND THE ASBESTOS PERSONAL INJURY TRUST, WHICH ACTIONS SHALL BE IN CONFORMITY AND COMPLIANCE WITH THE PROVISIONS OF THE PLAN).

Nothing contained in Section 3.4(d) of the Plan shall constitute or be deemed a waiver of any claim, right, or cause of action that the Debtors, the Reorganized Debtors or the Asbestos Personal Injury Trust may have against any other Person in connection with or arising out of a Class B8 Claim, and the injunction shall not apply to the assertion of any such claim, right, or cause of action by the Debtors, the Reorganized Debtors, or the Asbestos Personal Injury Trust.

(iii) Funding of the FB Sub-Account

On the Effective Date, or as soon as practicable thereafter, the Reorganized Debtors shall irrevocably transfer and assign to the Asbestos Personal Injury Trust for allocation to the FB Sub-Account the following: (i) the FB Reversions; (ii) the Committed Claims Account; (iii) the FB Sub-Account Settlement Payment; and (iv) those defenses, cross-claims, offsets, and recoupments, as well as rights of indemnification, contribution, subrogation, and similar rights described in Section 1.4(b) of the Asbestos Personal Injury Trust Agreement. In addition, on or after the Effective Date, the FB/OC asbestos Settlement Payment shall be made to the FB Sub-Account pursuant to Section 3.3(f)(iii)(E) of the Plan.

The Reorganized Debtors will, or will use all commercially reasonable efforts to, cause the trustee of the Fibreboard Insurance Settlement Trust to irrevocably transfer and assign (i) the Existing Fibreboard Insurance Settlement Trust Assets, and (ii) any and all of the Fibreboard Insurance Settlement Trust's rights in the FB Reversions, to the Asbestos Personal Injury Trust, for allocation to the FB Sub-Account, on the Effective Date or as soon as practicable thereafter.

The Reorganized Debtors will also execute and deliver, or will use all commercially reasonable efforts to cause the trustee of the Fibreboard Insurance Settlement Trust to execute and deliver, to the Asbestos Personal Injury Trust such documents as the Asbestos Personal Injury Trustees reasonably request in connection with the transfer and assignment of the Existing Fibreboard Insurance Settlement Trust Assets and the FB Reversions.

The OCD/FB Settlement constitutes a proposed settlement and compromise by and between Fibreboard, on the one hand, and OCD, on the other hand, in resolution of a number of issues and after consideration of several factors, pursuant to which, among other things, upon the Effective Date, (i) the FB Sub-Account Settlement Payment shall be made by OCD to the FB Sub-Account, (ii) the assets distributable to the FB Sub-Account shall be limited to those described in Sections 3.4(d) and 3.4(e) respectively, in the Plan, (iii) holders of Allowed Class B6 and B10 Claims shall be paid in full (excluding post-petition interest), and (iv) the FB/OC Asbestos Settlement Payment shall be made to the FB Sub-Account. The FB Sub-Account Settlement Payment is a combination of Cash and New OCD Common Stock, with an aggregate value of $140 million as of the Effective Date. The FB/OC Asbestos Settlement Payment is a combination of Cash and New OCD Common Stock, with an aggregate value of $63 million as of the Effective Date.

The OCD/FB Settlement is premised in part upon the assumption that, prior to the acquisition of Fibreboard by OCD, additional assets were available to pay the FB Asbestos Personal Injury Claims, but the subsequent corporate restructuring, asset swaps, and guaranties of the 1997 Credit Agreement left Fibreboard without any material assets to pay FB Asbestos Personal Injury Claims other than the Existing Fibreboard Insurance Settlement Trust Assets, the FB Reversions and the Committed Claims Account. Thus, the FB Sub-Account Settlement Payment represents a settlement and compromise of any right of FB Asbestos Personal Injury Claims to assert direct claims against OCD, to the potential detriment of OCD creditors and interest holders.

In determining the amount of the FB Sub-Account Settlement Payment, the Debtors, the Asbestos Claimants' Committee and the Future Claimants' Representative reviewed various information including (1) the hypothetical enterprise value of Fibreboard and its operating subsidiaries, (2) the restructuring of Fibreboard and its subsidiaries and the asset swaps between Fibreboard and OCD subsequent to the acquisition by OCD (in particular the swap of the Cultured Stone business in 1999 for certain OCD assets), (3) the estimated claims against Fibreboard and its operating subsidiaries, both external claims and intercompany claims, and (4) administrative expenses and other obligations borne by the OCD estate on behalf of the Fibreboard estate. Accordingly, the parties analyzed the values that hypothetically might have been available to holders of FB Asbestos Personal Injury Claims (in addition to the Fibreboard Insurance Settlement Trust) had Fibreboard not been a part of the OC consolidated operation and guaranteed the obligations to the Bank Holders. The Plan Proponents view these factors as an appropriate basis for a payment to compensate the holders of FB Asbestos Personal Injury Claims to give up any direct claims against OCD.

Thus, the establishment of the OCD/FB Settlement is the product of negotiation and compromise concerning matters involving several factors which are difficult to quantify or value. The Plan Proponents believe the OCD/FB Settlement (including the FB Sub-Account Settlement Payment and the FB/OC Asbestos Settlement Payment) represents a fair and equitable resolution of all issues concerning the source of payment to the holders of FB Asbestos Personal Injury Claims and the agreement for these holders not to assert any claims against OCD (or any of its affiliates other than Fibreboard).

(iv) Status

Class B8 Claims are Impaired. To the extent and in the manner provided in the Voting Procedures Order, holders of the Claims in Class B8 shall be entitled to vote to accept or reject the Plan.

(e) Class B10: Fibreboard Intercompany Claims

(i) Treatment

In full satisfaction, release and discharge of, and in exchange for, its Allowed Class B10 Claim, each holder of an Allowed Class B10 Claim shall be credited with value on, or as soon as reasonably practicable after, the Initial Distribution Date, equal to the amount of such Allowed Class B10 Claim (excluding post-petition interest).

(ii) Status

Class B10 Claims are Impaired. To the extent and in the manner provided in the Voting Procedures Order, holders of the Claims in Class B10 shall be entitled to vote to accept or reject the Plan.

(f) Class B12: Fibreboard Interests

(i) Treatment

Each holder of an Allowed Interest in Class B12 shall retain unaltered, the legal, equitable and contractual rights to which such Allowed Interest entitles the holder.

(ii) Status

Class B12 is Unimpaired and holders of Class B12 Interests are thus not entitled to vote to accept or reject the Plan.

5. ESI (Classes C1 through C12)

(a) Class C3: ESI Convenience Claims

(i) Treatment

On, or as soon as reasonably practicable after, the latest of (i) the Initial Distribution Date, (ii) the date on which such Class C3 Claim becomes an Allowed Class C3 Claim, or (iii) the date on which such Class C3 Claim becomes due and payable pursuant to any agreement between ESI and a holder of a Class C3 Claim, each holder of an Allowed Class C3 Claim shall receive in full satisfaction, settlement, release and discharge of and in exchange for such Allowed Class C3 Claim (a) Cash equal to the amount of such Allowed Class C3 Claim or (b) such other treatment as ESI and such holder shall have agreed in writing.

(ii) Election

Any holder of a Claim in Class C6 that desires treatment of such Claim as an ESI Convenience Claim shall make such election on the Ballot to be provided to holders of Impaired Claims entitled to vote to accept or reject the Plan (as specified in Section 4.1 of the Plan) and return such Ballot to the address specified therein on or before the Voting Deadline. Any election made after the Voting Deadline shall not be binding on the Debtors unless the Voting Deadline is expressly waived in writing by the Debtors with respect to any such Claim.

(iii) Status

Class C3 Claims are Impaired. To the extent and in the manner provided in the Voting Procedures Order, holders of the Claims in Class C3 shall be entitled to vote to accept or reject the Plan.

(b) Class C4: ESI Bank Holders Claims

(i) Treatment

In full satisfaction, release and discharge of, and in exchange for, its Allowed Class C4 Claim, each holder of an Allowed Class C4 Claim shall

receive the treatment set forth in Section 3.3(b)(ii) in the Plan; *provided, however*, that, solely for purposes of calculating distributions to other holders of Claims against and Interests in ESI, an amount equal to the Class C4 Distribution Amount shall be, and shall be deemed to be, distributable to the Bank Holders on the Initial Distribution Date on account of their Allowed Class C4 Claims.

(ii) Status

To the extent and in the manner provided in the Voting Procedures Order, holders of the Claims in Class C4 shall be entitled to vote to accept or reject the Plan (consistent with the Voting Procedures, the Debtors take the position that Class C4 is Unimpaired under the Plan).

(c) Class C6: ESI General Unsecured Claims

(i) Treatment

In full satisfaction, release and discharge of, and in exchange for, its Allowed Class C6 Claim, on, or as soon as reasonably practicable after, the latest of (i) the Initial Distribution Date, (ii) the date on which such Class C6 Claim becomes an Allowed Class C6 Claim, and (iii) the date on which such Class C6 Claim becomes due and payable pursuant to any agreement between ESI and a holder of a Class C6 Claim, each holder of an Allowed Class C6 Claim shall receive Cash in an amount equal to the amount of such Allowed Class C6 Claim (excluding post-petition interest); *provided, however*, that distributions with respect to Class C6 Claims that become Allowed Claims after the Effective Date shall be made from the Disputed Distribution Reserve, as set forth in Section 9.4(d) of the Plan.

(ii) Status

Class C6 Claims are Impaired. To the extent and in the manner provided in the Voting Procedures Order, holders of the Claims in Class C6 shall be entitled to vote to accept or reject the Plan.

(d) Class C10: ESI Intercompany Claims

(i) Treatment

In full satisfaction, release and discharge of, and in exchange for, its Allowed Class C10 Claim, each holder of an Allowed Class C10 Claim shall be credited with value on, or as soon as reasonably practicable after, the Initial Distribution Date, equal to the amount of such Allowed Class C10 Claim (excluding post-petition interest).

(ii) Status

Class C10 Claims are Impaired. To the extent and in the manner provided in the Voting Procedures Order, holders of the Claims in Class C10 shall be entitled to vote to accept or reject the Plan.

(e) Class C12: ESI Interests

(i) Treatment

Each holder of an Allowed Interest in Class C12 shall retain unaltered, the legal, equitable and contractual rights to which such Allowed Interest entitles the holder.

(ii) Status

Class C12 is Unimpaired and holders of Class C12 Interests are thus not entitled to vote to accept or reject the Plan.

6. Vytec (Classes D1 through D12)[14]

(a) Class D3: Vytec Convenience Claims

(i) Treatment

On, or as soon as reasonably practicable after, the latest of (i) the Initial Distribution Date, (ii) the date on which such Class D3 Claim becomes an Allowed Class D3 Claim, or (iii) the date on which such Class D3 Claim becomes due and payable pursuant to any agreement between Vytec and a holder of a Class D3 Claim, each holder of an Allowed Class D3 Claim shall receive in full satisfaction, settlement, release and discharge of and in exchange for such Allowed Class D3 Claim (a) Cash equal to the amount of such Allowed Class D3 Claim or (b) such other treatment as Vytec and such holder shall have agreed in writing.

(ii) Election

Any holder of a Claim in Class D6 that desires treatment of such Claim as an Vytec Convenience Claim shall make such election on the Ballot to be provided to holders of Impaired Claims entitled to vote to accept or reject the Plan (as specified in Section 4.1 of the Plan) and return such Ballot to the address specified therein on or before the Voting Deadline. Any election made after the Voting Deadline shall not be binding on the Debtors unless the Voting Deadline is expressly waived in writing by the Debtors with respect to any such Claim.

(iii) Status

Class D3 Claims are Impaired. To the extent and in the manner provided in the Voting Procedures Order, holders of the Claims in Class D3 shall be entitled to vote to accept or reject the Plan.

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[14] The Vytec treatment provisions described herein are presently for illustrative purposes, and shall only apply in the event that Vytec files for bankruptcy prior to the Confirmation Hearing.

(b) Class D4: Vytec Bank Holders Claims

(i) Treatment

In full satisfaction, release and discharge of, and in exchange for, its Allowed Class D4 Claim, each holder of an Allowed Class D4 Claim shall receive the treatment set forth in Section 3.3(b)(ii) of the Plan; *provided, however*, that, solely for purposes of calculating distributions to other holders of Claims against and Interests in Vytec, an amount equal to the Class D4 Distribution Amount shall be, and shall be deemed to be, distributable to the Bank Holders on the Initial Distribution Date on account of their Allowed Class D4 Claims.

(ii) Status

To the extent and in the manner provided in the Voting Procedures Order, holders of the Claims in Class D4 shall be entitled to vote to accept or reject the Plan (consistent with the Voting Procedures, the Debtors take the position that Class D4 is Unimpaired under the Plan).

(c) Class D6: Vytec General Unsecured Claims

(i) Treatment

In full satisfaction, release and discharge of, and in exchange for, its Allowed Class D6 Claim, on, or as soon as reasonably practicable after, the latest of (i) the Initial Distribution Date, (ii) the date on which such Class D6 Claim becomes an Allowed Class D6 Claim, and (iii) the date on which such Class D6 Claim becomes due and payable pursuant to any agreement between Vytec and a holder of a Class D6 Claim, each holder of an Allowed Class D6 Claim shall receive Cash in an amount equal to the amount of such Allowed Class D6 Claim (excluding post-petition interest)[15]; *provided, however*, that distributions with respect to Class D6 Claims that become Allowed Claims after the Effective Date shall be made from the Disputed Distribution Reserve, as set forth in Section 9.4(d) of the Plan.

(ii) Status

Class D6 Claims are Impaired. To the extent and in the manner provided in the Voting Procedures Order, holders of the Claims in Class D6 shall be entitled to vote to accept or reject the Plan.

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[15] In the event that Vytec files a Chapter 11 case prior to the Confirmation Hearing, the Debtors and Vytec reserve the right, to the extent the Debtors and Vytec then deem appropriate, to file a motion as promptly after Vytec's petition date as practicable seeking the payment of any outstanding pre-petition amounts owing to Vytec's critical trade vendors.

(d) Class D10: Vytec Intercompany Claims

(i) Treatment

In full satisfaction, release and discharge of, and in exchange for, its Allowed Class D10 Claim, each holder of an Allowed Class D10 Claim shall be credited with value on, or as soon as reasonably practicable after, the Initial Distribution Date, equal to the amount of such Allowed Class D10 Claim (excluding post-petition interest).

(ii) Status

Class D10 Claims are Impaired. To the extent and in the manner provided in the Voting Procedures Order, holders of the Claims in Class D10 shall be entitled to vote to accept or reject the Plan.

(e) Class D12: Vytec Interests

(i) Treatment

Each holder of an Allowed Interest in Class D12 shall retain unaltered, the legal, equitable and contractual rights to which such Allowed Interest entitles the holder.

(ii) Status

Class D12 is Unimpaired and holders of Class D12 Interests are thus not entitled to vote to accept or reject the Plan.

7. Soltech (Classes E1 through E12)

(a) Class E3: Soltech Convenience Claims

(i) Treatment

On, or as soon as reasonably practicable after, the latest of (i) the Initial Distribution Date, (ii) the date on which such Class E3 Claim becomes an Allowed Class E3 Claim, or (iii) the date on which such Class E3 Claim becomes due and payable pursuant to any agreement between Soltech and a holder of a Class E3 Claim, each holder of an Allowed Class E3 Claim shall receive in full satisfaction, settlement, release and discharge of and in exchange for such Allowed Class E3 Claim (a) Cash equal to the amount of such Allowed Class E3 Claim or (b) such other treatment as Soltech and such holder shall have agreed in writing.

(ii) Election

Any holder of a Claim in Class E6 that desires treatment of such Claim as a Soltech Convenience Claim shall make such election on the Ballot to be provided to holders of Impaired Claims entitled to vote to accept or reject the Plan (as specified in Section 4.1 of the Plan) and return such Ballot to the address specified therein on or before the

Voting Deadline. Any election made after the Voting Deadline shall not be binding on the Debtors unless the Voting Deadline is expressly waived in writing by the Debtors with respect to any such Claim.

(iii) Status

Class E3 Claims are Impaired. To the extent and in the manner provided in the Voting Procedures Order, holders of the Claims in Class E3 shall be entitled to vote to accept or reject the Plan.

(b) Class E4: Soltech Bank Holders Claims

(i) Treatment

In full satisfaction, release and discharge of, and in exchange for, its Allowed Class E4 Claim, each holder of an Allowed Class E4 Claim shall receive the treatment set forth in Section 3.3(b)(ii) of the Plan; *provided, however*, that, solely for purposes of calculating distributions to other holders of Claims against and Interests in Soltech, an amount equal to the Class E4 Distribution Amount shall be, and shall be deemed to be, distributable to the Bank Holders on the Initial Distribution Date on account of their Allowed Class E4 Claims.

(ii) Status

To the extent and in the manner provided in the Voting Procedures Order, holders of the Claims in Class E4 shall be entitled to vote to accept or reject the Plan (consistent with the Voting Procedures, the Debtors take the position that Class E4 is Unimpaired under the Plan).

(c) Class E6: Soltech General Unsecured Claims

(i) Treatment

In full satisfaction, release and discharge of, and in exchange for, its Allowed Class E6 Claim, on, or as soon as reasonably practicable after, the latest of (i) the Initial Distribution Date, (ii) the date on which such Class E6 Claim becomes an Allowed Class E6 Claim, and (iii) the date on which such Class E6 Claim becomes due and payable pursuant to any agreement between Soltech and a holder of a Class E6 Claim, each holder of an Allowed Class E6 Claim shall receive Cash in an amount equal to the amount of such Allowed Class E6 Claim (excluding post-petition interest); *provided, however*, that distributions with respect to Class E6 Claims that become Allowed Claims after the Effective Date shall be made from the Disputed Distribution Reserve, as set forth in Section 9.4(d) of the Plan.

(ii) Status

Class E6 Claims are Impaired. To the extent and in the manner provided in the Voting Procedures Order, holders of the Claims in Class E6 shall be entitled to vote to accept or reject the Plan.

(d) Class E10: Soltech Intercompany Claims

(i) Treatment

In full satisfaction, release and discharge of, and in exchange for, its Allowed Class E10 Claim, each holder of an Allowed Class E10 Claim shall be credited with value on, or as soon as reasonably practicable after, the Initial Distribution Date, equal to the amount of such Allowed Class E10 Claim (excluding post-petition interest).

(ii) Status

Class E10 Claims are Impaired. To the extent and in the manner provided in the Voting Procedures Order, holders of the Claims in Class E10 shall be entitled to vote to accept or reject the Plan.

(e) Class E12: Soltech Interests

(i) Treatment

Each holder of an Allowed Interest in Class E12 shall retain unaltered, the legal, equitable and contractual rights to which such Allowed Interest entitles the holder.

(ii) Status

Class E12 is Unimpaired and holders of Class E12 Interests are thus not entitled to vote to accept or reject the Plan.

8. OCFT (Classes F1 through F12)

(a) Class F3: OCFT Convenience Claims

(i) Treatment

On, or as soon as reasonably practicable after, the latest of (i) the Initial Distribution Date, (ii) the date on which such Class F3 Claim becomes an Allowed Class F3 Claim, or (iii) the date on which such Class F3 Claim becomes due and payable pursuant to any agreement between OCFT and a holder of a Class F3 Claim, each holder of an Allowed Class F3 Claim shall receive in full satisfaction, settlement, release and discharge of and in exchange for such Allowed Class F3 Claim (a) Cash equal to the amount of such Allowed Class F3 Claim or (b) such other treatment as OCFT and such holder shall have agreed in writing.

(ii) Election

Any holder of a Claim in Class F6 that desires treatment of such Claim as an OCFT Convenience Claim shall make such election on the Ballot to be provided to holders of Impaired Claims entitled to vote to accept or reject the Plan (as specified in Section 4.1 of the Plan) and return such Ballot to the address specified therein on or before the Voting Deadline. Any election made after the Voting Deadline shall not be binding on the Debtors unless the Voting Deadline is expressly waived in writing by the Debtors with respect to any such Claim.

(iii) Status

Class F3 Claims are Impaired. To the extent and in the manner provided in the Voting Procedures Order, holders of the Claims in Class F3 shall be entitled to vote to accept or reject the Plan.

(b) Class F4: OCFT Bank Holders Claims

(i) Treatment

In full satisfaction, release and discharge of, and in exchange for, its Allowed Class F4 Claim, each holder of an Allowed Class F4 Claim shall receive the treatment set forth in Section 3.3(b)(ii) of the Plan; *provided, however*, that, solely for purposes of calculating distributions to other holders of Claims against and Interests in OCFT, an amount equal to the Class F4 Distribution Amount shall be, and shall be deemed to be, distributable to the Bank Holders on the Initial Distribution Date on account of their Allowed Class F4 Claims.

(ii) Status

To the extent and in the manner provided in the Voting Procedures Order, holders of the Claims in Class F4 shall be entitled to vote to accept or reject the Plan (consistent with the Voting Procedures, the Debtors take the position that Class F4 is Unimpaired under the Plan).

(c) Class F6: OCFT General Unsecured Claims

(i) Treatment

In full satisfaction, release and discharge of, and in exchange for, its Allowed Class F6 Claim, on, or as soon as reasonably practicable after, the latest of (i) the Initial Distribution Date, (ii) the date on which such Class F6 Claim becomes an Allowed Class F6 Claim, and (iii) the date on which such Class F6 Claim becomes due and payable pursuant to any agreement between OCFT and a holder of a Class F6 Claim, each holder of an Allowed Class F6 Claim shall receive Cash in an amount equal to the amount of such Allowed Class F6 Claim (excluding post-petition interest); *provided, however*, that distributions with respect to Class F6 Claims that become Allowed Claims after the Effective Date shall be made from the Disputed Distribution Reserve, as set forth in Section 9.4(d) of the Plan.

(ii) Status

Class F6 Claims are Impaired. To the extent and in the manner provided in the Voting Procedures Order, holders of the Claims in Class F6 shall be entitled to vote to accept or reject the Plan.

(d) Class F10: OCFT Intercompany Claims

(i) Treatment

In full satisfaction, release and discharge of, and in exchange for, its Allowed Class F10 Claim, each holder of an Allowed Class F10 Claim shall be credited with value on, or as soon as reasonably practicable after, the Initial Distribution Date, equal to the amount of such Allowed Class F10 Claim (excluding post-petition interest).

(ii) Status

Class F10 Claims are Impaired. To the extent and in the manner provided in the Voting Procedures Order, holders of the Claims in Class F10 shall be entitled to vote to accept or reject the Plan.

(e) Class F12: OCFT Interests

(i) Treatment

Each holder of an Allowed Interest in Class F12 shall retain unaltered, the legal, equitable and contractual rights to which such Allowed Interest entitles the holder.

(ii) Status

Class F12 is Unimpaired and holders of Class F12 Interests are thus not entitled to vote to accept or reject the Plan.

9. OC Sweden (Classes G1 through G12)[16]

(a) Class G3: OC Sweden Convenience Claims

(i) Treatment

On, or as soon as reasonably practicable after, the latest of (i) the Initial Distribution Date, (ii) the date on which such Class G3 Claim becomes an Allowed Class G3 Claim, or (iii) the date on which such Class G3 Claim becomes due and payable pursuant to any agreement between OC Sweden and a holder of a Class G3 Claim, each holder of an Allowed Class G3 Claim shall receive in full satisfaction, settlement, release and discharge of

[16] The OC Sweden treatment provisions decribed herein are presently for illustrative purposes, and shall only apply in the event that OC Sweden files for bankruptcy prior to the Confirmation Hearing.

and in exchange for such Allowed Class G3 Claim (a) Cash equal to the amount of such Allowed Class G3 Claim or (b) such other treatment as OC Sweden and such holder shall have agreed in writing.

(ii) Election

Any holder of a Claim in Class G6 that desires treatment of such Claim as an OC Sweden Convenience Claim shall make such election on the Ballot to be provided to holders of Impaired Claims entitled to vote to accept or reject the Plan (as specified in Section 4.1 of the Plan) and return such Ballot to the address specified therein on or before the Voting Deadline. Any election made after the Voting Deadline shall not be binding on the Debtors unless the Voting Deadline is expressly waived in writing by the Debtors with respect to any such Claim.

(iii) Status

Class G3 Claims are Impaired. To the extent and in the manner provided in the Voting Procedures Order, holders of the Claims in Class G3 shall be entitled to vote to accept or reject the Plan.

(b) Class G4: OC Sweden Bank Holders Claims

(i) Treatment

In full satisfaction, release and discharge of, and in exchange for, its Allowed Class G4 Claim, each holder of an Allowed Class G4 Claim shall receive the treatment set forth in Section 3.3(b)(ii) of the Plan; *provided, however*, that, solely for purposes of calculating distributions to other holders of Claims against and Interests in OC Sweden, an amount equal to the Class G4 Distribution Amount shall be, and shall be deemed to be, distributable to the Bank Holders on the Initial Distribution Date on account of their Allowed Class G4 Claims.

(ii) Status

To the extent and in the manner provided in the Voting Procedures Order, holders of the Claims in Class G4 shall be entitled to vote to accept or reject the Plan (consistent with the Voting Procedures, the Debtors take the position that Class G4 is Unimpaired under the Plan).

(c) Class G6: OC Sweden General Unsecured Claims

(i) Treatment

In full satisfaction, release and discharge of, and in exchange for, its Allowed Class G6 Claim, on, or as soon as reasonably practicable after, the latest of (i) the Initial Distribution Date, (ii) the date on which such Class G6 Claim becomes an Allowed Class G6 Claim, and (iii) the date on which such Class G6 Claim becomes due and payable pursuant to any agreement between OC Sweden and a holder of a Class G6 Claim, each

holder of an Allowed Class G6 Claim shall receive Cash in an amount equal to the amount of such Allowed Class G6 Claim (excluding post-petition interest); *provided, however*, that distributions with respect to Class G6 Claims that become Allowed Claims after the Effective Date shall be made from the Disputed Distribution Reserve, as set forth in Section 9.4(d) of the Plan.

(ii) Status

Class G6 Claims are Impaired. To the extent and in the manner provided in the Voting Procedures Order, holders of the Claims in Class G6 shall be entitled to vote to accept or reject the Plan.

(d) Class G10: OC Sweden Intercompany Claims

(i) Treatment

In full satisfaction, release and discharge of, and in exchange for, its Allowed Class G10 Claim, each holder of an Allowed Class G10 Claim shall be credited with value on, or as soon as reasonably practicable after, the Initial Distribution Date, equal to the amount of such Allowed Class G10 Claim (excluding post-petition interest).

(ii) Status

Class G10 Claims are Impaired. To the extent and in the manner provided in the Voting Procedures Order, holders of the Claims in Class G10 shall be entitled to vote to accept or reject the Plan.

(e) Class G12: OC Sweden Interests

(i) Treatment

Each holder of an Allowed Interest in Class G12 shall retain unaltered, the legal, equitable and contractual rights to which such Allowed Interest entitles the holder.

(ii) Status

Class G12 is Unimpaired and holders of Class G12 Interests are thus not entitled to vote to accept or reject the Plan.

10. IPM (Classes H1 through H12)[17]

(a) Class H3: IPM Convenience Claims

(i) Treatment

On, or as soon as reasonably practicable after, the latest of (i) the Initial Distribution Date, (ii) the date on which such Class H3 Claim becomes an Allowed Class H3 Claim, or (iii) the date on which such Class H3 Claim becomes due and payable pursuant to any agreement between IPM and a holder of a Class H3 Claim, each holder of an Allowed Class H3 Claim shall receive in full satisfaction, settlement, release and discharge of and in exchange for such Allowed Class H3 Claim (a) Cash equal to the amount of such Allowed Class H3 Claim or (b) such other treatment as IPM and such holder shall have agreed in writing.

(ii) Election

Any holder of a Claim in Class H6 that desires treatment of such Claim as an IPM Convenience Claim shall make such election on the Ballot to be provided to holders of Impaired Claims entitled to vote to accept or reject the Plan (as specified in Section 4.1 of the Plan) and return such Ballot to the address specified therein on or before the Voting Deadline. Any election made after the Voting Deadline shall not be binding on the Debtors unless the Voting Deadline is expressly waived in writing by the Debtors with respect to any such Claim.

(iii) Status

Class H3 Claims are Impaired. To the extent and in the manner provided in the Voting Procedures Order, holders of the Claims in Class H3 shall be entitled to vote to accept or reject the Plan.

(b) Class H4: IPM Bank Holders Claims

(i) Treatment

In full satisfaction, release and discharge of, and in exchange for, its Allowed Class H4 Claim, each holder of an Allowed Class H4 Claim shall receive the treatment set forth in Section 3.3(b)(ii) of the Plan; *provided, however*, that, solely for purposes of calculating distributions to other holders of Claims against and Interests in IPM, an amount equal to the Class H4 Distribution Amount shall be, and shall be deemed to be, distributable to the Bank Holders on the Initial Distribution Date on account of their Allowed Class H4 Claims.

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[17] The IPM treatment provisions described herein are presently for illustrative purposes, and shall only apply in the event that IPM files for bankruptcy prior to the Confirmation Hearing.

(ii) Status

To the extent and in the manner provided in the Voting Procedures Order, holders of the Claims in Class H4 shall be entitled to vote to accept or reject the Plan (consistent with the Voting Procedures, the Debtors take the position that Class H4 is Unimpaired under the Plan).

(c) Class H6: IPM General Unsecured Claims

(i) Treatment

In full satisfaction, release and discharge of, and in exchange for, its Allowed Class H6 Claim, on, or as soon as reasonably practicable after, the latest of (i) the Initial Distribution Date, (ii) the date on which such Class H6 Claim becomes an Allowed Class H6 Claim, and (iii) the date on which such Class H6 Claim becomes due and payable pursuant to any agreement between IPM and a holder of a Class H6 Claim, each holder of an Allowed Class H6 Claim shall receive Cash in an amount equal to the amount of such Allowed Class H6 Claim (excluding post-petition interest); *provided, however*, that distributions with respect to Class H6 Claims that become Allowed Claims after the Effective Date shall be made from the Disputed Distribution Reserve, as set forth in Section 9.4(d) of the Plan.

(ii) Status

Class H6 Claims are Impaired. To the extent and in the manner provided in the Voting Procedures Order, holders of the Claims in Class H6 shall be entitled to vote to accept or reject the Plan.

(d) Class H10: IPM Intercompany Claims

(i) Treatment

In full satisfaction, release and discharge of, and in exchange for, its Allowed Class H10 Claim, each holder of an Allowed Class H10 Claim shall be credited with value on, or as soon as reasonably practicable after, the Initial Distribution Date, equal to the amount of such Allowed Class H10 Claim (excluding post-petition interest).

(ii) Status

Class H10 Claims are Impaired. To the extent and in the manner provided in the Voting Procedures Order, holders of the Claims in Class H10 shall be entitled to vote to accept or reject the Plan.

(e) Class H12: IPM Interests

(i) Treatment

Each holder of an Allowed Interest in Class H12 shall retain unaltered, the legal, equitable and contractual rights to which such Allowed Interest entitles the holder.

(ii) Status

Class H12 is Unimpaired and holders of Class H12 Interests are thus not entitled to vote to accept or reject the Plan.

11. Integrex (Classes I1 through I12)

(a) Class I3: Integrex Convenience Claims

(i) Treatment

On, or as soon as reasonably practicable after, the latest of (i) the Initial Distribution Date, (ii) the date on which such Class I3 Claim becomes an Allowed Class I3 Claim, or (iii) the date on which such Class I3 Claim becomes due and payable pursuant to any agreement between Integrex and a holder of a Class I3 Claim, each holder of an Allowed Class I3 Claim shall receive in full satisfaction, settlement, release and discharge of and in exchange for such Allowed Class I3 Claim (a) Cash equal to the amount of such Allowed Class I3 Claim or (b) such other treatment as Integrex and such holder shall have agreed in writing.

(ii) Election

Any holder of a Claim in Class I6 that desires treatment of such Claim as an Integrex Convenience Claim shall make such election on the Ballot to be provided to holders of Impaired Claims entitled to vote to accept or reject the Plan (as specified in Section 4.1 of the Plan) and return such Ballot to the address specified therein on or before the Voting Deadline. Any election made after the Voting Deadline shall not be binding on the Debtors unless the Voting Deadline is expressly waived in writing by the Debtors with respect to any such Claim.

(iii) Status

Class I3 Claims are Impaired. To the extent and in the manner provided in the Voting Procedures Order, holders of the Claims in Class I3 shall be entitled to vote to accept or reject the Plan.

(b) Class I4: Integrex Bank Holders Claims

(i) Treatment

In full satisfaction, release and discharge of, and in exchange for, its Allowed Class I4 Claim, each holder of an Allowed Class I4 Claim shall receive the treatment set forth in Section 3.3(b)(ii) of the Plan; *provided, however*, that, solely for purposes of calculating distributions to other holders of Claims against and Interests in Integrex, an amount equal to the Class I4 Distribution Amount shall be, and shall be deemed to be, distributable to the Bank Holders on the Initial Distribution Date on account of their Allowed Class I4 Claims.

(ii) Status

To the extent and in the manner provided in the Voting Procedures Order, holders of the Claims in Class I4 shall be entitled to vote to accept or reject the Plan (consistent with the Voting Procedures, the Debtors take the position that Class I4 is Unimpaired under the Plan).

(c) Class I6: Integrex General Unsecured Claims

(i) Treatment

In full satisfaction, release and discharge of, and in exchange for, its Allowed Class I6 Claim, on, or as soon as reasonably practicable after, the latest of (i) the Initial Distribution Date, (ii) the date on which such Class I6 Claim becomes an Allowed Class I6 Claim, and (iii) the date on which such Class I6 Claim becomes due and payable pursuant to any agreement between Integrex and a holder of a Class I6 Claim, each holder of an Allowed Class I6 Claim shall receive Cash in an amount equal to the amount of such Allowed Class I6 Claim (excluding post-petition interest); *provided, however*, that distributions with respect to Class I6 Claims that become Allowed Claims after the Effective Date shall be made from the Disputed Distribution Reserve, as set forth in Section 9.4(d) of the Plan.

(ii) Status

Class I6 Claims are Impaired. To the extent and in the manner provided in the Voting Procedures Order, holders of the Claims in Class I6 shall be entitled to vote to accept or reject the Plan.

(d) Class I7: Integrex Asbestos Personal Injury Claims

(i) Treatment

In the event that Class A5 or Class A6-B rejects the Plan and the Bankruptcy Court determines that holders of Class I7 Claims have Allowed Claims against Integrex under the Contribution Agreement or on account of any related successor liability, veil-piercing or related claims, then on the Effective Date, or as soon as practicable thereafter, the Reorganized Debtors shall irrevocably transfer and assign to the Asbestos Personal Injury Trust for allocation to the OC Sub-Account Cash (if any) with an aggregate value as of the Effective Date equal to the amount of such Allowed Class I7 Claim (if any).

(ii) Status

Class I7 Claims are Impaired. To the extent and in the manner provided in the Voting Procedures Order, holders of the Claims in Class I7 shall be entitled to vote to accept or reject the Plan.

(e) Class I10: Integrex Intercompany Claims

(i) Treatment

In full satisfaction, release and discharge of, and in exchange for, its Allowed Class I10 Claim, each holder of an Allowed Class I10 Claim shall be credited with value on, or as soon as reasonably practicable after, the Initial Distribution Date, equal to the amount of such Allowed Class I10 Claim (excluding post-petition interest).

(ii) Status

Class I10 Claims are Impaired. To the extent and in the manner provided in the Voting Procedures Order, holders of the Claims in Class I10 shall be entitled to vote to accept or reject the Plan.

(f) Class I12: Integrex Interests

(i) Treatment

On the Effective Date, all of the Class I12 Interests outstanding as of the Effective Date shall be deemed cancelled and extinguished. No holder thereof shall be entitled to, or shall receive or retain, any property or interest in property on account of such Class I12 Interests.

(ii) Status

Class I12 Interests are Impaired. The holders of the Interests in Class I12 are deemed to have rejected the Plan and, accordingly, are not entitled to vote to accept or reject the Plan.

12. CDC (Classes J1 through J12)

(a) Class J3: CDC Convenience Claims

(i) Treatment

On, or as soon as reasonably practicable after, the latest of (i) the Initial Distribution Date, (ii) the date on which such Class J3 Claim becomes an Allowed Class J3 Claim, or (iii) the date on which such Class J3 Claim becomes due and payable pursuant to any agreement between CDC and a holder of a Class J3 Claim, each holder of an Allowed Class J3 Claim shall receive in full satisfaction, settlement, release and discharge of and in exchange for such Allowed Class J3 Claim (a) Cash equal to the amount of such Allowed Class J3 Claim or (b) such other treatment as CDC and such holder shall have agreed in writing.

(ii) Election

Any holder of a Claim in Class J6 that desires treatment of such Claim as a CDC Convenience Claim shall make such election on the Ballot to be provided to holders of Impaired Claims entitled to vote to accept or reject the Plan (as specified in

Section 4.1 of the Plan) and return such Ballot to the address specified therein on or before the Voting Deadline. Any election made after the Voting Deadline shall not be binding on the Debtors unless the Voting Deadline is expressly waived in writing by the Debtors with respect to any such Claim.

(iii) Status

Class J3 Claims are Impaired. To the extent and in the manner provided in the Voting Procedures Order, holders of the Claims in Class J3 shall be entitled to vote to accept or reject the Plan.

(b) Class J6: CDC General Unsecured Claims

(i) Treatment

In full satisfaction, release and discharge of, and in exchange for, its Allowed Class J6 Claim, on, or as soon as reasonably practicable after, the latest of (i) the Initial Distribution Date, (ii) the date on which such Class J6 Claim becomes an Allowed Class J6 Claim, and (iii) the date on which such Class J6 Claim becomes due and payable pursuant to any agreement between CDC and a holder of a Class J6 Claim, each holder of an Allowed Class J6 Claim shall receive Cash in an amount equal to the amount of such Allowed Class J6 Claim (excluding post-petition interest); *provided, however*, that distributions with respect to Class J6 Claims that become Allowed Claims after the Effective Date shall be made from the Disputed Distribution Reserve, as set forth in Section 9.4(d) of the Plan.

(ii) Status

Class J6 Claims are Impaired. To the extent and in the manner provided in the Voting Procedures Order, holders of the Claims in Class J6 shall be entitled to vote to accept or reject the Plan.

(c) Class J10: CDC Intercompany Claims

(i) Treatment

In full satisfaction, release and discharge of, and in exchange for, its Allowed Class J10 Claim, each holder of an Allowed Class J10 Claim shall be credited with value on, or as soon as reasonably practicable after, the Initial Distribution Date, equal to the amount of such Allowed Class J10 Claim (excluding post-petition interest).

(ii) Status

Class J10 Claims are Impaired. To the extent and in the manner provided in the Voting Procedures Order, holders of the Claims in Class J10 shall be entitled to vote to accept or reject the Plan.

(d) Class J12: CDC Interests

(i) Treatment

Each holder of an Allowed Interest in Class J12 shall retain unaltered, the legal, equitable and contractual rights to which such Allowed Interest entitles the holder.

(ii) Status

Class J12 is Unimpaired and holders of Class J12 Interests are thus not entitled to vote to accept or reject the Plan.

13. OCHT (Classes K1 through K12)

(a) Class K3: OCHT Convenience Claims

(i) Treatment

On, or as soon as reasonably practicable after, the latest of (i) the Initial Distribution Date, (ii) the date on which such Class K3 Claim becomes an Allowed Class K3 Claim, or (iii) the date on which such Class K3 Claim becomes due and payable pursuant to any agreement between OCHT and a holder of a Class K3 Claim, each holder of an Allowed Class K3 Claim shall receive in full satisfaction, settlement, release and discharge of and in exchange for such Allowed Class K3 Claim (a) Cash equal to the amount of such Allowed Class K3 Claim or (b) such other treatment as OCHT and such holder shall have agreed in writing.

(ii) Election

Any holder of a Claim in Class K6 that desires treatment of such Claim as a OCHT Convenience Claim shall make such election on the Ballot to be provided to holders of Impaired Claims entitled to vote to accept or reject the Plan (as specified in Section 4.1 of the Plan) and return such Ballot to the address specified therein on or before the Voting Deadline. Any election made after the Voting Deadline shall not be binding on the Debtors unless the Voting Deadline is expressly waived in writing by the Debtors with respect to any such Claim.

(iii) Status

Class K3 Claims are Impaired. To the extent and in the manner provided in the Voting Procedures Order, holders of the Claims in Class K3 shall be entitled to vote to accept or reject the Plan.

(b) Class K6: OCHT General Unsecured Claims

(i) Treatment

In full satisfaction, release and discharge of, and in exchange for, its Allowed Class K6 Claim, on, or as soon as reasonably practicable after, the latest of (i) the Initial Distribution Date, (ii) the date on which such Class K6 Claim becomes an Allowed Class K6 Claim, and (iii) the date on which such Class K6 Claim becomes due and payable pursuant to any agreement between OCHT and a holder of a Class K6 Claim, each holder of an Allowed Class K6 Claim shall receive Cash in an amount equal to the amount of such Allowed Class K6 Claim (excluding post-petition interest); *provided, however*, that distributions with respect to Class K6 Claims that become Allowed Claims after the Effective Date shall be made from the Disputed Distribution Reserve, as set forth in Section 9.4(d) of the Plan.

(ii) Status

Class K6 Claims are Impaired. To the extent and in the manner provided in the Voting Procedures Order, holders of the Claims in Class K6 shall be entitled to vote to accept or reject the Plan.

(c) Class K10: OCHT Intercompany Claims

(i) Treatment

In full satisfaction, release and discharge of, and in exchange for, its Allowed Class K10 Claim, each holder of an Allowed Class K10 Claim shall be credited with value on, or as soon as reasonably practicable after, the Initial Distribution Date, equal to the amount of such Allowed Class K10 Claim (excluding post-petition interest).

(ii) Status

Class K10 Claims are Impaired. To the extent and in the manner provided in the Voting Procedures Order, holders of the Claims in Class K10 shall be entitled to vote to accept or reject the Plan.

(d) Class K12: OCHT Interests

(i) Treatment

Each holder of an Allowed Interest in Class K12 shall retain unaltered, the legal, equitable and contractual rights to which such Allowed Interest entitles the holder.

(ii) Status

Class K12 is Unimpaired and holders of Class K12 Interests are thus not entitled to vote to accept or reject the Plan.

14. Convenience Claims with respect to Classes L3 through U3 (treatment of Claims in Classes L3 through U3 are set forth in detail on an individual basis in the Plan)

(a) Classes L3 through U3

(i) Treatment

On, or as soon as reasonably practicable after, the latest of (i) the Initial Distribution Date, (ii) the date on which such Class L3-U3 Convenience Claims becomes an Allowed Class L3-U3 Convenience Claim, or (iii) the date on which such Class L3-U3 Convenience Claim becomes due and payable pursuant to any agreement between the Debtors and a holder of a Class L3-U3 Convenience Claim, each holder of an Allowed Class L3-U3 Convenience Claim shall receive in full satisfaction, settlement, release and discharge of and in exchange for such Allowed Class L3-U3 Claim (a) Cash equal to the amount of such Allowed Class L3-U3 Convenience Claim or (b) such other treatment as the Debtors and such holder shall have agreed in writing.

(ii) Election

Any holder of a Claim in Classes L6-U6 that desires treatment of such Claim as a Convenience Claim shall make such election on the Ballot to be provided to holders of Impaired Claims entitled to vote to accept or reject the Plan (as specified in Section 4.1 of the Plan) and return such Ballot to the address specified therein on or before the Voting Deadline. Any election made after the Voting Deadline shall not be binding on the Debtors unless the Voting Deadline is expressly waived in writing by the Debtors with respect to any such Claim.

(iii) Status

Class L3-U3 Convenience Claims are Impaired. To the extent and in the manner provided in the Voting Procedures Order, holders of the Claims in Classes L3-U3 shall be entitled to vote to accept or reject the Plan.

15. General Unsecured Claims with respect to Classes L6 through U6 (treatment of Claims in Classes L6 through U6 are set forth in detail on an individual basis in the Plan)

(a) Class L6 through U6: General Unsecured Claims

(i) Treatment

In full satisfaction, release and discharge of, and in exchange for, its Allowed Class L6-U6 General Unsecured Claim, on, or as soon as reasonably practicable after, the latest of (i) the Initial Distribution Date, (ii) the date on which such General Unsecured Claim becomes an Allowed Class L6-U6 General Unsecured Claim, and (iii) the date on which such Class L6-U6 General Unsecured Claim becomes due and payable pursuant to any agreement between the Debtors and a holder of a Class L6-U6 General Unsecured Claim, each

holder of an Allowed Class L6-U6 General Unsecured Claim shall receive Cash and in an amount equal to the amount of such Allowed L6-U6 General Unsecured Claim (excluding post-petition interest); *provided, however*, that distributions with respect to Class L6-U6 General Unsecured Claims that become Allowed Claims after the Effective Date shall be made from the Disputed Distribution Reserve, as set forth in Section 9.4(d) of the Plan.

(ii) Status

Class L6-U6 General Unsecured Claims are Impaired. To the extent and in the manner provided in the Voting Procedures Order, holders of the Claims in Classes L6-U6 shall be entitled to vote to accept or reject the Plan.

16. Intercompany Claims with respect to Classes L10 through U10 (treatment of Claims in Classes L10 through U10 are set forth in detail on an individual basis in the Plan)

(a) Classes L10 through U10: Intercompany Claims

(i) Treatment

In full satisfaction, release and discharge of, and in exchange for, its Allowed Class L10-U10 Intercompany Claim, each holder of an Allowed Class L10-U10 Intercompany Claim shall be credited with value on, or as soon as reasonably practicable after, the Initial Distribution Date, equal to the amount of such Allowed Class L10-U10 Intercompany Claim (excluding post-petition interest).

(ii) Status

Class L10-U10 Intercompany Claims are impaired. To the extendt and in the manner provided in the Voting Procedures Order, holders of the claims in Class L10-U10 shall be entititled to vote to accept or reject the Plan.

17. Interests with respect to Classes L12 through U12 (treatment of Interests in Classes L12 through U12 are set forth in detail on an individual basis in the Plan)

(a) Classes L12 through U12: Interests

(i) Treatment

Each holder of an Allowed Interest in Classes L12-U12 shall retain unaltered, the legal, equitable and contractual rights to which such Allowed Interest entitles the holder.

(ii) Status

Classes L12-U12 are Unimpaired and holders of Class L12-U12 Interests are thus not entitled to vote to accept or reject the Plan.

18. FAIR Act

(a) FAIR Act Enacted Prior to the Effective Date

If the FAIR Act has been enacted into law prior to the Effective Date (and, in the event the FAIR Act has been challenged in a court of competent jurisdiction within two (2) months after the date of enactment of the FAIR Act, such challenge has been denied pursuant to a Final Order), then there shall be no distribution by the Debtors pursuant to the Plan on account of Asbestos Personal Injury Claims, except (i) the Debtors shall make any distributions as may be required by the FAIR Act, and (ii) the Fibreboard Insurance Settlement Trust shall be administered in accordance with the FAIR Act. In such event, any distributions to holders of Claims and Interests (if any) shall be determined based upon the then distributable value of OCD (net of the required FAIR Act payment described in clause (i) of the preceding sentence), and shall take into consideration the treatment of and the distributions to the remaining holders of Claims and Interests as set forth in Sections 3.1 through 3.23 of the Plan (net of the required FAIR Act payment described in clause (i) of the preceding sentence). The treatment of Claims and Interests, described in Sections 3.1 through 3.23 of the Plan, are premised upon the assumption that the FAIR Act shall not have been enacted into law prior to the Effective Date.

(b) FAIR Act Enacted on or Subsequent to the Effective Date and Prior to the Trigger Date

(i) In the event that (a) the FAIR Act has been enacted into law on or subsequent to the Effective Date, but on or before the Trigger Date, and the FAIR Act has not been challenged in a court of competent jurisdiction on or before March 31, 2007, or (b) the FAIR Act has been enacted into law on or before the Trigger Date and has been challenged in a court of competent jurisdiction on or before March 31, 2007, but such challenge is ultimately denied pursuant to a Final Order, then the Contingent Note and the Contingent Note Stock Pledge (if any) shall (and shall be deemed to) be automatically cancelled and defeased without further notice or order of Court and shall be of no further force and effect whatsoever, and no Reserved New OCD Shares shall be issued or delivered to the OC Sub-Account or the FB Sub-Account.

(ii) In the event that the FAIR Act has been enacted into law on or subsequent to the Effective Date, but on or before the Trigger Date, but has been challenged in a court of competent jurisdiction on or before March 31, 2007, and such challenge ultimately succeeds pursuant to a Final Order, then the Contingent Note (including any interest accrued thereon) shall become payable in accordance with its terms and the Reserved New OCD Shares shall be issued and delivered by Reorganized OCD to the OC Sub-Account and the FB Sub-Account within three (3) Business Days of the date on which the order upholding the challenge to the FAIR Act becomes a Final Order; *provided, however*, that neither the Contingent Note (including any interest accrued thereon) shall become payable, nor shall the Reserved New OCD Shares be issued or delivered, prior to January 1, 2007.

(c) FAIR Act Not Enacted Prior to the Trigger Date

In the event that the FAIR Act has not been enacted into law on or before the Trigger Date, then the Contingent Note (including any interest accrued thereon) shall become payable and the Reserved New OCD Shares shall be issued and delivered to the OC Sub-Account on a date to be determined by Reorganized OCD (on notice to the Asbestos Personal Injury Trust) that is no earlier than January 1, 2007 and no later than January 8, 2007.

(d) No Impact on Asbestos Personal Injury Permanent Channeling Injunction

The Asbestos Personal Injury Permanent Channeling Injunction and the other injunctive and related provisions of the Plan, including, without limitation, Sections 3.3, 3.4, 5.16 and 5.17 of the Plan, shall remain in full force and effect to the fullest extent possible under applicable law whether or not the FAIR Act is ever enacted.

19. Reservation of Rights Regarding Claims

Except as otherwise expressly provided in the Plan, nothing herein shall, or shall be deemed to, affect or impair any of the Debtors' or Reorganized Debtors' rights and defenses, both legal and equitable, with respect to any Claims, including, without limitation, all rights with respect to legal and equitable defenses to alleged rights of setoff or recoupment. The Claims against any particular Debtor that are Unimpaired shall remain the obligations solely of such Debtor and shall not become obligations of any other Debtor or Reorganized Debtor.

C. ACCEPTANCE OR REJECTION OF THE PLAN

1. Impaired Classes of Claims and Interests Entitled to Vote

Subject to Sections 4.3 and 4.4 of the Plan, holders of Claims or Interests in each Impaired Class of Claims or Interests that receive or retain property pursuant to the Plan shall be entitled to vote separately to accept or reject the Plan.

2. Acceptance by an Impaired Class

Pursuant to Section 1126(c) of the Bankruptcy Code, but subject to Section 4.3 of the Plan, an impaired Class of Claims shall have accepted the Plan if, after excluding any Claims held by any holder designated pursuant to Section 1126(e) of the Bankruptcy Code, (a) the holders of at least two-thirds in dollar amount of the Allowed Claims actually voting in such Class have voted to accept the Plan, and (b) more than one-half in number of such Allowed Claims actually voting in such Class have voted to accept the Plan.

3. Acceptance Pursuant to Section 524 of the Bankruptcy Code

Pursuant to Section 524(g)(2)(B)(ii)(IV)(bb) of the Bankruptcy Code, the respective Classes of Class A7 OC Asbestos Personal Injury Claims, Class I7 Integrex Asbestos

Personal Injury Claims and Class B8 FB Asbestos Personal Injury Claims shall be deemed to have accepted the Plan only if the holders of at least 75 percent of those Claims voting in each such Class have voted to accept the Plan.

4. Presumed Acceptances by Unimpaired Classes

Classes of Claims or Interests designated as unimpaired are conclusively presumed to have voted to accept the Plan pursuant to Section 1126(f) of the Bankruptcy Code, and the votes of such Claim holders will not be solicited.

5. Classes Deemed to Have Rejected the Plan

Impaired Classes of Claims or Interests that do not receive or retain property under the Plan are conclusively presumed to have voted to reject the Plan pursuant to Section 1126(g) of the Bankruptcy Code, and the votes of such Claim or Interest holders will not be solicited.

6. Confirmability and Severability of the Plan

(a) Consensual Confirmation

The Confirmation requirements of Section 1129(a) of the Bankruptcy Code must be satisfied separately with respect to each Debtor. Therefore, notwithstanding the combination of the separate plans of reorganization of all Debtors in the Plan for purposes of, among other things, economy and efficiency, the Plan shall be deemed a separate Chapter 11 plan for each such Debtor.

(b) Cramdown

With respect to any impaired Class of Claims or Interests that fails to accept the Plan in accordance with Section 1129(a) of the Bankruptcy Code, excluding Classes A7, I7 and B8 and including any classes that may be created pursuant to amendments to the Plan, the Plan Proponents request that the Court confirm the Plan in accordance with Section 1129(b) of the Bankruptcy Code with respect to such non-accepting classes, in which case or cases, the Plan shall constitute a motion for such relief.

(c) Reservation of Rights

The Plan Proponents reserve the right to modify or withdraw the Plan, any other plan, or the Plan in its entirety, for any reason, including, without limitation, in the event that any separate plan for a particular Debtor is not confirmed. In addition, should the Plan, or any individual Debtor's plan, fail to be accepted by the requisite number and amount of Claims and Interests voting, as required to satisfy Sections 524(g) (in the case of any Debtor subject to Asbestos Personal Injury Claims) and 1129 of the Bankruptcy Code, and notwithstanding any other provision of the Plan to the contrary, the Plan Proponents reserve the right to amend, modify or withdraw the Plan in its entirety.

D. MEANS FOR IMPLEMENTATION OF THE PLAN

1. Continued Corporate Existence

Following confirmation and consummation of the Plan, the Reorganized Debtors will continue to exist as separate corporate entities in accordance with the laws of their respective states of incorporation and pursuant to their respective certificates or articles of incorporation and bylaws in effect prior to the Effective Date, except to the extent such certificates or articles of incorporation and bylaws are amended pursuant to the Plan or as otherwise provided under the Restructuring Transactions. OC intends to implement a restructuring plan which would reorganize OCD and its Subsidiaries along OC's major business lines. The planning for this restructuring is ongoing. The Restructuring Transactions (including a summary of the corporate actions necessary to accomplish the Restructuring Transactions) shall be summarized in Schedule XX of the Plan, which shall be in form and substance reasonably satisfactory to the Debtors and the other Plan Proponents, to be filed no later than ten (10) Business Days prior to the Objection Deadline.

2. Cancellation of Debt and Debt Agreements

(a) On the Effective Date, (i) the Debt shall be cancelled and extinguished and (ii) the obligations of the Debtors, CSFB as agent for the Bank Holders and the Pre-petition Indenture Trustees under the Debt Agreements shall be discharged. Notwithstanding the foregoing, each of the Pre-petition Bond Indentures shall continue in effect solely for the purposes of (x) allowing the Pre-petition Indenture Trustee to make distributions to holders of Allowed Class A5 Claims pursuant to the Plan and (y) permitting the Pre-petition Indenture Trustee to maintain any rights or liens it may have for fees, costs, expenses and indemnification under its indenture or other agreement or applicable law, but the foregoing shall not result in any expense or liability to any Reorganized Debtor other than as expressly provided for in the Plan. The Charging Liens of the Pre-petition Indenture Trustees will be discharged solely upon payment in full of the Indenture Trustee Fees, and nothing in the Plan shall be deemed to impair, waive or discharge any Charging Lien for any fees and expenses not paid by the Reorganized Debtors.

(b) No Reorganized Debtor shall have any obligations to any Pre-petition Indenture Trustee, agent or service (or to any disbursing agent replacing a Pre-petition Indenture Trustee, agent or service) for any fees, costs or expenses, except as expressly provided in the Plan. Except as provided in any contract, instrument or other agreement or document entered into or delivered in connection with the Plan, on the Effective Date and immediately following the completion of distributions to holders of Claims in Class A5, the Pre-petition Indenture Trustees shall be released from all duties, without any further action on the part of the Debtors or Reorganized Debtors.

3. Cancellation of OCD Interests and Integrex Interests

Except as otherwise expressly provided in the Plan, as of the Effective Date, by virtue of the Plan, and without any action necessary on the part of the holders thereof or any corporate action, except as specified in the Plan, all of the OCD Interests and Integrex Interests outstanding at the Effective Date shall be cancelled, extinguished and retired, and, subject in the case of Existing OCD Common Stock to Section 3.3(i)(i)(a) of the Plan, no consideration shall be paid or delivered with respect thereto.

4. Certificates of Incorporation and Bylaws

The certificate or articles of incorporation and bylaws of each Debtor will be amended as necessary to satisfy the provisions of the Plan and the Bankruptcy Code and will include, among other things, pursuant to Section 1123(a)(6) of the Bankruptcy Code, a provision prohibiting the issuance of non-voting equity securities, but only to the extent required by Section 1123(a)(6) of the Bankruptcy Code. The Amended and Restated Certificate of Incorporation of Reorganized OCD and the Amended and Restated Bylaws of Reorganized OCD will also include provisions (i) creating the New OCD Common Stock, and (ii), to the extent necessary or appropriate, effectuating the provisions of the Plan. The Amended and Restated Certificate of Incorporation of Reorganized OCD and the Amended and Restated Bylaws of Reorganized OCD shall be in substantially the forms of Exhibit A and Exhibit B, to be filed at least ten (10) Business Days prior to the Objection Deadline.

5. Exculpation and Limitation of Liability

(a) No Claimant Released Party or Released Party shall have or incur any liability to any Person that has held, currently holds or may hold a Claim or other obligation, suit, judgment, damages, Demand, debt, right, remedy, cause of action or liability or Interest or other right of an equity security holder, or any other party in interest, or any Person claiming by or through them, or any of their respective Related Persons, for any act or omission in connection with, relating to, or arising out of, the Chapter 11 Cases, formulating, negotiating or implementing the Plan, the Disclosure Statement, the Rights Offering Documents (including, without limitation, any of the Subscription Documents), the Class A11 Warrants, the Class A12-A Warrants or the Plan Support Agreement, the solicitation of acceptances of the Plan, the pursuit of confirmation of the Plan, the confirmation of the Plan, the consummation of the Plan or the Rights Offering, or the administration of the Plan or the property to be distributed under the Plan, except for willful misconduct or gross negligence, and, in all respects shall be entitled to reasonably rely upon the advice of counsel with respect to their duties and responsibilities under the Plan.

(b) Notwithstanding any other provision in the Plan, no Person that has held, currently holds or may hold a Claim or other obligation, suit, judgment, damages, Demand, debt, right, remedy, cause of action or liability or Interest or other right of an equity security holder, no person claiming by or through them, nor any of their respective Related Persons, shall have any Claim or right of action against any Claimant Released Party or any Released Party for any act or omission in connection with, relating to, or arising out of, the Chapter 11 Cases, formulating, negotiating or implementing the Plan, the Disclosure Statement, any of the Rights Offering Documents (including, without limitation, any of the Subscription Documents), the Class A11 Warrants, the Class A12-A Warrants or the Plan Support Agreement, solicitation of acceptances of the Plan, the pursuit of confirmation of the Plan, the consummation of the Plan or the Rights Offering, the confirmation of the Plan or the administration of the Plan or the property to be distributed under the Plan, except for willful misconduct or gross negligence.

(c) The foregoing exculpation and limitation on liability shall not, however, limit, abridge or otherwise affect the rights of the Reorganized Debtors to enforce, sue on, settle or compromise the rights, claims and other matters retained by Reorganized Debtors pursuant to Section 5.13 of the Plan.

(d) The foregoing exculpation and limitation on liability are an integral part of the Plan and are essential to its implementation. Each Person being exculpated, or whose liability is being limited, pursuant to Section 5.5 of the Plan shall have the right to independently seek the enforcement of the terms of Section 5.5.

6. Restructuring Transactions

On or after the Effective Date, any Reorganized Debtor may enter into Restructuring Transactions and may take such actions as may be necessary or appropriate to effect such Restructuring Transactions, as may be determined by such Reorganized Debtor to be necessary or appropriate. The actions to effect the Restructuring Transactions may include: (i) the execution and delivery of appropriate agreements or other documents of merger,

consolidation, restructuring, disposition, liquidation or dissolution containing terms that are consistent with the terms in the Plan and that satisfy the applicable requirements of applicable law and such other terms to which the applicable entities may agree; (ii) the execution and delivery of appropriate instruments of transfer, assignment, assumption or delegation of any asset, property, right, liability, duty or obligation on terms consistent with the terms in the Plan and having such other terms to which the applicable entities may agree; (iii) the filing of appropriate certificates or articles of merger, consolidation or dissolution pursuant to applicable law; and (iv) all other actions which the applicable entities may determine to be necessary or appropriate, including making filings or recordings that may be required by applicable law in connection with such transactions. The Restructuring Transactions may include one or more mergers, consolidations, restructures, dispositions, liquidations or dissolutions, as may be determined by the Reorganized Debtors to be necessary or appropriate to result in substantially all of the respective assets, properties, rights, liabilities, duties and obligations of all or certain of the Reorganized Debtors vesting in one or more surviving, resulting or acquiring corporations. In each case in which the surviving, resulting or acquiring corporation in any such transaction is a successor to a Reorganized Debtor, such surviving, resulting or acquiring corporation will perform the obligations of the applicable Reorganized Debtor pursuant to the Plan to pay or otherwise satisfy the Allowed Claims against such Reorganized Debtor, except as provided in any contract, instrument or other agreement or document effecting a disposition to such surviving, resulting or acquiring corporation, which may provide that another Reorganized Debtor will perform such obligations. OC intends to implement a restructuring plan which would reorganize OCD and its Subsidiaries along OC's major business lines as described in the Disclosure Statement, with a detailed description of the actions and steps required to implement the Restructuring Transactions to be filed at least ten (10) Business Days prior to the Objection Deadline. On or prior to, or as soon as practicable after, the Effective Date, the Debtors or the Reorganized Debtors may take such steps as may be necessary or appropriate to effectuate Restructuring Transactions that satisfy the requirements set forth in Section 5.6 of the Plan. The Restructuring Transactions shall be authorized and approved by the Confirmation Order pursuant to, among other provisions, Sections 1123 and 1141 of the Bankruptcy Code and Section 303 of Title 8 of the Delaware Code, without any further notice, action, third-party consents, court order or process of any kind.

7. Issuance of New OCD Securities

(a) On or after the Effective Date, Reorganized OCD shall issue for distribution in accordance with the terms of the Plan (i) the New OCD Common Stock, including, without limitation, the Unsubscribed Shares and the Rights Offering Shares, and (ii) the Class A11 Warrants and the Class A12-A Warrants, and may also refinance the obligations owed to the Bank Holders under the 1997 Credit Agreement through the execution of the Exit Facility and the issuance of the Senior Notes (if applicable).

(b) All of the shares of New OCD Common Stock issued pursuant to the Plan, including, without limitation, the Unsubscribed Shares and the Rights Offering Shares, on or after the Effective Date, as the case may be, will be fully paid and non-assessable.

(c) The issuance and distribution of any and all of (i) the New OCD Securities, including, without limitation, any and all of the Unsubscribed Shares, the Rights

Offering Shares, the Reserved New OCD Shares, the Class A11 Warrants, the Class A12-A Warrants and any shares of New OCD Common Stock issued upon exercise or exchange of the Class A11 Warrants or the Class A12-A Warrants, (ii) the Rights (if, and to the extent, applicable), (iii) any and all New OCD Common Stock (or appropriate equivalent interests) and options to purchase shares of New OCD Common Stock granted under or in connection with the Employee Arrangements and Management and Director Arrangements, and (iv) any other stock, options, warrants, conversion rights, rights of first refusal or other related rights, contractual, equitable or otherwise, issued, authorized or reserved under or in connection with the Plan, shall be, and shall be deemed to be, exempt from registration under any applicable federal or state securities law to the fullest extent permissible under applicable non-bankruptcy law and under bankruptcy law, including, without limitation, Section 1145 of the Bankruptcy Code.

(d) On or after the Effective Date, Reorganized Integrex shall issue 100% of its common stock to or for the benefit of Reorganized OCD or one of its Affiliates as may be determined. The restructuring of Integrex and issuance of the stock of Reorganized Integrex shall be described in Exhibit I (Integrex Restructuring Transactions), to be filed no later than ten (10) Business Days prior to the Objection Deadline.

8. Rights Offering

(a) Eligibility for Participation in Rights Offering

Each holder of an Eligible Class A5 Claim, Eligible Class A6-A Claim and Eligible Class A6-B Claim as of the Rights Offering Record Date shall be entitled to participate in the Rights Offering as and to the extent provided in the Subscription Documents.

(b) Issuance of Rights

The Rights issued to the holders of Eligible Class A5 Claims, Eligible Class A6-A Claims and Eligible Class A6-B Claims pursuant to the Rights Offering shall entitle such holders to purchase, on a Pro Rata basis (calculated pursuant to the terms of the Subscription Documents), the Rights Offering Shares at the Subscription Price pursuant to the terms and conditions set forth in the Subscription Documents and Section 5.8 of the Plan, provided that each such subscribing holder shall have timely executed a Subscription Agreement, which shall be distributed to such holder together with such holder's Ballot as part of the solicitation materials, and otherwise satisfies the requirements set forth in the Subscription Documents and Section 5.8(d) of the Plan.

(c) Subscription Period

The Rights Offering shall commence on the Subscription Commencement Date and shall expire on the Subscription Expiration Time. After the Subscription Expiration Time, any and all unexercised Rights shall automatically terminate without further notice or order of Court, and any purported exercise of any such unexercised Rights by any Person shall be null and void. Reorganized OCD shall not (and shall have no obligation to) honor any such purported exercise received by the Subscription Agent after the Subscription Expiration Time, regardless of when the documents relating to such exercise were purportedly delivered or executed.

(d) Exercise of Rights

In order to exercise a Right, each holder of an Eligible Class A5 Claim, Eligible Class A6-A Claim and Eligible Class A6-B Claim entitled to exercise such Right shall: (i) return a duly completed and signed Subscription Agreement to the relevant Subscription Agent so that such documents are received by the Subscription Agent on or before the Subscription Expiration Time; and (ii) pay to the Subscription Agent (on behalf of the Debtors) on or before the Subscription Expiration Time in Cash in an amount equal to the aggregate Subscription Price for the Rights Offering Shares elected to be purchased by such holder, which payment shall be made by wire transfer in accordance with the wire instructions set forth on the Subscription Agreement. If, prior to the Subscription Expiration Time, the Subscription Agent for any reason has not received from a given holder of Rights (i) a duly completed and signed Subscription Agreement, and (ii) Cash, in an amount equal to such holder's aggregate Subscription Price for the Rights Offering Shares elected to be purchased by such holder, then such holder shall be deemed to have not validly exercised its Rights and to have relinquished and waived its ability to participate in the Rights Offering; *provided, however*, that the Unsubscribed Shares shall include those Rights Offering Shares corresponding to the Rights not validly exercised pursuant to the Rights Offering. Each holder shall execute the certificate set forth in the Subscription Agreement regarding such holder's ownership of the Claim giving rise to the Rights. The Purchase Price Proceeds shall be deposited by or on behalf of the Subscription Agent in the Rights Offering Account. In the event that the Rights Offering Account is held by an entity other than OCD (or any of its Affiliates), then the Purchase Price Proceeds shall be remitted to OCD on or before the Effective Date in such manner as may be reasonably satisfactory to OCD and the other Plan Proponents consistent with the Rights Offering Documents.

(e) Transfer Restriction; No Revocation

The Rights shall not be independently transferable (but may be transferred along with the underlying Class A5, Class A6-A or Class A6-B Claim). Additionally, once a holder of Rights has properly exercised its Rights pursuant to the Subscription Documents, such exercise cannot be revoked for any reason.

(f) Purchase by Investor of Unsubscribed Shares

As promptly as practicable, but in any event at least four (4) Business Days prior to the Effective Date, the Debtors shall give the Investor by electronic facsimile transmission the certification by an executive officer of OCD (conforming to the requirements specified in the Equity Commitment Agreement for such certification) of either (i) the number of Unsubscribed Shares and the aggregate purchase price therefor, calculated based upon a purchase price per Unsubscribed Share equal to the Subscription Price, or (ii) in the absence of any Unsubscribed Shares, confirmation that there are no Unsubscribed Shares and that the Backstop Commitment, as defined in the Equity Commitment Agreement, has been terminated. Pursuant to the terms of the Equity Commitment Agreement and provided that all conditions precedent set forth therein have been satisfied, the Investor shall purchase in Cash on the Effective Date any and all of the Unsubscribed Shares and shall pay to OCD or, if applicable, Reorganized OCD Cash in an amount equal to the aggregate purchase price set forth in the notice described in clause (i) of the immediately preceding sentence.

(g) Distribution of Rights Offering Shares

(i) On or as soon as reasonably practicable after the Effective Date, but no later than the Initial Distribution Date, Reorganized OCD shall issue the Rights Offering Shares to those holders of Eligible Class A5 Claims, Eligible Class A6-A Claims and Eligible Class A6-B Claims that properly exercised their Rights pursuant to the Subscription Documents, subject, in each case, to acceptance of the Plan by the applicable Class pursuant to Sections 3.3(c)(ii), 3.3(d)(ii) and 3.3(e)(ii) of the Plan.

(ii) Solely in the event there are any Unsubscribed Shares after the Subscription Expiration Time, on the Effective Date, Reorganized OCD shall issue and deliver to the account of the Investor (or such other accounts as the Investor may designate) the Unsubscribed Shares, and the Investor shall pay in Cash the aggregate purchase price for the Unsubscribed Shares as set forth in the notice described in clause (i) of Section 5.8(f) of the Plan by wire transfer of federal (same day) funds to the account specified by OCD to the Investor at least twenty-four (24) hours in advance, and otherwise in accordance with the terms of the Equity Commitment Agreement.

(h) Interest

In the event that any Rights Offering Purchase Price Proceeds are repaid or otherwise returned to any Person (including any holder of an Eligible Class A5 Claim, Eligible Class A6-A Claim or Eligible Class A6-B Claim) making such payment, such Rights Offering Purchase Price Proceeds shall be returned together with any simple interest actually earned thereon after the Subscription Expiration Time.

(i) Validity of Exercise of Rights

All questions concerning the timeliness, viability, form and eligibility of any exercise of Rights shall be determined by OCD in accordance with the Rights Offering Documents. Such determinations shall be final and binding. OCD, with the consultation of the relevant Subscription Agent, may waive any defect or irregularity, or permit a defect or irregularity to be corrected within such times as it may determine, or reject the purported exercise of any Rights. Subscription Agreements shall be deemed not to have been received or accepted until all irregularities have been waived or cured within such time as OCD, with the consultation of the Subscription Agent, determines. Neither OCD nor the Subscription Agent shall be under any duty to give notification of any defect or irregularity in connection with the submission of Subscription Agreements or incur any liability for failure to give such notification. For the avoidance of doubt, the Unsubscribed Shares shall include those Rights Offering Shares corresponding to the Rights not validly exercised pursuant to the Rights Offering.

(j) Return of Rights Offering Purchase Price Proceeds

In the event that the Plan Proponents revoke, withdraw or fail to consummate the Plan pursuant to Section 14.15 of the Plan, or the conditions precedent to the occurrence of the Effective Date shall not have been satisfied or waived in accordance with Section 12.2 of the Plan, the Subscription Agent, OCD or Reorganized OCD, as the case may be, shall, within five (5) Business Days of such event or failure to consummate the Plan, return to each Person that exercised a Right such Person's ratable portion of the Rights Offering Purchase Price Proceeds together with any simple interest actually earned thereon after the Subscription Expiration Time.

9. Offerings of Senior Notes

Reorganized OCD reserves the right to conduct offerings of Senior Notes prior to or after the Initial Distribution Date, as it may deem appropriate (subject to the reasonable consent of the other Plan Proponents).

10. Put and Call Options and Registration Rights Agreement

(a) Put and Call Options

On or before the Effective Date, OCD and the Backstop Providers, and/or such other Persons reasonably satisfactory to the Asbestos Personal Injury Trust, the Backstop Providers and OCD, shall enter into the Collar Agreements. OCD's rights and obligations under the Collar Agreements shall be, automatically and shall be deemed to be, assigned to the Asbestos Personal Injury Trust on the Effective Date pursuant to and in accordance with the terms and conditions of the Collar Agreements, except to the extent otherwise provided in such Collar Agreements, and the Confirmation Order shall so provide. In the event that the Reserved New OCD Shares are issued and delivered to the OC Sub-Account pursuant to Sections 3.24(b) or 3.24(c) of the Plan, then (i) the Asbestos Personal Injury Trust (or such other Persons reasonably satisfactory to the Asbestos Personal Injury Trust, the Backstop Providers and OCD) shall grant the Call Options to the Backstop Providers (or such other Persons reasonably satisfactory to the Asbestos Personal Injury Trust, the Backstop Providers and OCD), and (ii) the Backstop Providers (or such other Persons reasonably satisfactory to the Asbestos Personal Injury Trust, the Backstop Providers and OCD) shall grant the Put Options to the Asbestos Personal Injury Trust (or such other Persons reasonably satisfactory to the Asbestos Personal Injury Trust, the Backstop Providers and OCD) pursuant to the Collar Agreements.

(b) Registration Rights Agreement

On the Effective Date, (i) the Investor Registration Rights Agreement shall be deemed effective and binding upon OCD or Reorganized OCD, as the case may be, the Investor, and the Backstop Providers, and (ii) the Trust Registration Rights Agreement shall be deemed effective and binding upon Reorganized OCD and the Asbestos Personal Injury Trust, in each case with respect to shares of New OCD Common Stock received by each such Person pursuant to the Plan (whether as a direct distribution, pursuant to the exercise of Rights, pursuant to the exercise or exchange of the Call Options or the Put Options or otherwise), and as otherwise provided for in the applicable Registration Rights Agreement, on the terms set forth in the applicable Registration Rights Agreement.

11. Revesting of Assets

Pursuant to Section 1141(b) of the Bankruptcy Code, all property of the respective Estate of each Debtor, together with any property of each Debtor that is not property of its Estate and that is not specifically disposed of pursuant to the Plan, shall revest in the applicable Reorganized Debtor on the Effective Date. Thereafter, the Reorganized Debtors may operate their businesses and may use, acquire and dispose of property free of any restrictions of the Bankruptcy Code, the Bankruptcy Rules and the Bankruptcy Court. As of the Effective Date, all property of each Reorganized Debtor shall be free and clear of all Encumbrances, Claims and Interests, except as specifically provided in the Plan or the Confirmation Order. Without limiting the generality of the foregoing, each Reorganized Debtor may, without application to or approval by the Bankruptcy Court, pay fees that it incurs after the Effective Date for professional services and expenses.

12. Rights of Action

Except as otherwise provided in the Plan or the Confirmation Order, or in any contract, instrument, release, indenture or other agreement entered into in connection with the Plan, in accordance with Section 1123(b) of the Bankruptcy Code, the Reorganized Debtors shall retain and may enforce, sue on, settle or compromise (or decline to do any of the foregoing) all rights, claims, causes of action, suits or proceedings accruing to, or for the benefit of, the Debtors or the Estates pursuant to the Bankruptcy Code, or pursuant to any other statute or legal theory, which are not released pursuant to the Plan, and which consist of, or relate to, any Material Rights of Action (with the exception of those Material Rights of Action, if any, not set forth on Schedule XIII), any Avoidance Actions (if any) set forth on Schedule XIV as determined by the Plan Proponents, any Commercial Claims, any other causes of action against Persons set forth in Schedule III of the Plan and any suits or proceedings for recovery under any policies of insurance issued to or on behalf of the Debtors (other than policies that constitute OC Asbestos Personal Injury Liability Insurance Assets). The Reorganized Debtors shall be deemed the appointed representative to, and may pursue, litigate, compromise and settle any such rights, remedies, claims, causes of action, suits or proceedings as appropriate, in accordance with the best interests of the Reorganized Debtors or their respective successors who hold such rights.

13. Effectuating Documents; Further Transactions

The chairman of the OCD Board of Directors, the chief executive officer, chief restructuring officer, president, chief financial officer or any other appropriate officer of OCD or any applicable Debtor, as the case may be, shall be authorized to execute, deliver, file or record such contracts, instruments, releases, indentures and other agreements or documents, and take such actions as may be necessary or appropriate to effectuate and further evidence the terms and conditions in the Plan. The secretary or assistant secretary of OCD or any applicable Debtor, as the case may be, shall be authorized to certify or attest to any of the foregoing actions.

14. Exemption from Certain Transfer Taxes

Pursuant to Section 1146 of the Bankruptcy Code, any transfers in the United States from a Debtor to a Reorganized Debtor or any other Person or entity pursuant to the Plan shall not be subject to any document recording tax, stamp tax, conveyance fee, intangibles or similar tax, mortgage tax, stamp act, real estate transfer tax, mortgage recording tax or other similar tax or governmental assessment, and the Confirmation Order shall direct the appropriate state or local governmental officials or agents to forego the collection of any such tax or governmental assessment and to accept for filing and recordation any of the foregoing instruments or other documents without the payment of any such tax or governmental assessment.

15. Releases and Injunctions Related to Releases

(a) Releases by Debtors

Effective as of the Confirmation Date, but subject to the occurrence of the Effective Date, for good and valuable consideration, to the fullest extent permissible under applicable law, each of the Debtors and Reorganized Debtors and their respective Estates and each of their respective Related Persons shall be deemed to completely and forever release, waive, void, extinguish and discharge (1) any and all Released Actions (other than the rights to enforce the Plan and any right or obligation under the Plan, and the securities, contracts, instruments, releases, indentures and other agreements or documents delivered thereunder or contemplated thereby) that may be asserted by or on behalf of any of the Debtors or Reorganized Debtors or their respective Estates or each of their respective Related Persons against any of (i) the Released Parties, (ii) the DIP Agent and the holders of DIP Facility Claims, (iii) the Pre-petition Indenture Trustees, and (iv) the Persons who are Related Persons of Persons listed in clauses (ii)-(iii) above, and (2) any and all Avoidance Actions [(including, without limitation, any NSP Avoidance Actions)] not otherwise released in the foregoing clause (1), with the sole exception of those Avoidance Actions (if any) set forth on Schedule XIV as determined by the Plan Proponents. Effective as of the Confirmation Date, but subject to the occurrence of the Effective Date and the Debtors having made the Initial Bank Holders' Distribution, for good and valuable consideration, to the fullest extent permissible under applicable law, the Debtors and Reorganized Debtors and their respective Estates and each of their respective Related Persons shall also be deemed to completely and forever release, waive, void, extinguish and discharge any and all Released Actions (other than the rights to enforce the Plan and any right or obligation under the Plan, and the securities, contracts, instruments, releases, indentures and other agreements or documents delivered thereunder or contemplated thereby) that may be asserted by or on behalf of any of the Debtors or Reorganized Debtors or their respective Estates or each of their respective Related Persons (including, without limitation, any and all Avoidance Actions), which have been brought, or may be brought, against any of the Bank Holders.

(b) Releases by Holders of Claims and Interests

Effective as of the Confirmation Date, but subject to the occurrence of the Effective Date, for good and valuable consideration, to the fullest extent permissible under applicable law, each Person that has held, currently holds or may hold a Claim

or other obligation, suit, judgment, damages, debt, right, remedy, cause of action or liability that is discharged or an Interest or other right of an equity security holder that is terminated, and each of their respective Related Persons, shall be deemed to completely and forever release, waive, void, extinguish and discharge all Released Actions (other than the rights to enforce the Debtors' or the Reorganized Debtors' obligations under the Plan, and any right or obligation of such holder under the Plan, and the securities, contracts, instruments, releases, indentures and other agreements or documents delivered thereunder or contemplated thereby) that otherwise may be asserted against the Claimant Released Parties.

(c) Injunction Related to Releases

Except as otherwise provided in the Plan or in the Confirmation Order, as of the Confirmation Date, but subject to the occurrence of the Effective Date, each Person that has held, currently holds or may hold a Claim that is released pursuant to Section 5.16 of the Plan or other obligation, suit, judgment, damages, debt, right, remedy, cause of action, liability, Interest or other right of an equity security holder released pursuant to Section 5.16 of the Plan, and each other party in interest and each of their respective Related Persons, are, and shall be, permanently, forever and completely stayed, restrained, prohibited, barred and enjoined from taking any of the following actions, whether directly or indirectly, derivatively or otherwise on account of or based on the subject matter of any such released Claims or other released obligations, suits, judgments, damages, debts, rights, remedies, causes of action or liabilities or Interests or other rights of an equity security holder: (i) commencing, conducting or continuing in any manner, directly or indirectly, any suit, action or other proceeding (including, without limitation, to any judicial, arbitral, administrative or other proceeding) in any forum; (ii) enforcing, attaching (including, without limitation, any prejudgment attachment), collecting, or in any way seeking to recover any judgment, award, decree, or other order; (iii) creating, perfecting or in any way enforcing in any matter, directly or indirectly, any Encumbrance; (iv) setting off, seeking reimbursement or contributions from, or subrogation against, or otherwise recouping in any manner, directly or indirectly, any amount against any liability or obligation owed to any Person released under Section 5.16(a) or Section 5.16(b) of the Plan, as applicable; and (v) commencing or continuing in any manner, in any place of any action, which in any such case does not comply with or is inconsistent with the provisions of the Plan or the Confirmation Order.

(d) Injunction Relating to Certain Insurers

Except as to any rights with respect to which the Debtors explicitly declined to give a release to the Hartford Entities pursuant to Section VI of the Hartford Settlement Agreement, effective as of the Confirmation Date, but subject to the occurrence of the Effective Date and the provisions of the Hartford Settlement Agreement, for good and valuable consideration, pursuant to Section 105(a) of the Bankruptcy Code, to the fullest extent permissible under applicable law, each Person that has held, currently holds or may hold a Claim shall be permanently, forever and completely stayed, restrained, prohibited, barred and enjoined pursuant to 11 U.S.C. §105(a) from taking any action or seeking any recovery against or from any of the Hartford Entities that seeks to enforce any rights under, through or related to the Hartford Policies.

Except as to any rights with respect to which the Debtors explicitly declined to give a release to the Mt. McKinley Entities pursuant to the Mt. McKinley Settlement Agreement, effective as of the Confirmation Date, but subject to the occurrence of the Effective Date and the conditions of the Mt. McKinley Settlement Agreement, for good and valuable consideration, pursuant to Section 105(a) of the Bankruptcy Code, to the fullest extent permissible under applicable law, each Person that has held, currently holds or may hold a Claim shall be permanently, forever and completely stayed, restrained, prohibited, barred and enjoined pursuant to 11 U.S.C. §105(a) from taking any action or seeking any recovery against or from any of the Mt. McKinley Entities that seeks to enforce any rights under, through or related to the Mt. McKinley Policies.

Except as to any rights with respect to which the Debtors explicitly declined to give a release to the AIG Company Entities pursuant to the AIG Settlement Agreement, effective as of the Confirmation Date, but subject to the occurrence of the Effective Date and the conditions of the AIG Settlement Agreement, for good and valuable consideration, pursuant to Section 105(a) of the Bankruptcy Code, to the fullest extent permissible under applicable law, each Person that has held, currently holds or may hold a Claim shall be permanently, forever and completely stayed, restrained, prohibited, barred and enjoined pursuant to 11 U.S.C. §105(a) from taking any action or seeking any recovery against or from any of the AIG Company Entities that seeks to enforce any rights under, through or related to the AIG Policies.

Except as to any rights with respect to which the Debtors explicitly declined to give a release to the Affiliated FM Entities pursuant to the Affiliated FM Settlement Agreement, effective as of the Confirmation Date, but subject to the occurrence of the Effective Date and the conditions of the Affiliated FM Settlement Agreement, for good and valuable consideration, pursuant to Section 105(a) of the Bankruptcy Code, to the fullest extent permissible under applicable law, each Person that has held, currently holds or may hold a Claim shall be permanently, forever and completely stayed, restrained, prohibited, barred and enjoined pursuant to 11 U.S.C. §105(a) from taking any action or seeking any recovery against or from any of the Affiliated FM Entities that seeks to enforce any rights under, through or related to the Affiliated FM Policy.

Except as to any rights with respect to which the Debtors explicitly declined to give a release to the Allianz Entities pursuant to the Allianz Settlement Agreement, effective as of the Confirmation Date, but subject to the occurrence of the Effective Date and the conditions of the Allianz Settlement Agreement, for good and valuable consideration, pursuant to Section 105(a) of the Bankruptcy Code, to the fullest extent permissible under applicable law, each Person that has held, currently holds or may hold a Claim shall be permanently, forever and completely stayed, restrained, prohibited, barred and enjoined pursuant to 11 U.S.C. §105(a) from taking any action or seeking any recovery against or from any of the Allianz Entities that seeks to enforce any rights under, through or related to the Allianz Policies.

(e) Supplementary Section 105(a) Injunction

Pursuant to Section 105(a) of the Bankruptcy Code, to the fullest extent permissible under applicable law, each holder of a Bank Holders Claim shall be

permanently, forever and completely stayed, restrained, prohibited, barred and enjoined pursuant to 11 U.S.C. §105(a) from taking any Enjoined Action against any of the Non-Debtor Subsidiaries after the Effective Date with respect to any obligations, liabilities or responsibilities whatsoever arising under or related to the 1997 Credit Agreement, any of the guaranties, instruments or other documents executed or delivered in connection therewith, or otherwise.

(f) Deemed Consent

By submitting a Ballot and not electing to withhold consent to the releases of the Released Parties by marking the appropriate box on the Ballot, each holder of a Claim shall be deemed, to the fullest extent permitted by applicable law, to have specifically consented to the releases and injunctions set forth in Sections 5.16(b) and (c) of the Plan.

(g) No Waiver

The release set forth in Subsection (a) of Section 5.16 of the Plan shall not, however, limit, abridge or otherwise affect the rights of the Reorganized Debtors to enforce, sue on, settle or compromise the rights, claims and other matters retained by Reorganized Debtors pursuant to the Plan.

(h) Integral to Plan

Each of the releases and injunctions provided in Section 5.16 of the Plan is an integral part of the Plan and is essential to its implementation. Each of the Persons being released under, or protected by the injunctions set forth in, Section 5.16 of the Plan shall have the right to independently seek the enforcement of such release and injunction.

16. Permanent Injunctions and Asbestos Personal Injury Permanent Channeling Injunction

(a) General Injunction

In order to supplement, where necessary, the injunctive effect of the discharge as provided in Section 1141 of the Bankruptcy Code, and pursuant to the exercise of the equitable jurisdiction and power of the Bankruptcy Court under Section 105(a) of the Bankruptcy Code, except as otherwise provided in the Plan or the Confirmation Order, as of the Confirmation Date, but subject to the occurrence of the Effective Date, all Persons and any Person claiming by or through them, that have held, currently hold or may hold a Claim or other obligation, suit, judgment, damages, debt, right, remedy, cause of action or liability (other than a Demand) that is discharged or an Interest or other right of an equity security holder that is terminated pursuant to the terms of the Plan shall be permanently, forever and completely stayed, restrained, prohibited and enjoined from taking any Enjoined Action against any of the Released Parties or Claimant Released Parties whether directly or indirectly, derivatively or otherwise for the purpose of, directly or indirectly, collecting, recovering or receiving payment of, on or with respect to any such discharged Claim or other obligation, suit, judgment, damages, debt, right, remedy, cause of action or liability (including, without limitation, any OC Asbestos Property Damage Claim or any FB Asbestos Property Damage Claim), or terminated Interest or right of an equity security holder on account of, or based on the subject matter of, any such discharged Claims, obligations, suits, judgments, damages, debts, rights, remedies, causes of action or liabilities or terminated Interests or rights of an equity security holder.

(b) Asbestos Personal Injury Permanent Channeling Injunction

PURSUANT TO SECTION 524(g) OF THE BANKRUPTCY CODE AND PURSUANT TO AND IN CONJUNCTION WITH THE CONFIRMATION ORDER, ALL PERSONS SHALL BE PERMANENTLY, FOREVER AND COMPLETELY STAYED, RESTRAINED, PROHIBITED, BARRED AND ENJOINED FROM TAKING ANY ENJOINED ACTION, OR PROCEEDING IN ANY MANNER IN ANY PLACE WITH REGARD TO ANY MATTER THAT IS SUBJECT TO RESOLUTION PURSUANT TO THE ASBESTOS PERSONAL INJURY TRUST AGREEMENT, INCLUDING, WITHOUT LIMITATION, WITH RESPECT TO ANY ASBESTOS PERSONAL INJURY CLAIM OR ANY RESOLVED ASBESTOS PERSONAL INJURY CLAIM AGAINST ANY OF THE DEBTORS, ANY OF THE REORGANIZED DEBTORS, ANY PROTECTED PARTY OR ANY PROPERTY OR INTERESTS IN PROPERTY OF ANY DEBTOR, REORGANIZED DEBTOR OR PROTECTED PARTY, WHETHER DIRECTLY OR INDIRECTLY, DERIVATIVELY OR OTHERWISE, FOR THE PURPOSE OF, DIRECTLY OR INDIRECTLY, COLLECTING, RECOVERING OR RECEIVING PAYMENT OF, ON OR WITH RESPECT TO ANY ASBESTOS PERSONAL INJURY CLAIMS OR ANY RESOLVED ASBESTOS PERSONAL INJURY CLAIMS (OTHER THAN PURSUANT TO THE PROVISIONS OF THE ASBESTOS PERSONAL INJURY TRUST AGREEMENT OR TO ENFORCE THE PROVISIONS OF THE PLAN).

(c) No Waiver

Nothing contained in the Asbestos Personal Injury Permanent Channeling Injunction shall be deemed a waiver of any claim, right, remedy or cause of action that the Debtors, the Reorganized Debtors or the Asbestos Personal Injury Trust may have against any Person in connection with or arising out of an Asbestos Personal Injury Claim.

(d) Integral to Plan

Each of the injunctions provided in Section 5.17 of the Plan is an integral part of the Plan and is essential to its implementation. Each of the Released Parties, Claimant Released Parties, the Protected Parties and any other Persons being protected by the injunctions set forth in Section 5.17 of the Plan shall have the right to independently seek the enforcement of such injunctions.

17. Directors and Officers of Reorganized Debtors

(a) Directors of Reorganized Debtors

(i) Appointment. The Reorganized OCD Board shall initially consist of sixteen (16) members, consisting of the twelve (12) Continuing Directors, one (1) member to be named by the Asbestos Claimants' Committee, one (1) member to be named by the Future Claimants' Representative and two (2) members to be named by the Ad Hoc

Bondholders' Committee. The identities of the members to be named by the Asbestos Claimants' Committee, the Future Claimants' Representative and the Ad Hoc Bondholders' Committee shall be disclosed on Schedule XIX, to be filed no later than ten (10) Business Days prior to the Objection Deadline, which shall be in form and substance satisfactory to the Debtors.

(ii) Terms. The Reorganized OCD Board shall initially be divided into three classes, designated Class I, Class II and Class III, respectively, with five (5) directors in Class I, five (5) directors in Class II and six (6) directors in Class III. [Ten (10) of the Continuing Directors shall serve in Class II and Class III, the one director to be named by the Future Claimants' Representative shall serve in Class II, and the remaining directors shall serve in Class I.] At the first annual meeting of stockholders, which shall be held no earlier than the first anniversary of the Effective Date, the terms of office of the Class I directors shall expire and Class I directors shall be elected for a full term of three years. At the second annual meeting of stockholders, the terms of office of the Class II directors shall expire and class II directors shall be elected for a full term of three years. At the third annual meeting of stockholders, the terms of office of the Class III directors shall expire and Class III directors shall be elected for a full term of theree years. At each succeeding annual meeting of stockholders, directors shall be elected for a full term of three years to succeed the directors of the class whose terms expire at such annual meeting. Notwithstanding anything to the contrary set forth in the Section 5.18(a) of the Plan or otherwise, for as long as the Asbestos Personal Injury Trust owns shares of New OCD Common Stock, it shall have the rights to designate one (1) member of the Reorganized OCD Board as directed by the Future Claimants' Representative and one (1) member as directed by the TAC; *provided, however*, that in the event that the Asbestos Personal Injury Trust no longer holds any shares of New OCD Common Stock, the members of the Reorganized OCD Board named by the Asbestos Claimants' Committee and the Future Claimants' Representative, or their successors, shall resign promptly thereafter in accordance with the Amended and Restated By-Laws of Reorganized OCD. The terms of the members of the Reorganized OCD Board may be described in greater detail in the Amended and Restated Certificate of Incorporation of Reorganized OCD, the Amended and Restated By-Laws of Reorganized OCD or such other documents as the Plan Proponents may determine, to be filed no later than ten (10) Business Days prior to the Objection Deadline.

(iii) Chairman of the Board. The Chairman of the Board shall preside at all meetings of the Reorganized OCD Board and at meetings of the stockholders, and shall have all powers and responsibilities attendant therewith, as may be described in greater detail in the Amended and Restated Certificate of Incorporation of Reorganized OCD, the Amended and Restated By-Laws of Reorganized OCD or such other documents as the Plan Proponents may determine, to be filed no later than ten (10) Business Days prior to the Objection Deadline. Michael H. Thaman shall serve as the initial Chairman of the Board.

(iv) Vacancies. [Vacancies occurring on the Reorganized OCD Board subsequent to the Effective Date shall be filled by individuals elected by majority vote of the remaining directors, except that in the event that a director vacancy is caused by the resignation or removal of a Continuing Director, the remaining Continuing Directors shall have the right to designate the replacement director.] Procedures for filling vacancies occurring on the Reorganized OCD Board may be described in greater detail in the Amended and Restated Certificate of Incorporation of Reorganized OCD, the Amended and Restated Bylaws of Reorganized OCD or such other documents as the Plan Proponents may determine, to be filed no later than ten (10) Business Days prior to the Objection Deadline.

(b) Officers of Reorganized Debtors

The existing senior officers of OCD who will serve initially in the same capacities after the Effective Date for Reorganized OCD shall be identified in a disclosure filed by the Debtors with the Bankruptcy Court on a date not less than ten (10) Business Days prior to the Objection Deadline, and shall designate the Chief Executive Officer. The executive officers of the other Reorganized Debtors shall consist of executive officers as determined by Reorganized OCD on the Effective Date or thereafter.

18. Compensation and Benefit Programs

(a) Except and to the extent previously assumed or rejected by an order of the Bankruptcy Court, on or before the Confirmation Date, but subject to the occurrence of the Effective Date, all employee compensation and benefit programs of the Debtors as amended or modified, including programs subject to Sections 1114 and 1129(a)(13) of the Bankruptcy Code, entered into before or after the Petition Date and not since terminated, shall be deemed to be, and shall be treated as though they are, executory contracts that are assumed except for (i) executory contracts or plans specifically rejected pursuant to the Plan, and (ii) executory contracts or plans as have previously been rejected, are the subject of a motion to reject or have been specifically waived by the beneficiaries of any plans or contracts; *provided, however*, that the Debtors may pay all "retiree benefits" (as defined in Section 1114(a) of the Bankruptcy Code).

(b) OCD and any other of the Reorganized Debtors whose employees are covered by the Merged Plan shall assume and continue the Merged Plan, satisfy the minimum funding standards pursuant to 26 U.S.C. § 412 and 29 U.S.C. § 1082, and administer the Merged Plan in accordance with its terms and the provisions of ERISA. Further, nothing in the Plan of Reorganization shall be construed in any way as discharging, releasing or relieving the Debtors or the Debtors' successors, including the Reorganized Debtors, or any party, in any capacity, from liability imposed under any law or regulatory provision with respect to the Merged Plan or Pension Benefit Guaranty Corporation.

(c) On the Effective Date, Reorganized OCD will adopt Management and Director Arrangements, the terms and conditions of which shall be summarized in greater detail in Exhibit F to the Plan, as it may be amended up to ten (10) Business Days prior to the Objection Deadline. On the Effective Date, management, directors and designated employees of Reorganized OCD and the other Reorganized Debtors shall receive the benefits provided under such Management and Director Arrangements on the terms and conditions provided for therein.

(d) All full-time employees and regular part-time employees of OCD and its Affiliates as of the Effective Date (excluding any employee who participates in the management incentive program portion of the Management and Director Arrangements described in Section 5.19(c) of the Plan as of the Effective Date) shall be eligible to receive a grant of 100 shares of New OCD Common Stock, or appropriate equivalent interest, upon the Effective Date. Each award of 100 shares of New OCD Common Stock shall vest in its entirety

on the third anniversary of the Effective Date, subject to accelerated vesting for OCD-approved retirements or in the event that OCD (or its applicable Affiliate) terminates the employee's employment without cause. Accordingly, OCD shall reserve 2,000,000 shares of New OCD Common Stock for issuance to such employees (assuming 20,000 eligible employees worldwide), which shares represent approximately 1.52% of the primary number of shares of New OCD Common Stock to be outstanding immediately after the Effective Date (assuming issuance of approximately 131.4 million shares on the Effective Date and excluding options issued on the Effective Date). The terms and conditions of this employee incentive program shall be described more fully in the Employee Arrangements set forth on Exhibit F, as it may be amended up to ten (10) Business Days prior to the Objection Deadline.[18]

19. Continuation of Certain Orders

Notwithstanding anything in the Plan to the contrary, the Debtors will continue to pay any Claims authorized to be paid by an order of the Bankruptcy Court during the Chapter 11 Cases, pursuant to the terms and conditions of any such order.

20. Exit Facility

On or prior to the Effective Date, OCD and those Subsidiaries which are parties to the Exit Facility shall enter into all necessary and appropriate documentation to obtain, and in connection with, the Exit Facility.

E. TREATMENT OF EXECUTORY AND POST-PETITION CONTRACTS AND UNEXPIRED LEASES

1. Assumed Contracts and Leases

(a) Except as otherwise provided in the Plan, or in any contract, instrument, release, indenture or other agreement or document entered into in connection with the Plan, as of the Effective Date, each Debtor shall be deemed to have assumed each executory contract and unexpired lease to which it is a party, unless such contract or lease (i) was previously assumed or rejected by such Debtor, (ii) previously expired or terminated pursuant to its own terms, (iii) is the subject of a motion pending before the Bankruptcy Court as of the Confirmation Date to assume or reject such contract or lease or (iv) is listed on Schedule IV, to be filed at least ten (10) Business Days prior to the Objection Deadline, as being an executory contract or unexpired lease to be rejected; *provided, however*, that the Plan Proponents reserve the right, at any time prior to the Confirmation Date, to amend Schedule IV to add or delete any unexpired lease or executory contract. Moreover, except as otherwise provided in the Plan or an order of the Court entered prior to the Effective Date, as of the Effective Date, all of the Debtors' post-petition contracts and leases entered into by one or more of the Debtors after the Petition Date shall be treated as though they are executory contracts or unexpired leases that are assumed

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[18] The Debtors reserve the right to propose an additional or other form of employee benefit or incentive program as part of the Employee Arrangements, the terms and conditions of which would be disclosed on Exhibit F, as it may be modified, revised and supplemented (as may be satisfactory in form and substance to the Reorganized Debtors and any other Plan Proponents) up to ten (10) Business Days prior to the Objection Deadline.

under the Plan. The Confirmation Order shall constitute an order of the Bankruptcy Court under Sections 365 and 1123 of the Bankruptcy Code, as applicable, approving the contract and lease assumptions described above, as of the Effective Date.

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

2. Payments Related to Assumption of Contracts and Leases

Any monetary amounts by which each executory contract and unexpired lease (including each post-petition contract and lease treated as an executory contract) to be assumed pursuant to the Plan is in default will be satisfied, under Section 365(b)(1) of the Bankruptcy Code, at the option of the Debtors or the assignee of a Debtor assuming such contract or lease, by Cure. If there is a dispute rebgarding (i) the nature or amount of any Cure, (ii) the ability of a Reorganized Debtor or any assignee to provide "adequate assurance of future performance" (within the meaning of Section 365 of the Bankruptcy Code) under the contract or lease to be assumed or (iii) any other matter pertaining to assumption, Cure will occur following the entry of a Final Order of the Bankruptcy Court resolving the dispute and approving the assumption or assumption and assignment, as the case may be. To the extent not previously provided by the Court, the Confirmation Order shall contain provisions for notices of proposed assumptions and proposed Cure amounts to be sent to applicable third parties and for procedures for objecting thereto and resolution of disputes by the Bankruptcy Court. If no proposed Cure amount is proposed by the Debtors, it shall be presumed that the Debtors are asserting that no Cure amount is required to be paid under Section 365(b)(1) of the Bankruptcy Code.

3. Assignments Related to the Restructuring Transactions

As of the effective time of an applicable Restructuring Transaction, any executory contract or unexpired lease (including any post-petition contract or lease treated as an executory contract) to be held by any Debtor or another surviving, resulting or acquiring corporation in an applicable Restructuring Transaction shall be deemed assigned to the applicable entity pursuant to section 105, 365 and/or 1123 of the Bankruptcy Code, as applicable.

4. Rejected Contracts and Leases

On the Effective Date, each executory contract and unexpired lease that is listed on Schedule IV, shall be rejected pursuant to Section 365 of the Bankruptcy Code. Each contract or lease listed on Schedule IV shall be rejected only to the extent that any such contract or lease constitutes an executory contract or unexpired lease. The Plan Proponents reserve their

right, at any time prior to the Confirmation Date, to amend Schedule IV to delete any unexpired lease or executory contract therefrom or add any unexpired lease or executory contract thereto. To the extent that an executory contract or unexpired lease (i) is not listed on Schedule IV, (ii) has not been previously rejected or (iii) is not subject to a motion to reject at the time of the Confirmation Date, such executory contract or unexpired lease shall be deemed assumed. Listing a contract or lease on Schedule IV shall not constitute an admission by a Debtor nor a Reorganized Debtor that such contract or lease is an executory contract or unexpired lease or that such Debtor or Reorganized Debtor has any liability thereunder. Without limiting the foregoing, any agreement entered into prior to the Petition Date by or on behalf of the Debtors with a holder of an Asbestos Personal Injury Claim with respect to the settlement of any OC Asbestos Personal Injury Claim or FB Asbestos Personal Injury Claim shall be deemed rejected as of the Effective Date to the extent such settlement agreement is deemed to be an executory contract within the meaning of Section 365(a) of the Bankruptcy Code. The Confirmation Order shall constitute an order of the Bankruptcy Court approving such rejections as of the Effective Date, pursuant to Section 365 of the Bankruptcy Code.

5. Rejection Damages Bar Date

If the rejection by a Debtor, pursuant to the Plan, of an executory contract or unexpired lease results in a Claim, then such Claim shall be forever barred and shall not be enforceable against any Debtor or Reorganized Debtor, or the properties of any of them, unless a Proof of Claim is filed and served upon counsel to the Debtors, counsel to the Unsecured Creditors' Committee and counsel to the Asbestos Claimants' Committee, within thirty (30) days after service of the notice that the executory contract or unexpired lease has been rejected.

6. Indemnification Obligations

(a) Indemnification Obligations shall be deemed to be, and shall be treated as though they are, executory contracts that are assumed pursuant to Section 365 of the Bankruptcy Code under the Plan as of the Effective Date, and such obligations shall survive confirmation of the Plan, remain unaffected by the Plan and shall not be discharged or impaired by the Plan, irrespective of whether the indemnification or reimbursement obligation is owed in connection with an event occurring before, on or after the Petition Date, except as may otherwise be provided in Schedule XVII, to be filed no later than ten (10) Business Days prior to the Objection Deadline; *provided, however*, that, except as otherwise provided in the Plan, indemnification obligations that are not Indemnification Obligations shall be deemed to be, and shall be treated as though they are, executory contracts that are rejected pursuant to Section 365 of the Bankruptcy Code as of the Effective Date.

(b) In addition to the foregoing, as of the Effective Date, the Reorganized Debtors shall obtain and maintain in full force tail insurance covering such risks as are presently covered for the benefit of all Persons who are or were officers or directors of the Debtors on the Petition Date or thereafter, except as may otherwise be provided in Schedule XVII, to be filed no later than ten (10) Business Days prior to the Objection Deadline, in a minimum amount and for a minimum period as shall be set forth in Schedule XVIII, to be filed no later than ten (10) Business Days prior to the Objection Deadline.

(c) Each of the provisions set forth in Section 7.6 of the Plan is an integral part of the Plan and is essential to its implementation. Each Person entitled to indemnification and insurance pursuant to Section 7.6 shall have the right to independently seek the enforcement of each of the terms of Section 7.6 of the Plan.

If the Reorganized Debtors incur Indemnification Obligations which exceed any applicable insurance coverage, the Indemnification Obligations s would have the same priority and effect as Adminsitrative Expenses or post-petition obligations, even with respect to claims which otherwise would constitute pre-petition, non-priority claims. In the exercise of the Debtors' business judgment, with the support of the Plan Proponents, it has been determined that the assumption of the Indemnification Obligations is justifiied by the the contributuions of the indemnified officers and directors to the financial success of the Debtors,, the necessity of the Reorganized Debtors to retain the services of its officers and directors for contined success, and the critical need to continue to attract the best possible personnel to serve as officers and directors of Owens Corning.

7. Insurance Policies and Agreements

(a) Assumed Insurance Policies and Agreements.

The Debtors do not believe that the insurance policies issued to, or insurance agreements entered into by, the Debtors prior to the Petition Date (including, without limitation, any policies covering directors' or officers' conduct) constitute executory contracts (and, consequently, such insurance policies and agreements shall continue in effect after the Effective Date). To the extent that such insurance policies or agreements (including, without limitation, any policies covering directors' or officers' conduct) are considered to be executory contracts, then, notwithstanding anything contained in Section 7.1 or 7.3 of the Plan to the contrary, the Plan shall constitute a motion to assume such insurance policies and agreements (except for those set forth on Schedule XI in accordance with Section 7.7(b) of the Plan), and, subject to the occurrence of the Effective Date, the entry of the Confirmation Order shall constitute approval of such assumption pursuant to Section 365(a) of the Bankruptcy Code and a finding by the Bankruptcy Court that each such assumption is in the best interest of each Debtor, its Estate, and all parties in interest in the Chapter 11 Cases. Unless otherwise determined by the Bankruptcy Court pursuant to a Final Order or agreed to by the parties thereto prior to the Effective Date, no payments are required to cure any defaults of the Debtors existing as of the Confirmation Date with respect to each such insurance policy or agreement. To the extent that the Bankruptcy Court determines otherwise as to any such insurance policy or agreement, the Debtors reserve the right to seek rejection of such insurance policy or agreement or other available relief. In accordance with Sections 10.3 of the Plan, the rights of the Debtors under the insurance policies and agreements constituting the OC Asbestos Personal Injury Liability Insurance Assets shall, to the extent necessary, be deemed assigned to the OC Sub-Account of the Asbestos Personal Injury Trust as of the Effective Date and, pursuant to Section 365 of the Bankruptcy Code, the Debtors shall have no further liability thereunder from and after June 18, 2001.

(b) Rejected Insurance Policies and Agreements.

If the Wellington Agreement is determined to be an executory contract, OCD has agreed that it will not reject the Wellington Agreement as an executory contract. To the extent that any or all of the insurance policies and agreements set forth on Schedule XI, to be filed no later than ten (10) Business Days prior to the Objection Deadline, are considered to be executory contracts, then, notwithstanding anything contained in Section 7.1 or 7.3 of the Plan to the contrary, the Plan shall constitute a motion to reject the insurance policies and agreements set forth on Schedule XI, and the entry of the Confirmation Order shall constitute approval of such rejection pursuant to Section 365(a) of the Bankruptcy Code and a finding by the Bankruptcy Court that each such rejected insurance policy or agreement set forth on Schedule XI is burdensome and that the rejection thereof is in the best interest of each Debtor, its estate, and all parties in interest in the Chapter 11 Cases.

(c) Reservation of Rights.

With the exception of issues that are expressly resolved in the Plan or Confirmation Order including those specified in Section 3.3(f)(iii), 3.4(d)(iii), and 12.1(a)(xxiv) and (xxv) of the Plan relating to rights under insurance policies and insurance settlement agreements, and with the exception of issues that are expressly resolved by insurance settlement agreements approved by the Bankruptcy Court: (i) nothing contained in the Plan, including Section 7.7 of the Plan or in the Confirmation Order, shall preclude OCD, Fibreboard, or their insurers from asserting in any proceeding any and all claims, defenses, rights or causes of action that they have or may have under or in connection with any insurance policies issued to OCD or Fibreboard or any settlement agreements made with respect to such insurance policies; (ii) nothing in the Plan or Confirmation Order shall be deemed to waive any claims, defenses, rights, or causes of action that OCD, Fibreboard, or their insurers have or may have under the provisions, terms, conditions, defenses and/or exclusions contained in such insurance policies or settlement agreements, including, but not limited to, any and all claims, defenses, rights or causes of action based upon or arising out of Asbestos Personal Injury Claims, OC Property Damage Claims, or FB Property Damage Claims that are liquidated, resolved, discharged, channeled or paid in connection with the Plan; and (iii) nothing in the Confirmation Order or the Plan (including any other provision that purports to be preemptory or supervening), shall in any way operate to or have the effect of, impairing the insurers' legal, equitable or contractual rights, if any, in any respect, and the rights of insurers shall be determined under insurance policies and settlement agreements as applicable.

Century Indemnity Company (as successor to CCI Insurance Company, as successor to Insurance Company of North America); Central National Insurance Company of Omaha for policies issued through Cravens, Dargan & Co. Pacific Coast; and Pacific Employers Insurance Company and each of their respective affiliates: (i) reserve all of their rights and defenses under their respective insurance policies and related agreements which the Debtors may allege provide coverage to them or for any Claim; and (ii) reserve all of their rights to object to confirmation of the Plan and to all agreements, schedules, and documents relating to the Plan, including any aspect of the foregoing that purports to alter insurers' obligations or rights or to decide any matter adversely to them.

(d) Miscellaneous

The Asbestos Personal Injury Trust is obligated to honor and respect the benefits and protections, including, without limitation, the release and injunctive protections, conferred upon Affiliated FM and Allianz by the Affiliated FM Settlement Agreement and the Allianz Settlement Agreement, respectively, as if the Asbestos Personal Injury Trust were a signatory thereto. The express references to Affiliated FM and Allianz in the preceding sentence shall not give rise to any inference that other settling insurers are not entitled to similar protections.

F. PROVISIONS GOVERNING DISTRIBUTIONS

1. Distributions for Claims Allowed as of the Initial Distribution Date

Except as otherwise provided in the Plan or as ordered by the Bankruptcy Court, distributions to be made on account of Claims that are Allowed Claims as of the Effective Date shall be made on, or as soon as practicable after, the Initial Distribution Date. Notwithstanding anything in the Plan to the contrary, distributions on account of Administrative Claims that are Allowed Claims as of the Effective Date shall be made on, or as soon as practicable after, the Effective Date, with no action to enforce a right to such payment until at least thirty (30) days after the Effective Date. Notwithstanding anything in the Plan to the contrary, distributions on account of Class A7 and B8 Claims shall be made in accordance with the terms and conditions of the Asbestos Personal Injury Trust Agreement and the Asbestos Personal Injury Trust Distribution Procedures. Distributions on account of Claims that first become Allowed Claims after the Effective Date shall be made pursuant to Section 9.4 of the Plan. Notwithstanding the date on which any distribution of New OCD Securities is actually made to a holder of a Claim that is an Allowed Claim on the Effective Date, as of the date of the distribution such holder shall be deemed to have the rights of a holder of such securities distributed as of the Initial Distribution Date; *provided, however*, that for purposes of determining accrual of interest or rights in respect of any other payment from and after the Effective Date, the Rights Offering Shares to be issued under the Rights Offering pursuant to the Plan shall be deemed issued as of the Effective Date (or, if applicable, Initial Distribution Date) regardless of the date on which they are actually dated, authenticated or distributed.

2. Interest on Claims

Unless otherwise specifically provided for in the Plan, the Confirmation Order, or the Asbestos Personal Injury Trust Distribution Procedures, or required by applicable bankruptcy law, post-petition interest shall not accrue or be paid on Claims, and no holder of a Claim shall be entitled to interest accruing on or after the Petition Date on any Claim. Interest shall not accrue or be paid upon any Disputed Claim in respect of the period from the Petition Date to the date a final distribution is made thereon if and after such Disputed Claim becomes an Allowed Claim.

3. Distributions under the Plan

(a) The Disbursing Agent or, in the case of the Bondholders Claims, the appropriate Pre-petition Indenture Trustee, shall make all distributions required under the

Plan, except to holders of Asbestos Personal Injury Claims. Asbestos Personal Injury Claims shall be satisfied in accordance with the distribution procedures described in the Asbestos Personal Injury Trust Agreement and the Asbestos Personal Injury Trust Distribution Procedures.

(b) If the Disbursing Agent is an independent third party designated by the Reorganized Debtors to serve in such capacity, such Disbursing Agent shall be entitled to receive, without further Bankruptcy Court approval, reasonable compensation for distribution services rendered pursuant to the Plan as well as reimbursement of reasonable out-of-pocket expenses incurred in connection with rendering such services from the Reorganized Debtors on terms acceptable to the Reorganized Debtors. No Disbursing Agent shall be required to give any bond or surety or other security for the performance of its duties unless otherwise ordered by the Bankruptcy Court.

4. Record Date for Distributions to Holders of Allowed Claims and Exisitng OCD Common Stock (Other Than Asbestos Personal Injury Claims)

At the close of business on the Distribution Record Date, the transfer records for Claims and Existing OCD Common Stock (other than Asbestos Personal Injury Claims), including the Bank Holders Claims and Bondholders Claims, shall be closed, and there shall be no further changes in the record holders of such Claims. None of the Reorganized Debtors, the Disbursing Agent, if any, CSFB, as agent for the Bank Holders nor the applicable Pre-petition Indenture Trustee under the Pre-petition Bond Indenture for the Bondholders shall have any obligation to recognize any transfer of Allowed Claims, including, without limitation, Allowed Bank Holders Claims or Allowed Bondholders Claims, as applicable, occurring after the Distribution Record Date, and they shall be entitled instead to recognize and deal for all purposes hereunder with only those record holders as of the close of business on the Distribution Record Date.

Distributions to holders of Bondholder Claims administered by the Pre-petition Indenture Trustees shall be made by means of book-entry exchange through the facilities of the Depository Trust Corporation ("DTC") in accordance with the customary practices of the DTC, as and to the extent practicable. In connection with such book-entry exchange, each Pre-petition Indenture Trustee shall deliver instructions to the DTC directing the DTC to effect distributions (net of Pre-petition Indenture Trustee fees and expenses) on a *pro rata* basis as provided under the Plan with respect to the Bondholder Claims upon which such Indenture Trustee acts as trustee.

5. Means of Cash Payment

Cash payments made pursuant to the Plan shall be in United States funds by means agreed to by the payor and the payee, including by check or wire transfer, or, in the absence of an agreement, such commercially reasonable manner as the Debtors, the Reorganized Debtors, the Disbursing Agent, or, as applicable, such other payor shall determine in their sole discretion.

6. Fractional New OCD Common Stock; Other Distributions

(a) No fractional shares of New OCD Common Stock shall be issued or distributed under the Plan. If any distribution pursuant to the Plan would otherwise result in the issuance of New OCD Common Stock that is not a whole number, the actual distribution of shares of such stock shall be rounded to the next higher or lower whole number as follows: (i) fractions of greater than one-half (1/2) shall be rounded to the next higher whole number, and (ii) fractions of one-half (1/2) or less shall be rounded to the next lower whole number. The total number of shares of New OCD Common Stock to be distributed pursuant to the Plan shall be adjusted as necessary to account for the rounding provided for in the Plan.

(b) No consideration shall be provided in lieu of fractional shares that are rounded down.

(c) In addition, the payment of fractions of dollars shall not be made. Whenever any payment of a fraction of a dollar under the Plan would otherwise be called for, the actual payment made shall reflect a rounding of the fraction to the nearest whole dollar (up and down), with half dollars rounded down.

(d) The Disbursing Agent, or any agent or servicer, as the case may be, shall not make any payment of less than one hundred dollars ($100.00) with respect to any Claim.

7. Delivery of Distributions

Distributions to holders of Allowed Claims in all Classes other than Classes A7 and B8 shall be made by the Disbursing Agent or the applicable Pre-petition Indenture Trustee, as the case may be. If any holder’s distribution is returned as undeliverable, no further distributions to such holder shall be made until the Disbursing Agent (or Pre-petition Indenture Trustee as applicable) is notified of such holder’s then current address, at which time all missed distributions shall be made to such holder without interest. Amounts in respect of undeliverable distributions made by the Disbursing Agent (or the Pre-petition Indenture Trustee as applicable) shall be returned to the Reorganized Debtors until such distributions are claimed. All the claims for undeliverable distributions made by the Disbursing Agent or the Pre-petition Indenture Trustee, as the case may be, must be made on or before the first (1st) anniversary of the Effective Date, after which date all unclaimed property shall revert to the Reorganized Debtors free of any restrictions thereon and the claim of any holder or successor to such holder with respect to such property shall be discharged and forever barred, notwithstanding any federal or state escheat laws to the contrary. Nothing contained in the Plan shall require the Debtors, Reorganized Debtors, any Disbursing Agent, the Administrative Agent for the Bank Holders or any Pre-petition Indenture Trustee to attempt to locate any holder of an Allowed Claim after the first (1st) anniversary of the Effective Date.

8. Surrender of Pre-petition Bonds

(a) Pre-petition Bonds

Except as provided in Section 8.8(b) of the Plan in connection with lost, stolen, mutilated or destroyed Pre-petition Bonds, each holder of an Allowed Claim evidenced by a Pre-petition Bond shall tender such Pre-petition Bond to the respective Pre-petition Indenture Trustee in accordance with written instructions to be provided in a letter of transmittal to such holders by the Pre-petition Indenture Trustee as promptly as practicable following the Effective Date. Such letter of transmittal shall specify that delivery of such Pre-petition Bonds will be effected, and risk of loss and title thereto will pass, only upon the proper delivery of such Pre-petition Bonds with the letter of transmittal in accordance with such instructions. Such letter of transmittal shall also include, among other provisions, customary provisions with respect to the authority of the holder of the applicable note or Pre-petition Bonds to act and the authenticity of any signatures required on the letter of transmittal. All surrendered Pre-petition Bonds shall be marked as cancelled and delivered by the respective Pre-petition Indenture Trustee to the Reorganized Debtors.

(b) Lost, Mutilated or Destroyed Pre-petition Bonds

In addition to any requirements under the applicable certificate or articles of incorporation or bylaws of the applicable Debtor, any holder of indebtedness or obligation of a Debtor evidenced by a Pre-petition Bond that has been lost, stolen, mutilated or destroyed shall, in lieu of surrendering the Pre-petition Bond, deliver to the Pre-petition Indenture Trustee (i) evidence satisfactory to the Pre-petition Indenture Trustee of the loss, theft, mutilation or destruction; and (ii) such indemnity as may be required by the Pre-petition Indenture Trustee to hold the Pre-petition Indenture Trustee harmless from any damages, liabilities or costs incurred in treating such individual as a holder of a Pre-petition Bond.

(c) Failure to Surrender Cancelled Pre-petition Bonds

Any holder of a Pre-petition Bond that fails to surrender or be deemed to have surrendered such Pre-petition Bond before the first (1st) anniversary of the Effective Date shall have its Claim for a distribution on account of such Pre-petition Bond discharged and shall be forever barred from asserting any such Claim against any Reorganized Debtor or their respective property.

(d) Distributions upon Receipt of Pre-petition Bonds

No distribution of property under the Plan shall be made to or on behalf of any such holders unless and until such Pre-petition Bond is received by the appropriate Pre-petition Indenture Trustee, or the unavailability of such Pre-petition Bond is established to the reasonable satisfaction of the appropriate Pre-petition Indenture Trustee or such requirement is waived by the Reorganized Debtors.

9. Withholding and Reporting Requirements

In connection with the Plan and all distributions thereunder, the Disbursing Agent shall, to the extent applicable, comply with all tax withholding and backup withholding and reporting requirements imposed by any federal, state, provincial, local or foreign taxing authority, and all distributions thereunder shall be subject to any such withholding and reporting requirements. The Disbursing Agent shall be authorized to take any and all actions that may be necessary or appropriate to comply with such withholding and reporting requirements.

10. Setoffs

The Debtors and the Reorganized Debtors may, but shall not be required to, pursuant to Section 553 of the Bankruptcy Code or applicable non-bankruptcy law, set off against any Allowed Claim and the payments or other distributions to be made pursuant hereto on account of such Claim (before any distribution is made on account of such Allowed Claim), the claims, equity interests, rights and causes of action of any nature whatsoever that the Debtors or the Reorganized Debtors may hold against the holder of such Allowed Claim; *provided, however*, that neither the failure to effect such a setoff nor the allowance of any Claim hereunder shall constitute a waiver or release by the Debtors or the Reorganized Debtors of any such claims, equity interests, rights and causes of action that the Debtors or the Reorganized Debtors may possess against any such holder, except as specifically provided in the Plan.

G. PROCEDURES FOR RESOLVING DISPUTED, CONTINGENT AND UNLIQUIDATED CLAIMS AND DISPUTED INTERESTS

1. Prosecution of Objections to Certain Claims

(a) Unless otherwise ordered by the Bankruptcy Court, only the Debtors, the Reorganized Debtors or the Disbursing Agent shall have the authority to file objections to settle, compromise, withdraw or litigate objections to Claims, other than with respect to (i) the applications for the allowance of compensation and reimbursement of expenses of professionals under Section 330 of the Bankruptcy Code, and (ii) Asbestos Personal Injury Claims, *provided, however*, that in the event the Disbursing Agent is not one of the Reorganized Debtors, then the Disbursing Agent shall reasonably consult with a designated representative of Reorganized OCD with respect to the settlement or compromise of the foregoing claims on such terms and conditions as may be mutually satisfactory to the Disbursing Agent and Reorganized OCD.

(b) From and after the Confirmation Date, the Reorganized Debtors or the Disbursing Agent may settle or compromise any Disputed Claim without approval of the Bankruptcy Court.

(c) All objections to Claims, other than Asbestos Personal Injury Claims, must be filed and served on the holders of such Claims by the Claims Objection Deadline. Nothing contained in the Plan, however, shall limit the Debtors' or Reorganized Debtors' right to object to any Claims, other than Asbestos Personal Injury Claims, filed or amended after the Claims Objection Deadline. If an objection has not been filed to a Proof of

Claim or a scheduled Claim, other than Asbestos Personal Injury Claims, by the Claims Objection Deadline, the Claim to which the Proof of Claim or scheduled Claim relates will be treated as an Allowed Claim if such Claim has not been Allowed earlier.

(d) Notwithstanding anything contained in the Plan to the contrary, the Debtors shall not be required to take any further action with respect to any proofs of claim filed against any of the Debtors on account of asserted Asbestos Personal Injury Claims. As set forth in Sections 5.17(b), 10.4 and 11.4 of the Plan, all Asbestos Personal Injury Claims against any and all of the Debtors shall be exclusively channeled to the Asbestos Personal Injury Trust, and shall be subject to the Asbestos Personal Injury Channeling Injunction.

2. No Distributions Pending Allowance

Notwithstanding any other provision in the Plan, no payments or distributions shall be made with respect to all or any portion of a Disputed Claim unless and until all objections to such Disputed Claim have been settled or withdrawn or have been determined by Final Order, and the Disputed Claim, or some portion thereof, has become an Allowed Claim.

3. Disputed Distribution Reserve

(a) On, or as soon as practicable after, the Initial Distribution Date, the Reorganized Debtors shall transmit to the Disputed Distribution Reserve Cash in an amount equal to the sum of (i) the Face Amount of each Administrative Claim, Priority Tax Claim, Other Priority Claim, Other Secured Tax Claim, Other Secured Claim and Convenience Claim that is a Disputed Claim as of the Effective Date, or (ii) such lesser amount for any such Disputed Claim that may be agreed upon by the holder of such Disputed Claim and the Reorganized Debtors, or that may be approved by the Bankruptcy Court at or prior to the Confirmation Hearing. The Disbursing Agent shall reserve for the account of each holder of a Disputed Claim described in the immediately preceding sentence, Cash in the Face Amount thereof (or such lesser amount as such holder and the Reorganized Debtors may agree or as may be approved by the Bankruptcy Court at or prior to the Confirmation Hearing); *provided, however*, that the Cash transmitted to, and reserved by, the Disbursing Agent pursuant to Section 9.3(a) of the Plan may be held by the Disbursing Agent in a single interest bearing account, fund or reserve (provided further, however, that separate book entries for each Claim shall be maintained by the Disbursing Agent) to be established and maintained by the Disbursing Agent pending resolution of the Disputed Claims described in Section 9.3(a) of the Plan.

(b) In addition, on, or as soon as practicable after, the Initial Distribution Date, the Reorganized Debtors shall transmit to the Disputed Distribution Reserve:

(i) in the event Class A5 rejects the Plan, the Reserved OCD Distribution Package; or

(ii) in the event Class A5 accepts the Plan, (x) Cash in an amount equal to the Reserved OCD Distribution Amount, in the event either or both of Class A6-A and Class A6-B rejects the Plan; (y) the Reserved Class A6-A Aggregate Amount, in the event Class A6-A accepts the Plan; and (z) the Reserved Class A6-B Aggregate Amount, in the event Class A6-B accepts the Plan.

The Disbursing Agent shall reserve (from the Reserved OCD Distribution Package, the Reserved OCD Distribution Amount, the Reserved Class A6-A Aggregate Amount or the Reserved Class A6-B Aggregate Amount, as may be applicable) for the account of each holder of a Disputed Class A6-A or Class A6-B Claim Cash, New OCD Common Stock, or such other property which would otherwise be distributable to such holder on the Initial Distribution Date in accordance with the Plan were such Disputed Claim an Allowed Claim (in the Face Amount thereof) as of the Effective Date (or property of a lesser value as such holder and the Reorganized Debtors may agree or as may be approved by the Bankruptcy Court). Moreover, each of the Reserved OCD Distribution Package, the Reserved OCD Distribution Amount, the Reserved Class A6-A Aggregate Amount and the Reserved Class A6-B Aggregate Amount, to the extent applicable, shall be set aside and segregated from the property received by the Disbursing Agent pursuant to Sections 9.3(a) and 9.3(c) of the Plan; *provided, however*, that the Cash portion of any of the foregoing may be held by the Disbursing Agent in a single interest bearing account, fund or reserve (*provided further, however*, that separate book entries for each Claim shall be maintained by the Disbursing Agent) to be established and maintained by the Disbursing Agent pending resolution of the Disputed Claims described in Section 9.3(b) of the Plan. Without limiting the foregoing, at all times after the Initial Distribution Date, (i) the holders of Disputed Class A6-A and A6-B Claims shall have the sole right to the Reserved OCD Distribution Package or the Reserved OCD Distribution Amount, to the extent applicable, (ii) the holders of Disputed Class A6-A Claims shall have the sole right to the Reserved Class A6-A Aggregate Amount, to the extent applicable, and (iii) the holders of Disputed Class A6-B Claims shall have the sole right to the Reserved Class A6-B Aggregate Amount, to the extent applicable, in the Disputed Distribution Reserve. Moreover, the Disbursing Agent shall not disburse or distribute any portion of any such package or amount to any Person prior to the Final Distribution Date (subject to Section 9.5 of the Plan) other than to holders of Disputed Class A6-A or A6-B Claims that become Allowed in accordance with the terms of the Plan subsequent to the Effective Date, without further order of the court.

(c) In addition, on, or as soon as practicable after, the Initial Distribution Date, the Reorganized Debtors shall transmit to the Disputed Distribution Reserve Cash in an aggregate amount equal to the sum of (i) the Face Amount of each Class B6 through Class U6 Claim that is a Disputed Claim as of the Effective Date, or (ii) such lesser amount for any such Disputed Claim that may be agreed upon by the holder of such Disputed Claim and the Reorganized Debtors, or that may be approved by the Bankruptcy Court at or prior to the Confirmation Hearing. The Disbursing Agent shall reserve for the account of each holder of a Disputed Claim in each of the respective Classes B6-U6, Cash in an amount equal to (i) the Face Amount of such Disputed Claim, or (ii) such lesser amount for any such Disputed Claim that may be agreed upon by the holder of such Disputed Claim and the Reorganized Debtors, or that may be approved by the Bankruptcy Court at or prior to the Confirmation Hearing; *provided, however*, that the Cash transmitted to, and reserved by, the Disbursing Agent pursuant to Section 9.3(c) of the Plan may be held by the Disbursing Agent in a single interest bearing account, fund or reserve (*provided further, however*, that separate book entries for each Claim shall be maintained by the Disbursing Agent) to be established and maintained by the Disbursing Agent pending resolution of the Disputed Claims described in Section 9.3(c) of the Plan.

4. Distributions on Account of Disputed Claims Once They are Allowed

(a) On each Quarterly Distribution Date, the Disbursing Agent shall make payments and distributions from the Disputed Distribution Reserve to each holder of a Disputed Claim that has become an Allowed Claim during the preceding calendar quarter.

(b) Pursuant to Sections 3.1, 3.2, 3.3(a), 3.4(a), 3.5(a), 3.6(a), 3.7(a), 3.8(a), 3.9(a), 3.10(a), 3.11(a), 3.12(a), 3.13(a), 3.14(a), 3.15(a), 3.16(a), 3.17(a), 3.18(a), 3.19(a), 3.20(a), 3.21(a), 3.22(a), and 3.23(a) of the Plan, the Disbursing Agent shall distribute to each holder of a Disputed Claim described in Section 9.3(a) of the Plan, which becomes an Allowed Claim after the Effective Date, Cash from the Distributed Distribution Reserve in an amount equal to the Allowed amount of such Claim. Any Cash transmitted to the Disputed Distribution Reserve pursuant to Section 9.3(a) of the Plan, which is remaining in the Disputed Distribution Reserve after all distributions on account of Claims described in Section 9.3(a) of the Plan have been made, shall constitute, and shall be deemed to constitute, Excess Available Cash.

(c) Pursuant to Sections 3.3(d) and 3.3(e) of the Plan, and subject to Section 8.2 of the Plan, the Disbursing Agent shall distribute to each holder of a Disputed Class A6-A or Class A6-B Claim, as the case may be, which becomes an Allowed Claim after the Effective Date, property from the Disputed Distribution Reserve that would have been distributed to the holder of such Claim had such Claim been an Allowed Claim as of the Effective Date. The source and nature of such distributions shall be as follows:

(i) in the event Class A5 rejects the Plan, all distributions to holders of Disputed Class A6-A and Class A6-B Claims which become Allowed Claims after the Effective Date shall be made from the Reserved OCD Distribution Package and shall be in the Standard Combination of Cash and New OCD Common Stock;

(ii) in the event Class A5 and Class A6-A both accept the Plan, all distributions to holders of Disputed Class A6-A Claims which become Allowed Claims after the Effective Date shall be made in Cash from the Reserved Class A6-A Aggregate Amount;

(iii) in the event Class A5 and Class A6-B both accept the Plan, all distributions to holders of Disputed Class A6-B Claims which become Allowed Claims after the Effective Date shall be made in Cash from the Reserved Class A6-B Aggregate Amount; and

(iv) in the event Class A5 accepts that Plan and either or both of Class A6-A and Class A6-B rejects the Plan, all distributions to holders of Disputed Claims in such rejecting Class which become Allowed Claims after the Effective Date shall be made in Cash from the Reserved OCD Distribution Amount.

(d) Pursuant to Sections 3.4(c), 3.5(c), 3.6(c), 3.7(c), 3.8(c), 3.9(c), 3.10(c), 3.11(c), 3.12(b), 3.13(b), 3.14(b), 3.15(b), 3.16(b), 3.17(b), 3.18(b), 3.19(b), 3.20(b), 3.21(b), 3.22(b), and 3.23(b) of the Plan, and subject to Section 8.2 of the Plan, the Disbursing Agent shall distribute to each holder of a Disputed Claim in each of the respective Classes B6-U6, which becomes an Allowed Claim after the Effective Date, Cash from the Disputed Distribution Reserve in an amount equal to the Allowed amount of such Claim (excluding post-

petition interest). Any Cash transmitted to the Disputed Distribution Reserve pursuant to Section 9.3(c) of the Plan, which is remaining in the Disputed Distribution Reserve after all distributions on account of Claims described in Section 9.3(c) of the Plan have been made, shall constitute, and shall be deemed to constitute, Excess Available Cash.

5. Final Distributions from the Disputed Distribution Reserve

(a) On the Final Distribution Date, the Disbursing Agent shall distribute:

(i) the Excess Available Cash and the Excess New OCD Common Stock, if any, from the Disputed Distribution Reserve to holders of Allowed Claims in Classes A5, A6-A and A6-B and to the OC Sub-Account, pursuant to Section 3.3 of the Plan;

(ii) if Classes A5 and A6-A both accept the Plan, any remaining portion of the Reserved Class A6-A Aggregate Amount to holders of Allowed Claims in Class A6-A, pursuant to Section 3.3(d)(ii)(D) of the Plan; and

(iii) if Classes A5 and A6-B both accept the Plan, any remaining portion of the Reserved Class A6-B Aggregate Amount to holders of Allowed Claims in Class A6-B, pursuant to Section 3.3(e)(ii)(D) of the Plan.

(b) Notwithstanding anything to the contrary in the Plan, Section 8.6(d) of the Plan shall apply with equal force and effect to the distributions from the Disputed Distribution Reserve described in this Article IX. Moreover, if the aggregate value of the Cash and New OCD Common Stock in the Disputed Distribution Reserve as of the Final Distribution Date is less than $1 million (before taking into account any distributions otherwise payable on such date), then, for purposes of administrative convenience, such Cash and New OCD Common Stock shall revert to the Reorganized Debtors free of any restrictions thereon.

H. THE ASBESTOS PERSONAL INJURY TRUST

1. The Asbestos Personal Injury Trust

The Asbestos Personal Injury Trust is intended to be a "qualified settlement fund" within the meaning of Treasury Regulations Section 1.468B-1, *et seq*., promulgated under Section 468B of the IRC. Pursuant to the Asbestos Personal Injury Trust Agreement, the Asbestos Personal Injury Trust will have two separate sub-accounts: the OC Sub-Account and the FB Sub-Account. The purpose of the Asbestos Personal Injury Trust shall be to, among other things, (i) exclusively process, liquidate, and pay all Asbestos Personal Injury Claims in accordance with the Plan, the Asbestos Personal Injury Trust Distribution Procedures, and the Confirmation Order and (ii) preserve, hold, manage, and maximize the assets of the Asbestos Personal Injury Trust (including both the OC Sub-Account and the FB Sub-Account) for use in paying and satisfying Asbestos Personal Injury Claims. The Asbestos Personal Injury Trust shall comply in all respects with the requirements set forth in Section 524(g)(2)(B)(i) of the Bankruptcy Code.

2. Appointment of Asbestos Personal Injury Trustees

On the Confirmation Date, effective as of the Effective Date, the Bankruptcy Court shall appoint the individuals selected jointly by the Asbestos Claimants' Committee and the Future Claimants' Representative (as identified in the Asbestos Personal Injury Trust Agreement), with notice to the Debtors, to serve as the Asbestos Personal Injury Trustees for the Asbestos Personal Injury Trust.

3. Transfers of Property to the Asbestos Personal Injury Trust

(a) Transfer of the Plan Consideration to the OC Sub-Account of the Asbestos Personal Injury Trust

The Reorganized Debtors shall irrevocably transfer and assign to the Asbestos Personal Injury Trust for allocation to the OC Sub-Account the property and consideration set forth in Section 3.3(f)(iii) of the Plan in the manner and at the times set forth therein.

The Reorganized Debtors will also execute and deliver to the Asbestos Personal Injury Trust such documents as the Asbestos Personal Injury Trustees reasonably request to issue the New OCD Common Stock to be distributed to the Asbestos Personal Injury Trust (if any) in the name of the Asbestos Personal Injury Trust or a nominee and transfer and assign to the Asbestos Personal Injury Trust all other assets which constitute the assets of the Asbestos Personal Injury Trust.

(b) Transfer of the Plan Consideration to the FB Sub-Account of the Asbestos Personal Injury Trust

(i) The Reorganized Debtors shall irrevocably transfer and assign to the Asbestos Personal Injury Trust for allocation to the FB Sub-Account the consideration set forth in Section 3.4(d)(iii) of the Plan in the manner and at the times set forth therein.

(ii) The Reorganized Debtors will also execute and deliver, or will use all commercially reasonable efforts to cause the trustee of the Fibreboard Insurance Settlement Trust to execute and deliver, to the Asbestos Personal Injury Trust such documents as the Asbestos Personal Injury Trustees reasonably request in connection with the transfer and assignment of the Existing Fibreboard Insurance Settlement Trust Assets and the FB Reversions.

(c) Transfer and Assignment of Certain Rights Relating to the FB Reversions

On the Effective Date, or as soon as practicable thereafter, the Reorganized Debtors shall irrevocably transfer and assign to the Asbestos Personal Injury Trust all rights, remedies, claims, causes of action, suits or proceedings in respect of the FB Reversions, for allocation to the FB Sub-Account.

(d) Transfer of Books and Records to the Asbestos Personal Injury Trust

On the Effective Date, or as soon thereafter as is practicable, at the sole cost and expense of the Asbestos Personal Injury Trust and in accordance with written instructions provided to the Reorganized Debtors by the Asbestos Personal Injury Trust, the Reorganized Debtors will transfer and assign, and will use all commercially reasonable efforts to cause the trustee of the Fibreboard Insurance Settlement Trust to transfer and assign, to the Asbestos Personal Injury Trust all books and records of the Debtors and the Fibreboard Insurance Settlement Trust that pertain directly to Asbestos Personal Injury Claims that have been asserted against the Debtors and/or the Fibreboard Insurance Settlement Trust. The Debtors will request that the Bankruptcy Court, in the Confirmation Order, rule that such transfers shall not result in the invalidation or waiver of any applicable privileges pertaining to such books and records.

4. Assumption of Certain Liabilities by the Asbestos Personal Injury Trust

(a) OC Asbestos Personal Injury Claims

In consideration for the property transferred to the Asbestos Personal Injury Trust for allocation to the OC Sub-Account, and in furtherance of the purposes of the Asbestos Personal Injury Trust and the Plan, the Asbestos Personal Injury Trust shall, and shall be deemed to, assume any and all obligations, liability and responsibility for the OC Asbestos Personal Injury Claims (regardless of whether such Claims are or may be asserted against OCD or any of the other Debtors), and each of the Debtors, the Reorganized Debtors and each of their respective Related Persons and property shall have no further financial or other obligation, responsibility or liability therefor. The Asbestos Personal Injury Trust shall also assume, and shall be deemed to assume, any and all obligations, liability and responsibility for premiums, deductibles, retrospective premium adjustments, security or collateral arrangements, and any other charges, costs, fees, setoffs, damages or expenses (if any) that become due to any insurer in connection with (i) the OC Asbestos Personal Injury Liability Insurance Assets as a result of OC Asbestos Personal Injury Claims, (ii) asbestos-related personal injury claims against Persons insured under policies included in the OC Asbestos Personal Injury Liability Insurance Assets by reason of vendors' endorsements, or (iii) the indemnification provisions of settlement agreements that OC made prior to the Confirmation Date with any insurers, to the extent that those indemnity provisions relate to Asbestos Personal Injury Claims, and each of the Reorganized Debtors and its respective Related Persons shall have no further financial or other obligation, responsibility or liability for any of the foregoing.

(b) FB Asbestos Personal Injury Claims

In consideration for the property transferred to the Asbestos Personal Injury Trustees for allocation to the FB Sub-Account, and in furtherance of the purposes of the Asbestos Personal Injury Trust and the Plan, the Asbestos Personal Injury Trust shall, and shall be deemed to, assume any and all obligations, liability and responsibility for, under or relating to any and all FB Asbestos Personal Injury Claims (regardless of whether such Claims are or may be asserted against Fibreboard or any of the other Debtors), and each of the Debtors, the Reorganized Debtors and each of their respective Related Persons and property shall have no further financial or other obligation, responsibility or liability therefor.

5. Certain Property Held in Trust by the Reorganized Debtors or the Fibreboard Insurance Settlement Trust

If and to the extent that any assets, claims, rights or other property of the Reorganized Debtors or of the Fibreboard Insurance Settlement Trust to be transferred to the Asbestos Personal Injury Trust, under applicable law or any binding contractual provision, cannot be effectively transferred, or if for any reason after the Effective Date the Reorganized Debtors or the trustees of the Fibreboard Insurance Settlement Trust, as the case may be, shall retain or receive any assets, claims, rights or other property that is owned by the Reorganized Debtors, the Debtors or the Fibreboard Insurance Settlement Trust (as the case may be) and is to be transferred pursuant to the Plan to the Asbestos Personal Injury Trust, then the Reorganized Debtors or the trustees of the Fibreboard Insurance Settlement Trust, as the case may be, shall hold such property (and any proceeds thereof) in trust for the benefit of the party entitled to receive the transfer of such asset under the Plan (or the benefit of such asset) and will take such actions with respect to such property (and any proceeds thereof) as such party entitled to receive the transfer of such asset under the Plan (or the benefit of such asset) shall direct in writing.

6. Cooperation with Respect to Insurance Matters

The Reorganized Debtors shall cooperate with the Asbestos Personal Injury Trust and use commercially reasonable efforts to take or cause to be taken all appropriate actions and to do or cause to be done all things necessary or appropriate to effectuate the transfer of the OC Asbestos Personal Injury Liability Insurance Assets to the Asbestos Personal Injury Trust for allocation to the OC Sub-Account. By way of enumeration and not of limitation, the Reorganized Debtors each shall be obligated (i) to provide the Asbestos Personal Injury Trust with copies of insurance policies and settlement agreements included within or relating to the OC Asbestos Personal Injury Liability Insurance Assets; (ii) to provide the Asbestos Personal Injury Trust with information necessary or helpful to the Asbestos Personal Injury Trust in connection with its efforts to obtain insurance coverage for Asbestos Personal Injury Claims; (iii) to execute further assignments or allow the Asbestos Personal Injury Trust to pursue claims relating to the OC Asbestos Personal Injury Liability Insurance Assets in its name (subject to appropriate disclosure of the fact that the Asbestos Personal Injury Trust is doing so and the reasons why it is doing so), including by means of arbitration, alternative dispute resolution proceedings or litigation, to the extent necessary or helpful to the efforts of the Asbestos Personal Injury Trust to obtain insurance coverage under the OC Asbestos Personal Injury Liability Insurance Assets for Asbestos Personal Injury Claims; and (iv) to pursue and recover insurance coverage in its own name or right to the extent that the transfer and assignment of the OC Asbestos Personal Injury Liability Insurance Assets to the Asbestos Personal Injury Trust is not able to be fully effectuated. The Asbestos Personal Injury Trust shall be obligated to compensate the Reorganized OCD for all costs and expenses reasonably incurred in connection with providing assistance to the Asbestos Personal Injury Trust pursuant to Section 10.6 of the Plan, including, without limitation, out-of-pocket costs and expenses, consultant fees, and attorneys' fees.

7. Asbestos Personal Injury Trust Indemnity Obligations

The Asbestos Personal Injury Trust shall have the indemnification obligations set forth in the Asbestos Personal Injury Trust Agreement, the full terms and conditions of which are incorporated in the Plan by reference, including those described below.

(a) OC and the Reorganized Debtors shall be entitled to indemnification from the Asbestos Personal Injury Trust for any expenses, costs, and fees (including reasonable attorneys' fees and costs, but excluding any such expenses, costs and fees incurred prior to the Effective Date), judgments, settlements, or other liabilities arising from or incurred in connection with any action based upon, arising out of, or attributable to Asbestos Personal Injury Claims, including, but not limited to, indemnification or contribution for such claims prosecuted against the Reorganized Debtors.

(b) Section 10.7 of the Plan is an integral part of the Plan and is essential to its implementation. Each of the Reorganized Debtors, their Related Persons and any other Persons protected by the indemnifications and other provisions set forth in Section 10.7 of the Plan shall have the right to independently seek the enforcement of such indemnifications.

8. Authority of the Debtors

On the Confirmation Date, the Debtors shall be empowered and authorized to take or cause to be taken, prior to the Effective Date, all actions necessary to enable them to implement effectively the provisions of the Plan, the Confirmation Order and the Asbestos Personal Injury Trust Agreement.

I. CONDITIONS PRECEDENT TO CONFIRMATION AND CONSUMMATION OF THE PLAN

1. Conditions to Confirmation

The Plan shall not be confirmed, and the Confirmation Order shall not be entered, until and unless the Confirmation Conditions set forth below have been satisfied or waived by the Plan Proponents. These Confirmation Conditions, which are designed to, *inter alia*, ensure that the Asbestos Personal Injury Permanent Channeling Injunction shall be effective, binding and enforceable, are as follows:

(a) the Bankruptcy Court shall have made the following findings of fact and/or conclusions of law, among others, each of which shall be contained in the Confirmation Order in form and substance acceptable to the Plan Proponents:

(i) The Asbestos Personal Injury Permanent Channeling Injunction is to be implemented in connection with the Asbestos Personal Injury Trust and the Plan.

(ii) At the time of the order for relief with respect to OC and Fibreboard, OC and Fibreboard had been named as defendants in personal injury, wrongful death or property damage actions seeking recovery for damages allegedly caused by the presence of, or exposure to, asbestos or asbestos-containing products.

(iii) The Asbestos Personal Injury Trust, as of the Effective Date, shall assume the liabilities of all of the OC Persons with respect to OC Asbestos Personal Injury Claims, and upon such assumption, the Reorganized Debtors, the OC Persons and each of their respective Related Persons (to the extent such Related Persons constitute Protected Parties) shall have no liability for any OC Asbestos Personal Injury Claims.

(iv) The Asbestos Personal Injury Trust, as of the Effective Date, shall assume the liabilities of all of the FB Persons with respect to FB Asbestos Personal Injury Claims, and, upon such assumption, the Reorganized Debtors, the FB Persons and each of their respective Related Persons (to the extent such Related Persons constitute Protected Parties) shall have no liability for any FB Asbestos Personal Injury Claims.

(v) The OC Sub-Account of the Asbestos Personal Injury Trust is to be funded in whole or in part with Cash, New OCD Common Stock, the OCD Insurance Escrow, the OC Asbestos Personal Injury Liability Insurance Assets, and certain payments due under the AIG Settlement Agreement and the Affiliated FM Settlement Agreement, and by the obligation of Reorganized OCD to make future payments, including dividends.

(vi) The FB Sub-Account is to be funded in whole or in part with the Existing Fibreboard Insurance Settlement Trust Assets, the FB Reversions, the Committed Claims Account, and the FB-Sub-Account Settlement Payment.

(vii) The Plan satisfies, among other things, Section 524(g)(2)(B)(i)(III) of the Bankruptcy Code.

(viii) In light of the benefits provided, or to be provided, to the Asbestos Personal Injury Trust on behalf of each Protected Party, the Asbestos Personal Injury Permanent Channeling Injunction is fair and equitable with respect to the persons that might subsequently assert Asbestos Personal Injury Claims against any Protected Party.

(ix) The Debtors are likely to be subject to substantial future Demands for payment arising out of the same or similar conduct or events that gave rise to (a) OC Asbestos Personal Injury Claims and (b) FB Asbestos Personal Injury Claims, respectively, that are addressed by the Asbestos Personal Injury Permanent Channeling Injunction.

(x) The actual amounts, numbers, and timing of such Demands cannot be determined.

(xi) Pursuit of such Demands outside the procedures prescribed by the Plan is likely to threaten the Plan's purpose to deal equitably with Claims and Demands.

(xii) The terms of the Asbestos Personal Injury Permanent Channeling Injunction, including any provisions barring actions against the Protected Parties pursuant to Section 524(g)(4)(A), are set forth in conspicuous language in the Plan and in any disclosure statement supporting the Plan.

(xiii) The Plan establishes, in Classes A7 and B8, separate Classes of claimants whose Claims are to be addressed by the Asbestos Personal Injury Trust.

(xiv) Class A7 and Class B8 claimants have each voted, by at least 75 percent (75%) of those voting, in favor of the Plan.

(xv) Pursuant to court orders or otherwise, the Asbestos Personal Injury Trust shall operate through mechanisms such as structured, periodic or supplemental payments, *pro rata* distributions, matrices or periodic review of estimates of the numbers and values of present Claims and Demands, or other comparable mechanisms, that provide reasonable assurance that the Asbestos Personal Injury Trust will value, and be in a financial position to pay, present Claims and Demands that involve similar Claims in substantially the same manner.

(xvi) The Future Claimants' Representative was appointed as part of the proceedings leading to the issuance of the Asbestos Personal Injury Permanent Channeling Injunction for the purpose of protecting the rights of persons that might subsequently assert Demands of the kind that are addressed in the Asbestos Personal Injury Permanent Channeling Injunction and channeled to and assumed by the Asbestos Personal Injury Trust. The Future Claimants' Representative has in all respects fulfilled his duties, responsibilities, and obligations as the future representative in accordance with Section 524(g) of the Bankruptcy Code.

(xvii) Identifying or describing each Protected Party in the Asbestos Personal Injury Permanent Channeling Injunction is fair and equitable with respect to persons that might subsequently assert Demands against each such Protected Party, in light of the benefits provided, or to be provided, to the Asbestos Personal Injury Trust by or on behalf of any such Protected Party.

(xviii) The Plan complies in all respects with Section 524(g) of the Bankruptcy Code.

(xix) The Asbestos Personal Injury Trust is to use its assets and income to pay Asbestos Personal Injury Claims.

(xx) The Plan and its exhibits constitute a fair, equitable, and reasonable resolution of the liabilities of the Debtors for Asbestos Personal Injury Claims.

(xxi) The confirmation and consummation of the Plan, including the discharge of the Debtors pursuant to the Plan shall not provide the insurers a defense to liability for insurance coverage based upon the alleged elimination of the liability of the insured(s).

(xxii) The confirmation and consummation of the Plan, including the discharge of the Debtors pursuant to the Plan and the issuance of Asbestos Personal Injury Permanent Channeling Injunction, shall not provide the insurers a defense to liability for insurance coverage based upon the alleged elimination of the liability of the insured(s).

(xxiii) The duties and obligations of the insurers that issued policies and their successors and assigns, or, with respect to any insolvent insurers, their liquidators and/or the state insurance guaranty funds that bear responsibility with respect to such rights under such policies which constitute the OC Asbestos Personal Injury Liability Insurance Assets are not eliminated or diminished by (i) the discharge, release and extinguishment of all the liabilities of the Debtors or Reorganized Debtors pursuant to the Plan in respect to the OC Asbestos Personal Injury Claims; (ii) the assumption of liability for the OC Asbestos Personal Injury Claims by the Asbestos Personal Injury Trust; or (iii) the transfer pursuant to the Plan of the such rights to the OC Asbestos Personal Injury Liability Insurance Assets as OC may have.

(xxiv) All insurers of the Debtors affording insurance coverage that is the subject of the OC Asbestos Personal Injury Insurance Assets have been given notice and an opportunity to be heard on matters relating to the Plan and its Exhibits.

(xxv) The injunctive protections afforded by the Plan to the insurance-related entities referenced in Section 1.243(vii) through (xiii) of the Plan satisfy the conditions set forth in the referenced settlement agreements for the release of escrowed funds and payments to the Asbestos Personal Injury Trust as directed in the Plan, and the Asbestos Personal Injury Trust shall not attempt to interfere with or circumvent those injunctive protections.

(xxvi) The Asbestos Personal Injury Permanent Channeling Injunction and each of the other injunctions set forth in Sections 5.16 and 5.17 of the Plan are essential to the Plan and the Debtors' reorganization efforts.

(xxvii) OCD's entry into OCD's entry into the Collar Agreements, the assignment of OCD's rights and obligations under the Collar Agreements to the Asbestos Personal Injury Trust and any exercise of the Put Options and the Call Options by the Asbestos Personal Injury Trust is exempt from, or otherwise does not violate, any corporate policy or other rules or regulations of OCD or Reorganized OCD (as applicable) that may be applicable to the Asbestos Personal Injury Trust, including, without limitation, Reorganized OCD's window period policy.

(b) If and to the extent requested by the Debtors, the Court shall have approved the allocation of the Total Enterprise Value among the individual Debtors on a stand alone basis as of the Effective Date, a preliminary allocation of which is set forth in Appendix I which is appended to this Disclosure Statement.

(c) If and to the extent requested by the Debtors, the Court shall have approved the allocation of Available Cash among the various Debtors as of the Effective Date, a preliminary allocation of which is set forth in Appendix I which is appended to this Disclosure Statement.

(d) If and to the extent requested by the Debtors, the Court shall have approved the estimates set forth on Schedule XII of the Plan, including, without limitation, the Bank Default Interest and Fee Amount, the Combined OCD Distribution Package and the Exit Financing Amount.

(e) [If and to the extent requested by the Debtors, the Court shall have estimated the amounts in the NSP Administrative Deposit Accounts in respect of OC Asbestos Personal Injury Claims less any OCD Reversions, to the extent necessary in order to determine the Class A7 Aggregate Amount.]

(f) In the event that Class A5, Class A6-A or Class A6-B rejects the Plan, the Court shall have estimated, for Plan voting and confirmation purposes, the amount that would be distributable to the OC Sub-Account on account of the Integrex Asbestos Personal Injury Claims (if any).

(g) The Court shall have allowed all material Intercompany Claims and Subordinated Claims or otherwise adjudicated any objections to the allowance of such Claims.

(h) The Court shall have resolved all material issues concerning contractual and equitable subordination claims, in the absence of agreements regarding such claims.

(i) The Court shall have determined that all Avoidance Actions and causes of action relating to successor liability and piercing the corporate veil shall be released, waived and dismissed with prejudice as of, and subject to the occurrence of, the Effective Date, other than such actions which are specifically preserved under the Plan with the agreement of the Plan Proponents.

(j) The Plan and the exhibits and schedules thereto shall in all material respects be in form and substance reasonably satisfactory to the Plan Proponents.

(k) Each of the Ad Hoc Bondholders' Committee, the Official Representatives, and the Ad Hoc Equity Holders' Committee shall have dismissed with prejudice the pending appeal of the OCD Asbestos Personal Injury Estimation Order.

(l) The Ad Hoc Equity Holders' Committee shall have dismissed with prejudice all of its pending appeals before the District Court.

(m) The Rights Offering shall have been consummated and the aggregate Rights Offering Purchase Price Proceeds of the subscribing holders of Eligible Class A5 Claims, Class A6-A Claims and Class A6-B Claims pursuant to the Rights Offering shall have been deposited in the Rights Offering Account in accordance with the terms of the Subscription Documents.

2. Conditions to Effective Date

The following are conditions precedent to the occurrence of the Effective Date, each of which may be satisfied or waived in accordance with Section 12.3 of the Plan:

(a) The Confirmation Order shall have been entered, shall have become a Final Order, and shall be in form and substance reasonably satisfactory to the Plan Proponents and the Investor (solely for purposes of and in accordance with the Equity Commitment Agreement, and provided that the Equity Commitment Agreement shall not have been terminated).

(b) The Asbestos Personal Injury Permanent Channeling Injunction shall be in full force and effect.

(c) The rights of any and all members of Classes A4, A5, A6-A and A6-B to pursue, and receive any benefits of, from or under, the pending appeal of the OCD Asbestos Personal Injury Estimation Order shall be deemed to have been irrevocably waived and released under the Plan and Confirmation Order to the fullest extent permissible under applicable law, unless the Plan Proponents shall have determined, in their sole discretion, that the appeal of the OCD Asbestos Personal Injury Estimation Order shall be effectively mooted by the distribution of property under the Plan and all other relevant facts and circumstances.

(d) CSFB shall have dismissed with prejudice the pending appeal of the OCD Asbestos Personal Injury Estimation Order.

(e) The Official Representatives shall have dismissed with prejudice the adversary proceeding captioned The Official Representatives of the Bondholders and Trade Creditors of Debtors Owens Corning, et al. v. Credit Suisse First Boston, individually and in its capacity as Agent, et al. and IPM, Inc. et al., Adv. Proc. No. 06-50122 (JKF) and any and all claims related to or in connection with that certain Motion of the Official Representatives of the Bondholders and Trade Creditors of the Debtors (i) to Amend Prior Motion to Seek (a) Authority to Prosecute Existing Claims and Commence Others on Behalf of the Debtors' Estates, and (b) Leave to File a Complaint in the Amended Form Annexed, and (ii) For an Order Pursuant to 11 U.S.C. § 362(d) Modifying the Automatic Stay to the Extent Necessary to Permit the Prosecution of the Claims Asserted in the Proposed Complaint, which was filed by the Official Representatives on January 20, 2006.

(f) All agreements or other instruments which are exhibits to the Plan shall be in form and substance reasonably acceptable to the Plan Proponents and shall have been executed and delivered.

(g) All actions, documents and agreements necessary to implement the Plan shall have been effected or executed.

(h) The Asbestos Personal Injury Trustees shall have accepted their appointment as Asbestos Personal Injury Trustees and shall have executed the Asbestos Personal Injury Trust Agreement.

(i) The individuals designated to serve as members of the TAC shall have accepted their appointment as TAC members.

(j) The Future Claimants' Representative shall have agreed to continue to serve in such capacity following the Confirmation Date.

(k) The Reorganized Debtors shall have received either an opinion of counsel or a private letter ruling issued by the IRS relating to the tax status of the Asbestos Personal Injury Trust as a "qualified settlement fund," in either case in a form that is reasonably satisfactory to the Plan Proponents.

(l) The Reorganized Debtors shall have entered into and shall have credit availability under the Exit Facility in an amount sufficient to meet the needs of Reorganized Debtors, as determined by the Plan Proponents.

(m) Each of the Exhibits shall be in form and substance acceptable to the Plan Proponents.

(n) The Existing Fibreboard Insurance Settlement Trust Assets shall have been irrevocably assigned and transferred prior to the Effective Date to the Asbestos Personal Injury Trust, for allocation to the FB Sub-Account, or the Reorganized Debtors or the trustees of the Fibreboard Settlement Trust, as the case may be, shall have agreed to treat the Existing Fibreboard Insurance Settlement Trust Assets in accordance with Section 10.5 of the Plan.

(o) The Reorganized Debtors shall have established tail-coverage insurance for the benefit of the Debtors' directors, officers and employees, in accordance with Section 7.5(b) of the Plan.

(p) The New OCD Common Stock shall have been approved for public quotation, trading or listing on any of the New York Stock Exchange, the American Stock Exchange or the NASDAQ National Market (or their respective successors on or prior to the Effective Date).

(q) The Rights Offering shall have been fully consummated and the Rights Offering Purchase Price Proceeds shall have been fully funded and deposited in the Rights Offering Account and, in the event that the Rights Offering Account is held by an entity other than OCD (or any of its Affiliates), then the Purchase Price Proceeds shall have been remitted to OCD, in either case in accordance with the terms of the Rights Offering Documents.

(r) The Investor shall have purchased in Cash all of the Unsubscribed Shares in accordance with the Equity Commitment Agreement.

(s) The Collar Agreements and the Registration Rights Agreements, each in form and substance reasonably satisfactory to the Plan Proponents and the Investor, shall have been executed and approved by the Bankruptcy Court.

(t) If and solely to the extent that a filing under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 is required for the Asbestos Personal Injury Trust to receive the Reserved New OCD Shares, then such filing shall have been made, OCD shall have paid the expenses associated with such filing and any applicable waiting period shall have expired.

3. Waiver of Conditions

Notwithstanding anything contained in Section 12.2 of the Plan, the Plan Proponents hereby reserve, in their sole discretion, the right to waive in writing the occurrence of any of the foregoing conditions precedent to the Effective Date or to modify any of such conditions precedent; *provided, however*, that waiver or modification of the conditions precedent set forth in Sections 12.2(a) and 12.2(q) of the Plan shall also require the written consent of the Investor. Any such written waiver of a condition precedent set forth in this section may be effected at any time by the Plan Proponents (and the Investor, as may be applicable) without notice, without leave or order of the Bankruptcy Court, and without any formal action other than proceeding to consummate the Plan. Any actions required to be taken on the Effective Date shall take place and shall be deemed to have occurred simultaneously, and no such action shall be deemed to have occurred prior to the taking of any other such action. If the Plan Proponents (and the Investor, as may be applicable) decide that one of the foregoing conditions cannot be satisfied, and the occurrence of such condition is not waived in the manner set forth above, then the Plan Proponents shall file a notice of the failure of the Effective Date with the Bankruptcy Court, at which time the Plan and the Confirmation Order shall be deemed null and void.

J. RETENTION OF JURISDICTION

1. Exclusive Jurisdiction of the Bankruptcy Court and District Court

Pursuant to Sections 105(a) and 1142 of the Bankruptcy Code, and notwithstanding entry of the Confirmation Order and occurrence of the Effective Date, the District Court, together with the Bankruptcy Court to the extent of any reference made to it by the District Court and the Reference Order, shall, and shall be deemed to, retain exclusive jurisdiction, to the fullest extent permissible, over any and all matters arising out of, under or related to, the Chapter 11 Cases or the Plan, including, without limitation, jurisdiction to:

(a) interpret, enforce, and administer the terms of the Asbestos Personal Injury Trust Agreement (including all annexes and exhibits thereto);

(b) allow, disallow, determine, liquidate, classify, estimate or establish the priority or secured or unsecured status of any Claim (other than an Asbestos Personal Injury Claim) or Interest not otherwise Allowed under the Plan, including the resolution of any request for payment of any Administrative Claim and the resolution of any objections to the allowance or priority of Claims or Interests;

(c) hear and determine all applications for compensation and reimbursement of expenses of professionals under the Plan or under Sections 330, 331, 503(b), 1103 and 1129(a)(4) of the Bankruptcy Code; *provided, however*, that from and after the Effective Date, the payment of the fees and expenses of the retained professionals of the Reorganized Debtors shall be made in the ordinary course of business and shall not be subject to the approval of the Bankruptcy Court;

(d) hear and determine all matters with respect to the assumption or rejection of any executory contract or unexpired lease to which a Debtor is a party or with respect to which a Debtor may be liable, including, if necessary, the nature or amount of any required Cure or the liquidation or allowance of any Claims arising therefrom;

(e) effectuate performance of and payments under the provisions in the Plan;

(f) hear and determine all matters with respect to the performance by the Disbursing Agent and the Asbestos Personal Injury Trust (to the extent provided in the Asbestos Personal Injury Trust Agreement) of their respective obligations to make distributions under the Plan;

(g) hear and determine any and all adversary proceedings, motions, applications, and contested or litigated matters arising out of, under, or related to, the Chapter 11 Cases, other than the Released Actions;

(h) enter such orders as may be necessary or appropriate to execute, implement, or consummate the provisions in the Plan and all contracts, instruments, releases, and other agreements or documents created in connection with the Plan, the Disclosure Statement or the Confirmation Order;

(i) hear and determine disputes arising in connection with the interpretation, implementation, consummation, or enforcement of the Plan, including disputes arising under agreements, documents or instruments executed in connection with the Plan;

(j) consider any modifications of the Plan, in accordance with Section 1127(b) of the Bankruptcy Code, cure any defect or omission, or reconcile any inconsistency in any order of the Bankruptcy Court, including, without limitation, the Confirmation Order;

(k) hear and determine all disputes arising under or in connection with settlement agreements approved by the Bankruptcy Court, except to the extent that such agreements expressly provide otherwise;

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

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

(n) hear and determine any matters arising in connection with or relating to the Plan, the Disclosure Statement, the Confirmation Order or any contract, instrument, release or other agreement or document created in connection with the Plan, the Disclosure Statement or the Confirmation Order;

(o) enforce all orders, judgments, discharges, injunctions, releases, exculpations, indemnifications and rulings entered in connection with the Chapter 11 Cases, including, without limitation, those set forth in Sections 5.5, 5.16, 5.17, 7.5, 10.7, 11.6, and 14.9 of the Plan;

(p) hear and determine any matters related to the Asbestos Personal Injury Trust's indemnification obligations under Section 10.7 of the Plan (subject to the terms and conditions of the Asbestos Personal Injury Trust Agreement);

(q) except as otherwise limited in the Plan, recover all assets of the Debtors and property of the Debtors' Estates, wherever located;

(r) hear and determine all questions and disputes regarding title to the assets of the Debtors, their Estates, or the Asbestos Personal Injury Trust, including, without limitation, the NSP Administrative Deposit Accounts.

(s) hear and determine matters concerning state, local and federal taxes in accordance with Sections 346, 505 and 1146 of the Bankruptcy Code;

(t) hear and determine all disputes involving the existence, nature or scope of the Debtors' discharge;

(u) hear and determine such other matters as may be provided in or that may arise in connection with the Plan, Confirmation Order, the Claims Trading Injunction, the Asbestos Personal Injury Permanent Channeling Injunction, and each of the other injunctions set forth in Sections 5.16 and 5.17 of the Plan, or as may be authorized under, or not inconsistent with, provisions of the Bankruptcy Code;

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

(w) hear and determine all objections to the termination of the Asbestos Personal Injury Trust;

(x) hear and determine all questions and disputes arising out of or relating to the Plan Support Agreement, or any of the transactions contemplated thereby; and

(y) hear and determine all questions and disputes arising out of or relating to any of the Rights Offering Documents (including, without limitation, any of the Subscription Documents), or any of the transactions contemplated thereby; *provided, however*, that, from and after the Effective Date, the jurisdiction of the District Court and the Bankruptcy Court (to the extent applicable) shall be non-exclusive with respect to the dispute set forth in Section 13.1(y) of the Plan.

2. Continued Reference to the Bankruptcy Court

Notwithstanding entry of the Confirmation Order and/or the occurrence of the Effective Date, the reference to the Bankruptcy Court pursuant to the Reference Order shall continue, but subject to any modifications or withdrawals of the reference specified in the Confirmation Order, Reference Order, Case Management Order or other Order of the District Court; *provided, however*, that nothing in the Plan, the Reference Order or other Order shall, or shall be deemed to, affect the procedures established pursuant to the Asbestos Personal Injury Trust Agreement and the Asbestos Personal Injury Trust Distribution Procedures.

K. MISCELLANEOUS PROVISIONS

1. Professional Fee Claims

All final requests for compensation or reimbursement of the fees of any professional employed in the Chapter 11 Cases pursuant to Section 327 or 1103 of the Bankruptcy Code or otherwise, including the professionals seeking compensation or reimbursement of costs and expenses relating to services performed after the Petition Date and prior to and including the Effective Date in connection with the Chapter 11 Cases, pursuant to Sections 327, 328, 330, 331, 503(b) or 1103 of the Bankruptcy Code for services rendered to the Debtors, the Unsecured Creditors' Committee, the Asbestos Claimants' Committee, the Future Claimants' Representative, the advisors to the Bank Holders' sub-committee and the advisors to the Bondholders' and trade creditors' sub-committee prior to the Effective Date and Claims for making a substantial contribution under Section 503(b)(4) of the Bankruptcy Code must be filed and served on the Reorganized Debtors and their counsel not later than sixty (60) days after the Effective Date, unless otherwise ordered by the Bankruptcy Court. Objections to applications of such professionals or other entities for compensation or reimbursement of expenses must be filed and served on the Reorganized Debtors and their counsel and the requesting professional or other entity not later than twenty (20) days after the date on which the applicable application for compensation or reimbursement was served; *provided, however,* that, in lieu of such twenty (20) day objection deadline, the following protocol shall apply to the fee auditor appointed in these Chapter 11 Cases:

(a) if the fee auditor has any questions for any applicant, the fee auditor may communicate such questions in writing to the applicant in an initial report, within forty-five (45) days after the date on which the applicable application for compensation or reimbursement was served on the fee auditor;

(b) any applicant who receives such an initial report and wishes to respond thereto shall respond within fifteen (15) days after the date of the initial report and shall serve upon the fee auditor via e-mail a response in an electronic format such as Microsoft Word, WordPerfect, or Excel, but not Adobe Acrobat;

(c) within seventy-five (75) days after the date on which the applicable application for compensation or reimbursement was served on the fee auditor, the fee auditor shall file with the Court a final report with respect to each such application for compensation or reimbursement; and

(d) within fifteen (15) days after the date of the final report, the subject applicant may file with the Court a response to such final report.

Nothing herein shall be construed as limiting the right of the United States Trustee to be heard under Section 307 or 502(a) of the Bankruptcy Code with regard to any Professional Fee Claims or other similar claims or requests for payment of administrative expenses.

2. Administrative Claims Bar Date

All requests for payment of an Administrative Claim (other than as set forth in Sections 3.1 and 14.1 of the Plan) must be filed with the Bankruptcy Court and served on counsel for the Debtors not later than forty-five (45) days after the Effective Date. Unless the Debtors object to an Administrative Claim within forty-five (45) days after receipt, such Administrative Claim shall be deemed Allowed in the amount requested. In the event that the Debtors object to an Administrative Claim, the Bankruptcy Court shall determine the Allowed amount of such Administrative Claim. Notwithstanding the foregoing, no request for payment of an Administrative Claim need be filed with respect to an Administrative Claim which is paid or payable by a Debtor in the ordinary course of business.

3. Payment of Statutory Fees

All fees payable pursuant to Section 1930 of title 28 of the United States Code, as determined by the Bankruptcy Court at the Confirmation Hearing, shall be paid on or before the Effective Date. After the Effective Date, the Reorganized Debtors shall pay all required fees pursuant to Section 1930 of title 28 of the United States Code or any other statutory requirement and comply with all statutory reporting requirements.

4. Modifications and Amendments

The Plan Proponents may alter, amend or modify the Plan or any exhibits or schedules thereto under Section 1127(a) of the Bankruptcy Code at any time prior to the Confirmation Date. After the Confirmation Date and prior to substantial consummation of the Plan, as defined in Section 1101(2) of the Bankruptcy Code, the Plan Proponents may, under Section 1127(b) of the Bankruptcy Code, institute proceedings in the Bankruptcy Court to remedy any defect or omission or reconcile any inconsistencies in the Plan, the Disclosure Statement, or the Confirmation Order, and to seek approval of such matters as may be necessary to carry out the purposes and effects of the Plan so long as such proceedings do not materially adversely affect the treatment of holders of Claims under the Plan; *provided, however*, that prior notice of such proceedings shall be served in accordance with the Bankruptcy Rules or order of the Bankruptcy Court.

5. Severability of Plan Provisions

If, prior to the Confirmation Date, any term or provision in the Plan is held by the Bankruptcy Court to be invalid, void or unenforceable, the Bankruptcy Court, at the request of the Plan Proponents, shall have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void or unenforceable, and such term or provision shall then be applicable as altered or interpreted. Notwithstanding any such holding, alteration or interpretation, the remainder of the terms and provisions in the Plan shall remain in full force and effect and shall in no way be affected, impaired or invalidated by such holding, alteration or interpretation. The Confirmation Order shall constitute a judicial determination and shall provide that each term and provision in the Plan, as it may have been altered or interpreted in accordance with the foregoing, is valid and enforceable pursuant to its terms.

6. Successors and Assigns

The rights, benefits and obligations of any Person named or referred to in the Plan shall be binding on, and shall inure to the benefit of, any heir, executor, administrator, successor, trustee or assign of such Person.

7. Compromises and Settlements

Pursuant to Federal Rule of Bankruptcy Procedure 9019(a), the Debtors may compromise and settle various Claims (other than Asbestos Personal Injury Claims) against them and/or claims that they may have against other Persons. The Debtors shall have the right (with Bankruptcy Court approval, following appropriate notice and opportunity for a hearing) to compromise and settle Claims against them and claims that they may have against other Persons up to and including the Effective Date. After the Effective Date, such right shall pass to the Reorganized Debtors pursuant to the provisions of Article V of the Plan.

8. Corrective Action

The Debtors are authorized to take such actions as necessary and appropriate to carry out the Plan, including the correction of mistakes or other inadvertent action. In making distributions or transfers under the Plan, the Debtors may seek return of transfers to the extent of any errors, notwithstanding that the transfer is otherwise irrevocable under the Plan.

9. Discharge of the Debtors

(a) Except as otherwise provided in the Plan or in the Confirmation Order, all consideration distributed under the Plan and the treatment of the Claims thereunder shall be, and shall be deemed to be, in exchange for, and in complete satisfaction, settlement, discharge, and release of, all Claims or other obligations, suits, judgments, damages, debts, rights, remedies, causes of action or liabilities (other than Demands), or Interests or other rights of an equity security holder, relating to any of the Debtors or the Reorganized Debtors or their respective Estates, and regardless of whether any property will have been distributed or retained pursuant to the Plan on account of such Claims or other obligations, suits, judgments, damages, debts, rights, remedies, causes of action or liabilities (other than Demands), or Interests or other rights of an equity security holder, and upon the Effective Date, the Debtors and the Reorganized Debtors shall (i) be deemed discharged under Section 1141(d)(1)(A) of the Bankruptcy Code and released from any and all Claims or other obligations, suits, judgments, damages, debts, rights, remedies, causes of action or liabilities or Interests or other rights of an equity security holder of any nature whatsoever, including, without limitation, liabilities that arose before the Confirmation Date, and all debts of the kind specified in Sections 502(g), 502(h) or 502(i) of the Bankruptcy Code, whether or not (a) a Proof of Claim based upon such debt is filed or deemed filed under Section 501 of the Bankruptcy Code, (b) a Claim based upon such debt is Allowed under Section 502 of the Bankruptcy Code, or (c) the holder of a Claim based upon such debt voted to accept the Plan and (ii) terminate all rights and interests of holders of OCD Interests and the Integrex Interests; *provided, however*, that the discharge provided in respect of the Bank Holders' Claims pursuant to clause (i) above shall become effective immediately upon the Debtors' delivery of the Initial Bank Holders' Distribution.

(b) As of the Confirmation Date, except as otherwise provided in the Plan or in the Confirmation Order, all Persons shall be precluded from asserting against each of the Debtors, the Reorganized Debtors and their respective Related Persons any other or further Claims or other obligations, suits, judgments, damages, debts, Demands, rights, remedies, causes of action or liabilities or Interests or other rights of an equity security holder relating to any of the Debtors or the Reorganized Debtors or their respective Estates based upon any act, omission, transaction or other activity of any nature that occurred prior to the Confirmation Date; *provided, however*, that the foregoing shall apply to the Bank Holders immediately upon the Debtors' delivery of the Initial Bank Holders' Distribution. In accordance with the foregoing, except as otherwise provided in the Plan or in the Confirmation Order, the Confirmation Order shall be a judicial determination of discharge of all such Claims or other obligations, suits, judgments, damages, debts, rights, remedies, causes of action or liabilities (other than Demands) or Interests or other rights of an equity security holder against the Debtors or the Reorganized Debtors or their respective Estates and termination of all OCD Interests and Integrex Interests, pursuant to Sections 524 and 1141 of the Bankruptcy Code, and such discharge shall void any judgment obtained against any of the Debtors or the Reorganized Debtors or their respective Estates at any time, to the extent that such judgment relates to a discharged Claim or terminated OCD Interest or Integrex Interest.

(c) Pursuant to 11 U.S.C. § 1141(d)(1), the Debtors and the Internal Revenue Service agree that the confirmation of the Plan does not discharge any liabilities to the Internal Revenue Service that may be due from any of the Debtors after the Petition Date and prior to the Confirmation Date. Should any such tax liabilities be determined by the Internal Revenue Service to be due from any of the Debtors, such liabilities shall be determined administratively or in a judicial forum in the manner in which such liabilities would have been resolved had the Chapter 11 Cases not been commenced. Any resulting liabilities shall be paid as if the Chapter 11 Cases had not been commenced.

(d) The foregoing discharge, release and injunction is an integral part of the Plan and is essential to its implementation. Each of the Debtors and the Reorganized Debtors shall have the right to independently seek the enforcement of the discharge, release and injunction set forth in Section 14.9 of the Plan.

10. Non-Binding Effect of Estimation of Asbestos Personal Injury Claims in the Chapter 11 Cases on Certain OCD Insurers

(a) The estimation of the OC Asbestos Personal Injury Claims as set forth in the OCD Asbestos Personal Injury Estimation Order shall not be binding on, and shall have no collateral estoppel effect on, the Non-Participating Insurers and Century Indemnity regarding the insurance coverage obligations of the Non-Participating Insurers and Century Indemnity (or any of them) in any coverage dispute or coverage litigation. In addition, the estimation set forth in the OCD Asbestos Personal Injury Estimation Order shall not be offered into evidence or cited or argued to a jury (or other trier of fact in an alternative dispute resolution pursuant to the Wellington Agreement) by any of the Debtors, the Asbestos Claimants' Committee, the Future Claimants' Representatives or the Asbestos Personal Injury Trust in any coverage litigation, alternative dispute resolution, or other coverage proceeding with the Non-Participating Insurers or Century Indemnity. Further, none of the Debtors, the Asbestos

Claimants' Committee, the Future Claimants' Representatives or the Asbestos Personal Injury Trust, nor any entities created pursuant to the Plan may argue or assert, in any court proceeding (or alternative dispute resolution pursuant to the Wellington Agreement) involving the Non-Participating Insurers or Century Indemnity an issues related to insurance coverage, that any findings or conclusions contained in the OCD Asbestos Personal Injury Estimation Order or referenced in any decision, order, finding, conclusion or judgment of the Bankruptcy Court or the District Court (including the Confirmation Order) constitutes a judgment, adjudication, final order, settlement, or finding of liability binding upon any Debtor for any purpose concerning insurance coverage under any policies issued by the Non-Participating Insurers or Century Indemnity for any Asbestos Personal Injury Claims. The District Court's findings in the OCD Asbestos Personal Injury Estimation Order, with respect to the Non-Participating Insurers or Century Indemnity, shall apply only to Plan confirmation issues and not to issues of insurance coverage.

(b) The provisions set forth in Section 14.10(a) of the Plan shall not apply in favor of any specific Non-Participating Insurer or Century Indemnity that argues in a coverage proceeding that a negative inference should be drawn from the failure of the Debtors, the Asbestos Claimants' Committee, the Future Claimants' Representatives or the Asbestos Personal Injury Trust to offer into evidence or to cite to a jury (or other trier of fact in an alternative dispute resolution pursuant to the Wellington Agreement) or argue to a jury (or other trier of fact in an alternative dispute resolution pursuant to the Wellington Agreement) an estimation decision from the Chapter 11 Cases.

11. Special Provisions for Warranty Claims, Distributorship Indemnification Claims and Product Coupon Claims and Mira Vista Claims

(a) The Debtors (or, as the case may be, the Reorganized Debtors) shall have the right after the Confirmation Date to fulfill any pre-Petition Date and pre-Confirmation Date warranty claims based on the Debtors' (or, as the case may be, the Reorganized Debtors') business judgment notwithstanding discharge of the Claims and release of the Debtors pursuant to the Bankruptcy Code and the Plan; *provided, however*, that neither the Debtors nor the Reorganized Debtors shall assume (or shall be deemed to have assumed) any warranty or other obligations, responsibilities, or liabilities relating to underground storage tanks.

(b) The Debtors (or as the case may be the Reorganized Debtors) shall have the right after the Confirmation Date to fulfill any pre-Petition Date product coupons issued in settlement of asbestos property damage actions based on the Debtors' (or, as the case may be, the Reorganized Debtors') business judgment notwithstanding discharge of the Claims and release of the Debtors pursuant to the Bankruptcy Code and the Plan.

(c) The Debtors shall have the right after the Confirmation Date to fulfill any pre-Petition Date and pre-Confirmation Date distributorship indemnification claims that are not Asbestos Personal Injury Claims based on the Debtors' business judgment notwithstanding discharge of the Claims and release of the Debtors pursuant to the Bankruptcy Code and the Plan.

(d) If the MiraVista Class Action Settlement Agreement is approved by the Bankruptcy Court and/or the District Court (as appropriate) and becomes effective, then the MiraVista Claims shall be resolved in accordance with the provisions of the MiraVista Class Action Settlement Agreement and any court orders or judgments relating thereto, notwithstanding any provision to the contrary in the Plan or the Confirmation Order. If the MiraVista Class Action Settlement Agreement is not approved by the Bankruptcy Court and/or the District Court (as appropriate) or otherwise does not become effective, then the MiraVista Claims shall receive the same treatment under the Plan as they would have received in the absence of the MiraVista Class Action Settlement Agreement.

12. Miscellaneous Settlement Agreements

(a) Notwithstanding any provision to the contrary in the Plan or Confirmation Order, the provisions of the Environmental Settlement Agreement shall govern matters covered by such settlement.

(b) Notwithstanding any provision to the contrary in the Plan or Confirmation Order, the provisions of the OCFBV Settlement Agreement shall govern matters covered by such settlement.

13. Committees and Future Claimants' Representative

(a) Committees

On the Effective Date, each of the Unsecured Creditors' Committee and the Asbestos Claimants' Committee shall dissolve, and its respective members shall be released and discharged from all duties and obligations arising from or related to the Chapter 11 Cases, except for the purpose of completing any matters, including, without limitation, litigation or negotiations, pending as of the Effective Date. The professionals retained by each of the Unsecured Creditors' Committee and the Asbestos Claimants' Committee and the respective members thereof shall not be entitled to compensation or reimbursement of expenses for any services rendered after the Effective Date, except (i) as authorized in the preceding sentence or (ii) to the extent such services are rendered in connection with the hearing on final allowances of compensation pursuant to Section 330 of the Bankruptcy Code.

(b) Future Claimants' Representative

On the Effective Date, the existence of the Future Claimants' Representative and his rights to ongoing reimbursement of expenses and the rights of his professionals to ongoing compensation and reimbursement of expenses shall continue after the Effective Date only for (i) the purposes set forth in the Asbestos Personal Injury Trust Agreement and the annexes thereto and (ii) the purposes of completing any matters, including, without limitation, litigation or negotiations, pending as of the Effective Date, and shall otherwise terminate on the Effective Date.

14. Binding Effect

The Plan shall be binding upon and inure to the benefit of each of the Debtors and Reorganized Debtors and their respective Estates and each of their respective Related Persons and any Person claiming by or through them, and any Person that has held, currently holds or may hold a Claim or other obligation, suit, judgment, damages, Demand, debt, right, remedy, cause of action or liability or Interest or any right of an equity security holder, against or in the Debtors whether or not such Person will receive or retain any property or interest in property under the Plan and each of their respective successors and assigns; in each case, including, without limitation, all parties-in-interest in the Chapter 11 Cases.

15. Revocation, Withdrawal, or Non-Consummation

The Plan Proponents reserve the right to revoke or withdraw the Plan at any time prior to the Confirmation Date and to file subsequent or further amended plans of reorganization. If the Plan Proponents revoke or withdraw the Plan, or if confirmation or consummation of the Plan does not occur, then (i) the Plan shall be null and void in all respects, (ii) any settlement or compromise embodied in the Plan (including the fixing or limiting to an amount certain any Claim or Class of Claims), assumption or rejection of executory contracts or leases effected by the Plan, and any document or agreement executed pursuant to the Plan shall be deemed null and void, and (iii) nothing contained in the Plan and no acts taken in preparation for consummation of the Plan, shall (a) constitute or be deemed to constitute a waiver or release of any Claims by or against, or any Interests in, any Debtor or any other Person, (b) prejudice in any manner the rights of the Plan Proponents, any Debtor or any Person in any further proceedings involving a Debtor, or (c) constitute an admission of any sort by the Plan Proponents, any Debtor or any other Person.

16. Plan Exhibits

Any and all exhibits to the Plan or other lists or schedules not filed with the Plan shall be filed with the Clerk of the Bankruptcy Court at least ten (10) Business Days prior to the Objection Deadline, unless the Plan provides otherwise. Upon such filing, such documents may be inspected in the office of the Clerk of the Bankruptcy Court during normal court hours. Holders of Claims or Interests may obtain a copy of any such document upon written request to the Debtors in accordance with Section 14.17 of the Plan, or the Company may make such documents available on the Company's website. The Plan Proponents explicitly reserve the right to modify or make additions to or subtractions from any schedule to the Plan and to modify any exhibit to the Plan prior to the Objection Deadline.

17. Term of Injunctions or Stays

Unless otherwise provided in the Plan or in the Confirmation Order, all injunctions or stays provided for in the Chapter 11 Cases under Sections 105 or 362 of the Bankruptcy Code or otherwise, and extant on the Confirmation Date (excluding any injunctions or stays contained in the Plan or the Confirmation Order), shall remain in full force and effect until the Effective Date. All injunctions or stays contained in the Plan or the Confirmation Order shall remain in full force and effect in accordance with their terms.

18. Substantial Contribution

If Class A5 accepts the Plan, then, on or as soon as practicable after the Effective Date, the reasonable legal fees and expenses incurred by the Ad Hoc Bondholders' Committee shall be reimbursed or otherwise paid by OCD (or, if applicable, Reorganized OCD), subject to approval by the Bankruptcy Court, in recognition of the Ad Hoc Bondholders' Committee's substantial contribution to the Debtors' reorganization pursuant to 11 U.S.C. §§ 503(b)(3)(D) and 503(b)(4). If Classes A5, A6-A, A6-B, A7, A10, A11 and A12-A accept the Plan, then, on or as soon as practicable after the Effective Date, the reasonable professional fees and expenses incurred by the Ad Hoc Equity Holders' Committee shall be reimbursed or otherwise paid by OCD (or, if applicable, Reorganized OCD), subject to approval by the Bankruptcy Court, in recognition of the Ad Hoc Equity Holders' Committee's substantial contribution to the Debtors' reorganization pursuant to 11 U.S.C. §§ 503(b)(3)(D) and 503(b)(4).

VIII. THE ASBESTOS PERSONAL INJURY TRUST

The following summarizes the terms of the governing documents for the Asbestos Personal Injury Trust. These documents consist of the Asbestos Personal Injury Trust Agreement and the Asbestos Personal Injury Trust Distribution Procedures. The following is intended only to be a summary and is qualified in its entirety by reference to the full text of such documents. In the event of any inconsistency between the provisions of these documents and the summary contained in the Plan, the terms of such documents will control. Interested parties should therefore review the Asbestos Personal Injury Trust Agreement and the Asbestos Personal Injury Trust Distribution Procedures, copies of which are attached to the Plan as Exhibits D and D-1, respectively.

A. General Description of the Asbestos Personal Injury Trust

1. Purposes of the PI Trust

The Asbestos Personal Injury Trust will be established as a statutory trust under the laws of the State of Delaware pursuant to the Asbestos Personal Injury Trust Agreement. The purposes of the Asbestos Personal Injury Trust are: (a) to assume all liabilities of the Debtors, their successors in interest, and certain of their Affiliates with respect to OC and FB Asbestos Personal Injury Claims; (b) to use its assets and income to pay holders of valid OC and FB Asbestos Personal Injury Claims in accordance with the Asbestos Personal Injury Trust Distribution Procedures in such a way that such holders are treated fairly, equitably and reasonably in light of the limited assets available to satisfy such claims; and (c) to comply in all respects with the requirements for the Asbestos Personal Injury Trust that are described in section 524(g)(2)(B)(i) of the Bankruptcy Code.

2. The Trustees

The individuals who will serve as the initial Trustees of the Asbestos Personal Injury Trust will be identified, and a complete biography for each initial Trustee will be provided, to the Bankruptcy Court prior to the Confirmation Hearing. The Trustees will serve staggered initial terms of five (5), four (4) and three (3) years from the effective date of the Asbestos Personal Injury Trust Agreement. Thereafter each Trustee will serve a five-year term.

Each Trustee will serve until the end of the Trustee's term, his or her death, resignation or removal, or the termination of the Asbestos Personal Injury Trust. Any Trustee may be removed by the unanimous vote of the remaining Trustees and with the approval of the Bankruptcy Court, in the event he or she becomes unable to discharge his or her duties due to accident or physical or mental deterioration, or for good cause, including any substantial failure to comply with the general administration provisions of the Asbestos Personal Injury Trust Agreement. In the event of a vacancy in a Trustee position, the remaining Trustees will consult with the Trust Advisory Committee and the Future Claimants' Representative concerning appointment of a successor Trustee. The vacancy will be filled by the unanimous vote of the remaining Trustees unless a majority of the Trust Advisory Committee or the Future Claimants' Representative vetoes the appointment. In that event, the Bankruptcy Court will make the appointment.

The Trustees shall receive compensation from the PI Trust for their services as Trustees in the amount of $60,000.00 per annum, except that the Managing Trustee shall receive $75,000.00 per annum for his or her service. All Trustees shall also receive a per diem allowance for telephonic meetings or other Asbestos Personal Injury Trust business performed in the amount of $1,500.00 and a per diem allowance for in person meetings in the amount of $2,500.00. The Trustees shall also be reimbursed for out-of-pocket costs and expenses. The Trustees' annual and per diem compensation will be reviewed every year and appropriately adjusted for changes in the cost of living. Any other changes in compensation shall be made subject to the approval of the Bankruptcy Court.

The Trustees may sit on the Board of Directors of the Reorganized Debtors, but they will not receive additional compensation for their service on such board over and above the compensation they receive as Trustees. The Trustees will receive from the Asbestos Personal Injury Trust, however, the same per diem allowance as the Reorganized Debtors pay their directors for attendance at meetings. Subject to a number of limitations set forth in the Asbestos Personal Injury Trust Agreement, the Trustees have the power to take any and all actions that are necessary to fulfill the purposes of the Asbestos Personal Injury Trust and need not obtain Bankruptcy Court approval to do so.

3. The Trust Advisory Committee

The Asbestos Personal Injury Trust Agreement provides for the establishment of a Trust Advisory Committee ("TAC"). The initial members of the TAC will be Matthew Bergman, Russell W. Budd, John D. Cooney, James Ferraro, Theodore Goldberg, Steven Kazan, Joseph F. Rice, Armand J. Volta, Jr. and Perry Weitz. Each member of the TAC will serve until the earliest of (i) the end of his or her full term in office, (ii) his or her death, (iii) his or her resignation, (iv) his or her removal, or (v) the termination of the Asbestos Personal Injury Trust. Any TAC member may be removed by the remaining TAC members with the approval of the Bankruptcy Court in the event he or she becomes unable to discharge his or her duties due to accident or physical or mental deterioration, or for good cause, including any substantial failure to comply with the general administration provisions of the Asbestos Personal Injury Trust Agreement.

In the event of a vacancy caused by the resignation or death of a TAC member or the expiration of his or her term, the successor shall be pre-selected by such TAC member, or by his or her law firm in the event that such member has not pre-selected a successor. There is no limit on the number of terms a TAC member may serve. If neither the member nor the law firm exercises the right to make such a selection, the successor shall be chosen by a majority vote of the remaining TAC members. If a majority of the remaining members cannot agree, the Bankruptcy Court shall appoint the successor. In the event of a vacancy caused by the removal of a TAC member, the remaining members of the TAC by majority vote shall name the successor. If the majority of the remaining members of the TAC cannot reach agreement, the Bankruptcy Court shall appoint the successor.

The Trustees are required to consult with the TAC on the appointment of successor Trustees, the general implementation and administration of the Asbestos Personal Injury Trust and the Asbestos Personal Injury Trust Distribution Procedures, and on various other matters required by the Asbestos Personal Injury Trust Agreement. The Trustees must also obtain the consent of a majority of TAC members on a variety of matters, including amendments to the Asbestos Personal Injury Trust Agreement and the Asbestos Personal Injury Trust Distribution Procedures, acquisition, merger or participation with other claims resolution facilities, and termination of the Asbestos Personal Injury Trust under certain conditions specified in the Asbestos Personal Injury Trust Agreement.

The members of the TAC will be entitled to receive compensation from the Asbestos Personal Injury Trust for their services as TAC members in the form of a reasonable hourly rate set by the Trustees for attendance at meetings or other conduct of Asbestos Personal Injury Trust business. The members of the TAC will also be reimbursed promptly for all reasonable out-of-pocket costs and expenses incurred in connection with the performance of their duties hereunder.

4. The Future Claimants' Representative

The Asbestos Personal Injury Trust Agreement provides for the appointment of a Future Claimants' Representative, James J. McMonagle, Esq., who will serve in a fiduciary capacity, representing the interests of the holders of Demands against the Asbestos Personal Injury Trust for the purposes of protecting the rights of such persons.

The Future Claimants' Representative will serve until his death, resignation or removal, or the termination of the Asbestos Personal Injury Trust. The Future Claimants' Representative may resign at any time by written notice to the Trustees and may be removed by the Bankruptcy Court in the event he becomes unable to discharge his duties due to accident or physical or mental deterioration, or for good cause, including any substantial failure to comply with the general administration provisions of the Asbestos Personal Injury Trust Agreement.

A vacancy caused by death or resignation shall be filled with an individual nominated prior to the death or the effective date of the resignation by the deceased or resigning Future Claimants' Representative, and a vacancy caused by removal of the Future Claimants' Representative shall be filled with an individual nominated by the Trustees in consultation with the TAC, subject to the approval of the Bankruptcy Court. In the event a majority of the Trustees cannot agree, or a nominee has not been pre-selected, the successor shall be chosen by the Bankruptcy Court.

The Trustees are required to consult with the Future Claimants' Representative on the appointment of successor Trustees, the general implementation and administration of the Asbestos Personal Injury Trust and the Asbestos Personal Injury Trust Distribution Procedures, and on various other matters required by the Asbestos Personal Injury Trust Agreement. The Trustees must also obtain the consent of the Future Claimants' Representative on a variety of matters, including amendments to the Asbestos Personal Injury Trust Agreement and the Asbestos Personal Injury Trust Distribution Procedures, acquisition, merger or participation with other claims resolution facilities, and termination of the Asbestos Personal Injury Trust under certain conditions specified in the Asbestos Personal Injury Trust Agreement.

The Future Claimants' Representative will be entitled to receive compensation from the Asbestos Personal Injury Trust in the form of payment at the Future Claimants' Representative's normal hourly rate for services performed and will be reimbursed by the Asbestos Personal Injury Trust for all reasonable out-of-pocket costs and expenses incurred by the Future Claimants' Representative in connection with the performance of his duties hereunder.

5. Transfer of Assets to the PI Trust

On the Effective Date and on the Final Distribution Date, or as soon thereafter as is practicable, the Asbestos Personal Injury Trust will receive the consideration described in Sections 3.3 and 3.4 of the Plan.

On the Effective Date, or as soon thereafter as is practicable, at the sole cost and expense of the Asbestos Personal Injury Trust and in accordance with written instructions provided to the Reorganized Debtors by the Asbestos Personal Injury Trust, the Reorganized Debtors will transfer and assign, and will use all commercially reasonable efforts to cause the trustee of the Fibreboard Insurance Settlement Trust to transfer and assign, to the Asbestos Personal Injury Trust all books and records of the Debtors and the Fibreboard Insurance Settlement Trust that pertain directly to Asbestos Personal Injury Claims that have been asserted against the Debtors and/or the Fibreboard Insurance Settlement Trust. The Debtors will request that the Bankruptcy Court, in the Confirmation Order, rule that such transfers shall not result in the invalidation or waiver of any applicable privileges pertaining to such books and records.

The Reorganized Debtors shall cooperate with the Asbestos Personal Injury Trust and use commercially reasonable efforts to take or cause to be taken all appropriate actions and to do or cause to be done all things necessary or appropriate to effectuate the transfer of the OC Asbestos Personal Injury Liability Insurance Assets to the Asbestos Personal Injury Trust for allocation to the OC Sub-Account. By way of enumeration and not of limitation, the Reorganized Debtors shall be obligated (i) to provide the Asbestos Personal Injury Trust with copies of insurance policies and settlement agreements included within or relating to the OC Asbestos Personal Injury Liability Insurance Assets; (ii) to provide the Asbestos Personal Injury Trust with information necessary or helpful to the Asbestos Personal Injury Trust in connection

with its efforts to obtain insurance coverage for Asbestos Personal Injury Claims; (iii) to execute further assignments or allow the Asbestos Personal Injury Trust to pursue claims relating to the OC Asbestos Personal Injury Liability Insurance Assets in its name (subject to appropriate disclosure of the fact that the Asbestos Personal Injury Trust is doing so and the reasons why it is doing so), including by means of arbitration, alternative dispute resolution proceedings or litigation, to the extent necessary or helpful to the efforts of the Asbestos Personal Injury Trust to obtain insurance coverage under the OC Asbestos Personal Injury Liability Insurance Assets for Asbestos Personal Injury Claims; and (iv) to pursue and recover insurance coverage in its own name or right to the extent that the transfer and assignment of the OC Asbestos Personal Injury Liability Insurance Assets to the Asbestos Personal Injury Trust is not able to be fully effectuated. The Asbestos Personal Injury Trust shall be obligated to compensate Reorganized OCD for costs reasonably incurred in connection with providing assistance to the Asbestos Personal Injury Trust pursuant to the Plan, including, without limitation, out-of-pocket costs and expenses, consultant fees, and attorneys' fees.

6. Establishment of the OC Sub-Account and the FB Sub-Account

On the Effective Date or as soon thereafter as is practicable, the Asbestos Personal Injury Trust will establish two Sub-Accounts, the OC Sub-Account and the FB Sub-Account, and will transfer to the OC Sub-Account the consideration described in Section 3.3(f)(iii) of the Plan, and will transfer to the FB Sub-Account the consideration described in Section 3.4(d)(iii) of the Plan.

All OC Asbestos Personal Injury Claims (which includes OC Indirect Asbestos Personal Injury Claims and Unpaid OC Resolved Asbestos Personal Injury Claims) and all OC Resolved Asbestos Personal Injury Claims shall be payable from the assets of the OC Sub-Account. All FB Asbestos Personal Injury Claims (which include FB Indirect Asbestos Personal Injury Claims and Unpaid FB Resolved Asbestos Personal Injury Claims) and all FB Resolved Asbestos Personal Injury Claims shall be payable from the assets of the FB Sub-Account. In all cases, such payments shall be made pursuant to the terms of the Asbestos Personal Injury Trust Distribution Procedures.

7. Asbestos Personal Injury Trust Termination Provisions

The Asbestos Personal Injury Trust is irrevocable, but will dissolve ninety (90) days after the first to occur of any of the following events:

- the Trustees decide to dissolve the Asbestos Personal Injury Trust because (a) they deem it unlikely that new asbestos claims will be filed against the Asbestos Personal Injury Trust, (b) all OC and FB Asbestos Personal Injury Claims duly filed with the Asbestos Personal Injury Trust have been liquidated and paid to the extent provided in the Asbestos Personal Injury Trust Agreement and the Asbestos Personal Injury Trust Distribution Procedures or disallowed by a final, non-appealable order, to the extent possible based upon the funds available through the Plan, and (c) twelve (12) consecutive months have elapsed during which no new asbestos claim has been filed with the Asbestos Personal Injury Trust; or

- if the Trustees have procured and have in place irrevocable insurance policies and have established claims handling agreements and other necessary arrangements with suitable third parties adequate to discharge all expected remaining obligations and expenses of the Asbestos Personal Injury Trust in a manner consistent with this Asbestos Personal Injury Trust Agreement and the Asbestos Personal Injury Trust Distribution Procedures, the date on which the Bankruptcy Court enters an order approving such insurance and other arrangements and such order becomes a final order; or
- to the extent that any rule against perpetuities will be deemed applicable to the Asbestos Personal Injury Trust, twenty-one (21) years less ninety-one (91) days pass after the death of the last survivor of all of the descendents of the late Joseph P. Kennedy, Sr., father of the late President John F. Kennedy, living on the date hereof.

On the dissolution date or as soon as reasonably practicable, after the wind-up of the Asbestos Personal Injury Trust's affairs by the Trustees and payment of all the Asbestos Personal Injury Trust's liabilities have been provided for as required by applicable law, all monies remaining in the Asbestos Personal Injury Trust estate will be given to such organization(s) exempt from federal income tax under Section 501(c)(3) of the IRC, which tax-exempt organization(s) will be selected by the Trustees using their reasonable discretion; *provided, however*, that (i) if practicable, the activities of the selected tax-exempt organization(s) will be related to the treatment of, research on, or the relief of suffering of individuals suffering from asbestos-related lung disease or disorders, and (ii) the tax-exempt organization(s) will not bear any relationship to Reorganized Debtors within the meaning of Section 468(d)(3) of the IRC. The Plan Proponents believe that the likelihood of any monies remaining in the Asbestos Personal Injury Trust after the Asbestos Personal Injury Trust terminates is extremely remote.

Following the dissolution and distribution of the assets of the Asbestos Personal Injury Trust, the Asbestos Personal Injury Trust shall terminate and the Trustees, or any one of them, shall execute and cause a Certificate of Cancellation of the Certificate of Trust of the Asbestos Personal Injury Trust to be filed with the State of Delaware. The existence of the Asbestos Personal Injury Trust as a separate legal entity shall continue until the filing of the Certificate of Cancellation.

8. Amendment of the Asbestos Personal Injury Trust Documents

The Trustees, subject to the TAC's and the Future Claimants' Representative's consent, may modify or amend certain provisions of the Asbestos Personal Injury Trust Agreement or any document annexed thereto. However, the Asbestos Personal Injury Trust provisions may not be modified or amended in any way that could jeopardize,

impair, or modify the applicability of Section 524(g) of the Bankruptcy Code, the efficacy or enforceability of the injunction entered thereunder, or the Asbestos Personal Injury Trust's qualified settlement fund status within the meaning of Treasury Regulations Section 1.468B-1, et seq., promulgated under Section 468B of the IRC.

B. Asbestos Personal Injury Trust Distribution Procedures

1. Asbestos Personal Injury Trust Goals

The Trustees will implement and administer the Asbestos Personal Injury Trust Distribution Procedures, which are attached to the Plan as Exhibit D-1. These procedures have been adopted after lengthy negotiations between and among the Asbestos Claimant's Committee, the Future Claimants' Representative and the Debtors. Nothing approaching full payment of all OC and FB Asbestos Personal Injury Claims is possible in light of the value of all such claims that could be filed against the Asbestos Personal Injury Trust, both currently and in the future, and the value of the Asbestos Personal Injury Trust assets.

The goal of the Asbestos Personal Injury Trust is to treat all claimants equitably. The Asbestos Personal Injury Trust Distribution Procedures further that goal by setting forth procedures for processing and paying claims generally on an impartial, first-in-first-out ("FIFO") basis, with the intention of paying all claimants over time as equivalent a share as possible of the value of their claims based on historical values for substantially similar claims in the tort system.[19]

To this end, the Asbestos Personal Injury Trust Distribution Procedures establish for both OC Asbestos Personal Injury Claims and FB Asbestos Personal Injury Claims a schedule of eight asbestos-related diseases ("Disease Levels"), all of which have presumptive medical and exposure requirements ("Medical/Exposure Criteria"). The Asbestos Personal Injury Trust Distribution Procedures also establish two separate schedules with liquidated values ("Scheduled Values"), anticipated average values ("Average Values"), and caps on liquidated values ("Maximum Values") for the various Disease Levels. These separate schedules or matrices of values are applicable to OC and FB Asbestos Personal Injury Claims, respectively.

The Disease Levels, Medical/Exposure Criteria, Scheduled Values, Average Values and Maximum Values have all been selected and derived with the intention of achieving a fair allocation of the Asbestos Personal Injury Trust funds among claimants suffering from different disease processes in light of the best available information considering the settlement history of OCD or Fibreboard and the rights claimants would have in the tort system absent the bankruptcy.

A claimant may assert separate claims against the OC Sub-Account and the FB Sub-Account based on separate exposures to asbestos or asbestos-containing products manufactured or distributed by OCD and Fibreboard, respectively ("Multiple Exposure

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[19] As used in the Asbestos Personal Injury Trust Distribution Procedures, the phrase "in the tort system" shall include only claims asserted by way of litigation and not claims asserted against a trust established pursuant to Section 524(g) and/or Section 105 of the Bankruptcy Code or any other applicable law.

Claims"); however, all such Multiple Exposure Claims must be filed by the claimant at the same time. To the extent a Sub-Account has separate liabilities to a claimant based on multiple exposure, the Sub-Account shall pay the claimant its several share of the liquidated value of the separate claim or claims for which it is liable, subject to applicable Payment Percentage, Maximum Annual Payment and Claims Payment Ratio limitations described below. Under no circumstances, however, shall any claimant receive more than the full liquidated value of his or her claim.

The Asbestos Personal Injury Trust Distribution Procedures provide that the Trustees, with the consent of the Future Claimants Representative and the TAC, may adjust the Initial Payment Percentage (defined below) upward or downward depending on a multitude of factors. Therefore, no assurance can be given that some holders of Asbestos Personal Injury Claims may not be subject to a payment percentage that is higher or lower than the Initial Payment Percentage.

2. Disease Levels, Scheduled Values and Medical/Exposure Criteria Set Forth in the Asbestos Personal Injury Trust Distribution Procedures

The eight Disease Levels covered by the Asbestos Personal Injury Trust Distribution Procedures, together with the Medical/Exposure Criteria for each and the Scheduled Values for the seven Disease Levels eligible for Expedited Review, are set forth below. These Disease Levels, Scheduled Values, and Medical/Exposure Criteria will apply to all OC and FB Asbestos Personal Injury Trust Voting Claims (other than Unpaid OC and FB Resolved Asbestos Personal Injury Claims) filed with the Asbestos Personal Injury Trust on or before the Initial Claims Filing Date (defined below) for which the claimant elects the Expedited Review Process.

Thereafter, with the consent of the TAC and the Future Claimants' Representative, the Trustees may add to, change, or eliminate Disease Levels, Scheduled Values, or Medical/Exposure Criteria; develop subcategories of Disease Levels, Scheduled Values or Medical/Exposure Criteria; or determine that a novel or exceptional asbestos personal injury claim is compensable even though it does not meet the Medical/Exposure Criteria for any of the then current Disease Levels.

Disease Level	Scheduled Value	Medical/Exposure Criteria
Mesothelioma (Level VIII)	OC: $215,000 FB: $135,000	(1) Diagnosis of mesothelioma; and (2) credible evidence of OC or Fibreboard Exposure.[20]
Lung Cancer 1 (Level (VII)	OC: $40,000	(1) Diagnosis of a primary lung cancer plus evidence of an underlying Bilateral Asbestos-Related Nonmalignant Disease,[21]

[20] As defined in the Asbestos Personal Injury Trust Distribution Procedures.

[21] Evidence of "Bilateral Asbestos-Related Nonmalignant Disease" for purposes of meeting the criteria for establishing Disease Levels I, II, III, V, and VII is described in the Asbestos Personal Injury Trust Distribution Procedures.

Disease Level	Scheduled Value	Medical/Exposure Criteria
	FB: $27,000	(2) six months OC or Fibreboard Exposure prior to December 31, 1982, (3) Significant Occupational Exposure[22] to asbestos, and (4) supporting medical documentation establishing asbestos exposure as a contributing factor in causing the lung cancer in question.
Lung Cancer 2 (Level VI)	None	(1) Diagnosis of a primary lung cancer; (2) OC or Fibreboard Exposure prior to December 31, 1982, and (3) supporting medical documentation establishing asbestos exposure as a contributing factor in causing the lung cancer in question. Lung Cancer 2 (Level VI) claims are claims that do not meet the more stringent medical and/or exposure requirements of Lung Cancer (Level VII) claims. All claims in this Disease Level will be individually evaluated. The estimated likely average of the individual evaluation awards for this category is $20,000 for OCD and $12,000 for Fibreboard, with such awards capped at $50,000 for OCD and $30,000 for Fibreboard, unless the claim qualifies for Extraordinary Claim treatment. Level VI claims that show no evidence of either an underlying Bilateral Asbestos-Related Non-malignant Disease or Significant Occupational Exposure may be individually evaluated, although it is not expected that such claims will be treated as having any significant value, especially if the claimant is also a smoker. In any event, no presumption of validity will be available for any claims in this category.
Other Cancer (Level V)	OC: $22,000 FB: $12,000	(1) Diagnosis of a primary colo-rectal, laryngeal, esophageal, pharyngeal, or stomach cancer, plus evidence of an underlying Bilateral Asbestos-Related Nonmalignant Disease, (2) six months OC or Fibreboard Exposure prior to December 31, 1982, (3) Significant Occupational Exposure to asbestos, and (4) supporting medical documentation establishing asbestos exposure as a contributing factor in causing the other cancer in question.

[22] As defined in the Asbestos Personal Injury Trust Distribution Procedures.

Disease Level	Scheduled Value	Medical/Exposure Criteria
Severe Asbestosis (Level IV)	OC: $42,000 FB: $29,000	(1) Diagnosis of asbestosis with ILO of 2/1 or greater, or asbestosis determined by pathological evidence of asbestos, plus (a) TLC less than 65%, or (b) FVC less than 65% and FEV1/FVC ratio greater than 65%, (2) six months OC or Fibreboard Exposure prior to December 31, 1982, (3) Significant Occupational Exposure to asbestos, and (4) supporting medical documentation establishing asbestos exposure as a contributing factor in causing the pulmonary disease in question.
Asbestos/Pleural Disease (Level III)	OC: $19,000 FB: $11,500	Diagnosis of Bilateral Asbestos-Related Nonmalignant Disease, plus (a) TLC less than 80%, or (b) FVC less than 80% and FEV1/FVC ratio greater than or equal to 65%, and (2) six months OCD or Fibreboard Exposure prior to December 31, 1982, (3) Significant Occupational Exposure to asbestos, and (4) supporting medical documentation establishing asbestos exposure as a contributing factor in causing the pulmonary disease in question.
Asbestosis/Pleural Disease (Level II)	OC: $8,000 FB: $4,500	(1) Diagnosis of a Bilateral Asbestos-Related Nonmalignant Disease, and (2) six months OC or Fibreboard Exposure prior to December 31, 1982, and (3) five years cumulative occupational exposure to asbestos.
Other Asbestos Disease (Level I – Cash Discount Payment)	OC: $400 FB: $240	(1) Diagnosis of a Bilateral Asbestos- Related Nonmalignant Disease or an asbestos-related malignancy other than mesothelioma, and (2) OC or Fibreboard Exposure prior to December 31, 1982.

3. Claims Liquidation Procedures

OC and FB Asbestos Personal Injury Claims will be processed based on their place in the FIFO Processing Queue (defined below) to be established pursuant to the Asbestos Personal Injury Trust Distribution Procedures for each of the OC and FB Sub-Accounts. The Asbestos Personal Injury Trust will take all reasonable steps to resolve all Asbestos Personal Injury Claims that meet the presumptive Medical/Exposure Criteria of Disease Levels I–V, VII and VIII efficiently and expeditiously under the Expedited Review described below.

Claims involving Disease Levels I–V, VII and VIII that do not meet the presumptive Medical/Exposure Criteria for the relevant Disease Level may undergo the Asbestos Personal Injury Trust's Individual Review Process described below. In such a case, notwithstanding that the claim does not meet the presumptive Medical/Exposure Criteria for the relevant Disease Level, the Asbestos Personal Injury Trust can offer the claimant an amount up to the Scheduled Value of that Disease Level if the Asbestos Personal Injury Trust is satisfied that the claimant has presented a claim that would be cognizable and valid in the tort system.

In lieu of liquidating an OC or FB Asbestos Personal Injury Claim under the Expedited Review Process, OC and Fibreboard claimants holding claims involving Disease

Levels II-VIII may alternatively seek to establish a liquidated value for the claim that is greater than its Scheduled Value by electing the Asbestos Personal Injury Trust's Individual Review Process. However, the liquidated value of a more serious Disease Level II-VIII claim that undergoes the Asbestos Personal Injury Trust's Individual Review Process for valuation purposes may be determined by the Asbestos Personal Injury Trust to be less than its Scheduled Value, and in any event may not exceed the Maximum Value for the relevant Disease Level, unless the claim qualifies as an Extraordinary Claim (defined below), in which case its liquidated value cannot exceed the Maximum Value specified in that provision for such claims. Level VI (Lung Cancer 2) claims and Foreign Claims (as defined in the Asbestos Personal Injury Trust Distribution Procedures) may be liquidated only pursuant to the Asbestos Personal Injury Trust's Individual Review Process.

All unresolved disputes over a claimant's medical condition, exposure history and/or the liquidated value of the claim will be subject to mandatory pro bono evaluation and mediation and then to binding or non-binding arbitration at the election of the claimant. OC and FB Asbestos Personal Injury Claims that are the subject of a dispute with the Asbestos Personal Injury Trust that cannot be resolved by non-binding arbitration may enter the tort system. However, if and when a claimant obtains a judgment in the tort system, the judgment will be payable from the Asbestos Personal Injury Trust subject to the Payment Percentage, Maximum Available Payment, and Claims Payment Ratio provisions set forth below.

4. Payment Percentage

After the liquidated value of an OC or FB Asbestos Personal Injury Claim other than a claim involving Other Asbestos Disease (Disease Level I – Cash Discount Payment) is determined by the Asbestos Personal Injury Trust, the claimant will receive a pro-rata share of that value based on a payment percentage (the "Payment Percentage").

With respect to OC Asbestos Personal Injury Trust Voting Claims, the Initial Payment Percentage has been set at % (the "OC Initial Payment Percentage"), and will apply to all OC Asbestos Personal Injury Trust Voting Claims accepted as valid by the Asbestos Personal Injury Trust, unless adjusted by the Asbestos Personal Injury Trust with the consent of the TAC and the Future Claimants' Representative. With respect to FB Asbestos Personal Injury Trust Voting Claims, the initial Payment Percentage has been set at __% (the "Fibreboard Initial Payment Percentage", and together with the OC Initial Payment Percentage, the "Initial Payment Percentage") and will apply to all FB Asbestos Personal Injury Trust Voting Claims accepted as valid by the Asbestos Personal Injury Trust, unless adjusted by the Asbestos Personal Injury Trust with the consent of the TAC and the Future Claimants' Representative. The term "Asbestos Personal Injury Trust Voting Claims" includes (i) Unpaid OC and FB Resolved Asbestos Personal Injury Claims (as defined in the Plan and described); (ii) claims filed against OCD or Fibreboard in the tort system or actually submitted to OCD or Fibreboard pursuant to an administrative settlement agreement prior to the Petition Date; and (iii) all claims filed against another defendant in the tort system prior to the date the Plan was filed with the Bankruptcy Court (the "Plan Filing Date"); *provided, however*, that (1) the claim described in subsection (i), (ii) or (iii) above actually voted to accept or reject the Plan pursuant to the voting procedures established by the Bankruptcy Court unless such holder certifies to the satisfaction of the Trustees that he or she was prevented from voting in this proceeding as a result of

circumstances resulting in a state of emergency affecting, as the case may be, the holder's residence, principal place of business or legal representative's principal place of business at which the holder or his or her legal representative receives notice and/or maintains material records relating to his or her claim and (2) the claim was subsequently filed with the Asbestos Personal Injury Trust on or before the date six months after the date that the Asbestos Personal Injury Trust first makes available proof of claim forms and other claim materials required to file a claim with the Asbestos Personal Injury Trust (the "Initial Claims Filing Date"). The Initial Payment Percentage has been calculated, *inter alia*, on the assumption that the Average Values will be achieved with respect to existing present claims and projected future claims involving Disease Levels II – VIII.

The Payment Percentage may be adjusted upwards or downwards from time to time by the Asbestos Personal Injury Trust with the consent of the TAC and the Future Claimants' Representative to reflect then-current estimates of the Asbestos Personal Injury Trust's assets and its liabilities, as well as then-estimated values of then-pending and future claims. If the Payment Percentage is increased over time, claimants whose claims were liquidated and paid in prior periods under the Asbestos Personal Injury Trust Distribution Procedures will receive additional payments only as provided in the Asbestos Personal Injury Trust Distribution Procedures. Because there is uncertainty in the prediction of both the number and severity of future claims, and the amount of the Asbestos Personal Injury Trust's assets, no guarantee can be made of any Payment Percentage of an Asbestos Personal Injury Claim's liquidated value other than other than the Initial Payment Percentage of an Asbestos Personal Injury Trust Voting Claim.

5. Maximum Annual Payment and Maximum Available Payment

The Asbestos Personal Injury Trust will estimate or model the amount of cash flow anticipated to be necessary over its entire life to ensure that funds will be available to treat all present and future claimants as similarly as possible. In each year, the Asbestos Personal Injury Trust will be empowered to pay out all of the income earned during the year (net of taxes payable with respect thereto), together with a portion of its principal, calculated so that the application of Asbestos Personal Injury Trust funds over its life will correspond with the needs created by the anticipated flow of claims (the "Maximum Annual Payment"). The Asbestos Personal Injury Trust's distributions to all claimants for that year may not exceed the Maximum Annual Payment determined for that year.

In distributing the Maximum Annual Payment, the Asbestos Personal Injury Trust will first allocate the amount in question to outstanding Unpaid OC and FB Resolved Asbestos Personal Injury Claims and to liquidated OC and FB Asbestos Personal Injury Claims involving Disease Level I (Cash Discount Payment), in proportion to the aggregate value of each group of claims. The remaining portion of the Maximum Annual Payment (the "Maximum Available Payment"), if any, will then be allocated and used to satisfy all other liquidated OC and FB Asbestos Personal Injury Claims, subject to the Claims Payment Ratio (discussed below).

6. Claims Payment Ratio

Based upon OCD's and Fibreboard's claims settlement history and analysis of present and future claims, a Claims Payment Ratio has been determined which, as of the Effective Date, will be set at sixty-five percent (65%) for Category A claims, which consist of OC and FB Asbestos Personal Injury Claims involving severe asbestosis and malignancies (Disease Levels IV – VIII) that were unliquidated as of the Petition Date, and at forty percent (40%) for Category B claims, which are OC and FB Asbestos Personal Injury Claims involving non-malignant Asbestosis or Pleural Disease (Disease Levels II and III) that were similarly unliquidated as of the Petition Date. The Claims Payment Ratio will not apply to any Unpaid OC or FB Resolved Asbestos Personal Injury Claims or to any claims for Other Asbestos Disease (Disease Level I - Cash Discount Payment). In each year, after the determination of the Maximum Available Payment, sixty-five percent (65%) of that amount will be available to pay Category A claims and thirty-five percent (35%) will be available to pay Category B claims.

The 65%/35% Claims Payment Ratio will apply to all OC and FB Asbestos Personal Injury Trust Voting Claims and will not be amended until the third anniversary of the date the Asbestos Personal Injury Trust first accepts for processing proof of claims forms and other materials required to file a claim with the Asbestos Personal Injury Trust. Thereafter, the Claims Payment Ratio will be continued absent circumstances, such as a significant change in law or medicine, necessitating an amendment to avoid a manifest injustice.

In any event, no amendment to the Claims Payment Ratio to reduce the percentage allocated to Category A claims may be made without the unanimous consent of the TAC Members and the consent of the Future Claimants' Representative, and the percentage allocated to Category A claims may not be increased without the consent of the TAC and the Future Claimants' Representative. However, the Trustees, with the consent of the TAC and the Future Claimants' Representative, may offer the option of a reduced Payment Percentage to holders of claims in either Category A or Category B in return for prompter payment (the "Reduced Payment Option").

7. Indemnity and Contribution Claims

OC and FB Indirect Asbestos Personal Injury Claims for indemnity and contribution, if any, will be subject to the same categorization, evaluation, and payment provisions of these Asbestos Personal Injury Trust Distribution Procedures as all other OC and FB Asbestos Personal Injury Claims, subject to certain conditions and procedures germane to claims for indemnity and contribution.

Plant has asserted that various such special provisions of the Asbestos Personal Injury Trust Distribution Procedures were improper. Specifically, Plant alleged that two of the preconditions for processing and payment of OC Indirect Asbestos PI Trust Claims and FB Indirect Asbestos PI Trust Claims cannot be met in a substantial percentage of its cases, thus barring the payment of valid claims. Plant alleged that the requirement that the claimant establish that it has paid in full the liability and obligations of the Asbestos Personal Injury Trust to the individual claimant will be impossible to fulfill in a substantial number of cases involving Plant, because Plant's liability to the holder of the direct claim is allegedly less than Fibreboard's liability in many such cases. Plant also asserted that the requirement that holders of the OC

Indirect Asbestos PI Trust Claims and FB Indirect Asbestos PI Trust Claims prove that the individual claimant has fully released the Asbestos Personal Injury Trust from all liability cannot be met in many cases due to the death of the claimant. Plant alleged that the Asbestos Personal Injury Trust Distribution Procedures should contain procedures for the processing of OC Indirect Asbestos PI Trust Claims and FB Indirect Asbestos PI Trust Claims and should not leave the Asbestos Personal Injury Trust with the discretion to formulate procedures, including forms for proofs of claim in addition to those they filed by the Bar Date of April 15, 2002. Plant objected to the Asbestos Personal Injury Trust Distribution Procedures based on other alleged ambiguities in the Asbestos Personal Injury Trust Distribution Procedures language that the Plan Proponents believe assures that holders of OCD Indirect Asbestos PI Trust Claims and FB Indirect Asbestos PI Trust Claims are not granted rights superior to the holders of the direct claims.

The Plan Proponents made several changes to the Asbestos Personal Injury Trust Distribution Procedures to address the Plant objections. The Asbestos Personal Injury Trust Distribution Procedures now provide for individual consideration and evaluation of any OC Indirect Asbestos PI Trust Claim and FB Indirect Asbestos PI Trust Claim that fails to meet the requirements for presumptive validity, including those requirements objected to by Plant. The review shall determine whether the indirect claimant can establish under applicable state law that it has paid a liability or obligation that the Asbestos Personal Injury Trust would otherwise have to the direct claimant. Any unresolved disputes are subject to non-binding arbitration procedures set forth in the Asbestos Personal Injury Trust Distribution Procedures and, if not resolved by arbitration, resolution through litigation in the tort system. See Section VIII.B.26 of this Disclosure Statement entitled “Suits in the Tort System.” Plant previously asserted that, despite these modifications to the Asbestos Personal Injury Trust Distribution Procedures, the Asbestos Personal Injury Trust Distribution Procedures are ambiguous as to whether holders of indemnity claims are precluded from the recovering on account of claims for attorneys’ fees and interest, allegedly recoverable under certain conditions pursuant to the laws of most states, including California.

The Plan Proponents contend that the conditions and other limitations in the Asbestos Personal Injury Trust Distribution Procedures concerning payment of OC Indirect Asbestos PI Trust Claims and FB Indirect Asbestos PI Trust Claims are consistent with both state law and bankruptcy law, including Sections 502(e) and 509(c) of the Bankruptcy Code. Plant’s objections to the Asbestos Personal Injury Trust Distribution Procedures will be resolved, if necessary, by the Bankruptcy Court or District Court as part of the Confirmation Hearing.

Plant and the Debtors have had a longstanding dispute with respect to the alleged claims of Plant. The Debtors have consistently maintained that Plant’s claims are not valid and the Debtors may file objections to the majority of Plant’s claims under both applicable state law and the Bankruptcy Code. The Debtors assert that is well established under California law that Plant does not have a right to contractual indemnity against Fibreboard. Plant asserts that it is entitled to indemnification from Fibreboard under California law.

8. Ordering of Claims

The Asbestos Personal Injury Trust will order claims that are sufficiently complete to be reviewed for processing purposes on a FIFO basis except as otherwise provided

in the Plan (the "FIFO Processing Queue"). For all claims filed on or before the Initial Claims Filing Date, a claimant's position in the FIFO Processing Queue will be determined as of the earliest of (i) the date prior to the Petition Date (if any) that the specific claim was either filed against OCD or Fibreboard in the tort system or was actually submitted to OCD or Fibreboard pursuant to an administrative settlement agreement; (ii) the date before the Petition Date that a claim was filed against another asbestos defendant in the tort system if at the time the claim was subject to a tolling agreement with OCD or Fibreboard; (iii) the date after the Petition Date but before the Initial Claims Filing Date that the claim was filed against another defendant in the tort system; (iv) the date after the Petition Date but before the Effective Date the claimant filed a proof of claim form in OCD's and/or Fibreboard's Chapter 11 proceeding; or (v) the date after the Petition Date the claimant submitted a ballot in for purposes of voting on the Plan pursuant to the voting procedures approved by the Bankruptcy Court.

Following the Initial Claims Filing Date, the claimant's position in the FIFO Processing Queue will be determined by the date the claim was filed with the Asbestos Personal Injury Trust.

9. Effect of Statutes of Limitations and Repose

All unliquidated Asbestos Personal Injury Claims must meet either (i) for claims first filed in the tort system against OCD or Fibreboard prior to the Petition Date, the applicable federal, state and foreign statute of limitation and repose that was in effect at the time of the filing of the claim in the tort system, or (ii) for claims not filed against OCD or Fibreboard in the tort system prior to the Petition Date, the applicable statute of limitation that was in effect at the time of the filing with the Asbestos Personal Injury Trust. However, the running of the relevant statute of limitation will be tolled for purposes of the Asbestos Personal Injury Trust as of the earliest of (a) the actual filing of the claim against OCD or Fibreboard prior to the Petition Date, whether in the tort system or by submission of the claim to OCD or Fibreboard pursuant to an administrative settlement agreement; (b) the filing of the claim against another defendant in the tort system prior to the Petition Date if the claim was tolled against OCD or Fibreboard at the time by an agreement or otherwise; (c) the filing of a claim after the Petition Date but prior to the Initial Claims Filing Date against another defendant in the tort system; (d) the date after the Petition Date but before the Effective Date that a proof of claim was filed against OCD or Fibreboard in OCD's and/or Fibreboard's Chapter 11 proceeding; (e) the date a ballot was submitted by the claimant in OCD's and/or Fibreboard's Chapter 11 proceeding for purposes of voting on the Plan; or (F) the filing of a proof of claim with the requisite supporting documentation with the Asbestos Personal Injury Trust after the Initial Claims Filing Date.

If an OC or FB Asbestos Personal Injury Claim meets any of the tolling provisions described in the preceding sentence and the claim was not barred by the applicable statute of limitation at the time of the tolling event, it will be treated by the Asbestos Personal Injury Trust as timely filed if it is actually filed with the Asbestos Personal Injury Trust within three (3) years after the Initial Claims Filing Date. In addition, any claims that were first diagnosed after the Petition Date, irrespective of the application of any relevant statute of limitation or repose, may be filed with the Asbestos Personal Injury Trust within three (3) years after the date of diagnosis or within three (3) years after the Initial Claims Filing Date, whichever occurs later. However, the processing of any OC or FB Asbestos Personal Injury Claim by the Asbestos Personal Injury Trust may be deferred at the election of the claimant.

10. Payment of Claims

Asbestos Personal Injury Claims that have been liquidated by the Expedited Review Process (described below), by the Individual Review Process (described below), by arbitration or by litigation in the tort system, will be paid in FIFO order based on the date their liquidation became final (the "FIFO Payment Queue").

11. Resolution of Unpaid OC and FB Resolved Asbestos Personal Injury Claims

As soon as practicable after the Effective Date, the Asbestos Personal Injury Trust will pay, upon submission by the claimant of the appropriate documentation, all Unpaid OC and FB Resolved Asbestos Personal Injury Claims as defined in the Plan.

The liquidated value of an Unpaid OC or FB Resolved Asbestos Personal Injury Claims will not include any punitive or exemplary damages. In the absence of a Final Order of the Bankruptcy Court determining whether an OC or FB Asbestos Personal Injury Claim is an Unpaid OC or FB Resolved Asbestos Personal Injury Claim, a dispute between the claimant and the Asbestos Personal Injury Trust over this issue will be resolved pursuant to the same procedures that are provided in the Asbestos Personal Injury Trust Distribution Procedures for resolving the validity and/or liquidated value of an OC or FB Asbestos Personal Injury Claim.

Unpaid OC and FB Resolved Asbestos Personal Injury Claims will be processed and paid by the Asbestos Personal Injury Trust in accordance with their order in a separate FIFO queue to be established by the Asbestos Personal Injury Trust based on the date the Asbestos Personal Injury Trust received all required documentation for the particular claim; *provided, however*, the amounts payable with respect to such claims will not be subject to or taken into account in consideration of the Claims Payment Ratio, but will be subject to the Maximum Annual Payment and Payment Percentage provisions set forth above.

12. Resolution of Unresolved OC and FB Asbestos Personal Injury Claims

Within six months after the establishment of the Asbestos Personal Injury Trust, the Trustees, with the consent of the TAC and the Future Claimants' Representative, are required to adopt procedures for reviewing and liquidating all unresolved Asbestos Personal Injury Claims, which will include deadlines for processing such claims. Such procedures will also require that claimants seeking resolution of unresolved Asbestos Personal Injury Claims must first file a proof of claim form, together with the required supporting documentation. It is anticipated that the Asbestos Personal Injury Trust will provide an initial response to the claimant within six months of receiving the proof of claim form.

The proof of claim form will require the claimant to assert his or her claim for the highest Disease Level for which the claim qualifies at the time of filing. Irrespective of

the Disease Level alleged on the proof of claim form, all claims will be deemed by the Asbestos Personal Injury Trust Distribution Procedures to be a claim for the highest Disease Level for which the claim qualifies at the time of filing, and all lower Disease Levels for which the claim may also qualify at the time of filing or in the future will be treated as subsumed into the higher Disease Level for both processing and payment purposes.

Upon filing of a valid proof of claim form with the required supporting documentation, the claimant will be placed in the FIFO Processing Queue in accordance with the ordering described above. The Asbestos Personal Injury Trust shall provide the claimant with six months notice of the date by which it expects to reach the claim in the FIFO Processing Queue, following which the claimant shall promptly (i) advise the Asbestos Personal Injury Trust whether the claim should be liquidated under the Asbestos Personal Injury Trust's Expedited Review Process or, in certain circumstances, under the Asbestos Personal Injury Trust's Individual Review Process (both of which are described below), (ii) provide the Asbestos Personal Injury Trust with any additional medical and/or exposure evidence that was not provided with the original claim submission and (iii) advise the Asbestos Personal Injury Trust of any change in the claimant's Disease Level. If a claimant fails to respond to the Asbestos Personal Injury Trust's notice prior to the reaching of the claim in the FIFO Processing Queue, the Asbestos Personal Injury Trust will process and liquidate the claim under the Expedited Review Process based upon the medical/exposure evidence previously submitted by the claimant, although the claimant shall retain the right to request Individual Review.

13. Expedited Review

The Asbestos Personal Injury Trust's Expedited Review Process ("Expedited Review") is designed primarily to provide an expeditious, efficient and inexpensive method for liquidating all claims (except Foreign Claims and those involving Lung Cancer 2 - Disease Level VI) where the claim can easily be verified by the Asbestos Personal Injury Trust as meeting the presumptive Medical/Exposure Criteria for the relevant Disease Level. Expedited Review thus provides claimants with a substantially less burdensome process for pursuing Asbestos Personal Injury Claims than does the Individual Review Process. Expedited Review is also intended to provide qualifying claimants a fixed and certain claims payment.

Thus, claims that undergo Expedited Review and meet the presumptive Medical/Exposure Criteria for the relevant Disease Level will be paid the Scheduled Value for such Disease Level. However, except for claims involving Other Asbestos Disease (Disease Level I), all claims liquidated by Expedited Review will be subject to the applicable Payment Percentage, the Maximum Available Payment, and the Claims Payment Ratio limitations set forth above. Claimants holding claims that cannot be liquidated by Expedited Review because they do not meet the presumptive Medical/Exposure Criteria for the relevant Disease Level may elect the Asbestos Personal Injury Trust's Individual Review Process.

14. Claims Processing Under Expedited Review

All claimants seeking liquidation of their claims pursuant to Expedited Review must file the Asbestos Personal Injury Trust's proof of claim form. As a proof of claim form is reached in the FIFO Processing Queue, the Asbestos Personal Injury Trust will determine whether the claim described therein meets the Medical/Exposure Criteria for one of the seven

Disease Levels eligible for Expedited Review, and will advise the claimant of its determination. If a Disease Level is determined, the Asbestos Personal Injury Trust will tender to the claimant an offer of payment of the Scheduled Value for the relevant Disease Level multiplied by the applicable Payment Percentage, together with a form of release approved by the Asbestos Personal Injury Trust.

15. Individual Review Process

The Asbestos Personal Injury Trust's Individual Review Process provides a claimant with an opportunity for individual consideration and evaluation of an OC or FB Asbestos Personal Injury Claim that fails to meet the presumptive Medical/Exposure Criteria for Disease Levels I – V, VII and VIII. In such a case, the Asbestos Personal Injury Trust will either deny the claim, or, if the Asbestos Personal Injury Trust is satisfied that the claimant has presented a claim that would be cognizable and valid in the tort system, the Asbestos Personal Injury Trust can offer the claimant a liquidated value amount up to the Scheduled Value for that Disease Level, unless the claim qualifies as an Extraordinary Claim, in which case its liquidated value cannot exceed the Maximum Value for such a claim.

Claimants holding claims involving Disease Levels II – VIII will also be eligible to seek Individual Review of the liquidated value of their claims, as well as of their medical/exposure evidence. The Individual Review Process is intended to result in payments equal to the full liquidated value for each claim multiplied by the Payment Percentage; however, the liquidated value of any OC or FB Asbestos Personal Injury Claim that undergoes Individual Review may be determined to be less than the Scheduled Value the claimant would have received under Expedited Review. Moreover, the liquidated value for a claim involving Disease Levels II – VIII may not exceed the Maximum Value for the relevant Disease Level, unless the claim meets the requirements of an Extraordinary Claim, in which case its liquidated value cannot exceed the Maximum Value set forth in that provision for such claims. Because the detailed examination and valuation process pursuant to Individual Review requires substantial time and effort, claimants electing to undergo the Individual Review Process may be paid the liquidated value of their OC or FB Asbestos Personal Injury Claims later than would have been the case had the claimant elected the Expedited Review. Subject to the Asbestos Personal Injury Trust's claims audit procedures, the Asbestos Personal Injury Trust shall devote reasonable resources to the review of all claims to ensure that there is a reasonable balance maintained in reviewing all classes of claims.

The liquidated value of all Foreign Claims shall be established pursuant to the Asbestos Personal Injury Trust's Individual Review Process. OC and FB Asbestos Personal Injury Claims of individuals exposed in Canada who were resident in Canada when such claims were filed shall not be considered Foreign Claims and shall be eligible for liquidation under the Expedited Review Process.

16. Valuation Factors to be Considered in Individual Review

The Asbestos Personal Injury Trust will liquidate the value of each OC or FB Asbestos Personal Injury Claim that undergoes Individual Review based on the historic liquidated values of other similarly situated claims in the tort system for the same Disease Level. The Asbestos Personal Injury Trust will thus take into consideration all of the factors that affect

the severity of damages and values within the tort system including, but not limited to credible evidence of (i) the degree to which the characteristics of a claim differ from the presumptive Medical/Exposure Criteria for the Disease Level in question; (ii) factors such as the claimant's age, disability, employment status, disruption of household, family or recreational activities, dependencies, special damages, and pain and suffering; (iii) whether the claimant's damages were (or were not) caused by asbestos exposure, including exposure to an asbestos-containing product or to conduct for which OC or Fibreboard has legal responsibility prior to December 31, 1982, (for example, alternative causes, and the strength of documentation of injuries); (iv) the industry of exposure; (v) settlements and verdict histories in the claimant's jurisdiction for similarly situated claims; and (vi) settlement and verdict histories for the claimant's law firm for similarly situated claims.

17. Scheduled, Average and Maximum Values

The Scheduled, Average and Maximum Values for claims involving Disease Levels I – VIII are the following:

OC SUB-ACCOUNT

Scheduled Disease	Scheduled Value	Average Value	Maximum Value
Mesothelioma (Level VIII)	$215,000	$270,000	$650,000
Lung Cancer 1 (Level VII)	$ 40,000	$ 50,000	$150,000
Lung Cancer 2 (Level VI)	None	$ 20,000	$ 50,000
Other Cancer (Level V)	$ 22,000	$ 25,000	$ 60,000
Severe Asbestosis (Level IV)	$ 42,000	$ 50,000	$150,000
Asbestos/Pleural Disease (Level III)	$ 19,000	$ 20,000	$ 35,000
Asbestos/Pleural Disease (Level II)	$ 8,000	$ 9,000	$ 20,000
Other Asbestos Disease (Cash Discount Payment) (Level I)	$ 400	None	None

FB SUB-ACCOUNT

Scheduled Disease	Scheduled Value	Average Value	Maximum Value
Mesothelioma (Level VIII)	$135,000	$180,000	$450,000
Lung Cancer 1 (Level VII)	$ 27,000	$ 35,000	$ 90,000
Lung Cancer 2 (Level VI)	None	$ 12,000	$ 30,000
Other Cancer (Level V)	$ 12,000	$ 15,000	$ 36,000
Severe Asbestosis (Level IV)	$ 29,000	$ 30,000	$ 90,000
Asbestos/Pleural Disease (Level III)	$ 11,500	$ 12,000	$ 21,000
Asbestos/Pleural Disease (Level II)	$ 4,500	$ 5,400	$ 12,000
Other Asbestos Disease (Cash Discount Payment) (Level I)	$ 240	None	None

These Scheduled Values, Average Values and Maximum Values will apply to all OC and FB Asbestos Personal Injury Trust Voting Claims filed with the Asbestos Personal Injury Trust on or before the Initial Claims Filing Date. Thereafter, the Asbestos Personal Injury Trust, with the consent of the TAC and the Future Claimants' Representative, may change these valuation amounts for good cause and consistent with other restrictions on the amendment power.

18. Extraordinary and/or Exigent Hardship Claims

"Extraordinary Claim" means an OC or FB Asbestos Personal Injury Claim that otherwise satisfies the Medical Criteria for Disease Levels II - VIII, and that is held by a claimant whose exposure to asbestos (i) occurred predominately as a result of working in a manufacturing facility of OCD or Fibreboard during a period in which OCD or Fibreboard was manufacturing asbestos-containing products at that facility, or (ii) was at least 75% the result of exposure to an asbestos-containing product or conduct for which OCD or Fibreboard has legal responsibility, and in either case there is little likelihood of a substantial recovery elsewhere. All such Extraordinary Claims will be presented for Individual Review and, if valid, will be entitled to an award of up to a Maximum Value of five (5) times the Scheduled Value for claims qualifying for Disease Levels II -V, VII and VIII, and five (5) times the Average Value for claims in Disease Level VI, multiplied by the applicable Payment Percentage. An Extraordinary Claim, following its liquidation, will be placed in the FIFO Queue ahead of all other OC and FB Asbestos Personal Injury Claims except Unpaid OC and FB Resolved Asbestos Personal Injury Claims, Disease Level I (Other Asbestos Disease) Claims and Exigent Hardship Claims, which will be first in that order in said FIFO Queue, based on its date of liquidation, subject to the Maximum Available Payment and Claims Payment Ratio described above.

At any time the Asbestos Personal Injury Trust may liquidate and pay certain OC or FB Asbestos Personal Injury Claims that qualify as Exigent Hardship Claims. Such claims may be considered separately by the Asbestos Personal Injury Trust no matter what the order of processing otherwise would have been under the Asbestos Personal Injury Trust Distribution Procedures. An Exigent Hardship Claim, following its liquidation, will be placed first in the FIFO Payment Queue ahead of all other liquidated OC or FB Asbestos Personal Injury Claims except Unpaid OC and FB Resolved Asbestos Personal Injury Claims and Disease Level I (Other Asbestos Disease) Claims, subject to the Maximum Available Payment and Claims Payment Ratio described above.

An OC or FB Asbestos Personal Injury Claim will qualify for payment as an Exigent Hardship Claim if the claim meets the Medical/Exposure Criteria for Severe Asbestosis (Disease Level IV) or an asbestos-related malignancy (Disease Levels V-VIII), and the Asbestos Personal Injury Trust, in its sole discretion, determines (a) that the claimant needs financial assistance on an immediate basis based on the claimant's expenses and all sources of available income, and (b) that there is a causal connection between the claimant's dire financial condition and the claimant's asbestos-related disease.

19. Secondary Exposure Claims

If a claimant alleges an asbestos-related disease resulting solely from exposure to an occupationally exposed person, such as a family member, the claimant may seek Individual Review of his or her claim. In such a case, the claimant will be required to establish that the occupationally exposed person would have met the exposure requirements under the Asbestos Personal Injury Trust Distribution Procedures that would have been applicable had that person filed a direct claim against the Asbestos Personal Injury Trust. In addition, the claimant with secondary exposure must establish that he or she is suffering from one of the eight Disease Levels above, or an asbestos-related disease otherwise compensable under the Asbestos Personal Injury Trust Distribution Procedures, that his or her own exposure to the occupationally exposed person occurred within the same time frame as the occupationally exposed person was exposed to an asbestos-containing product or to conduct for which OC or Fibreboard has legal responsibility, and that such secondary exposure was a cause of the claimed disease. The proof of claim form will contain an additional section for Secondary Exposure Claims. All other liquidation and payment rights and limitations under the Asbestos Personal Injury Trust Distribution Procedures will be applicable to such claims.

20. Evidentiary Requirements

(a) Medical Evidence

The Asbestos Personal Injury Trust Distribution Procedures require that all diagnoses of a Disease Level presented to the Asbestos Personal Injury Trust be accompanied by either (i) a statement by the physician providing the diagnosis that at least 10 years have elapsed between the date of first exposure to asbestos or asbestos-containing products and the diagnosis, or (ii) a history of the claimant's exposure sufficient to establish a 10-year latency period. A finding by a physician after the Petition Date that a claimant's disease is "consistent with" or "compatible with" asbestosis will not alone be treated by the Asbestos Personal Injury Trust as a diagnosis.

Except for claims filed against OC, Fibreboard or another asbestos defendant in the tort system prior to the Petition Date, all diagnoses of a non-malignant asbestos-related disease (Disease Levels I-IV) submitted to the Asbestos Personal Injury Trust must be based in the case of a claimant who was living at the time the claim was filed, upon a physical examination of the claimant by the physician providing the diagnosis of the asbestos-related disease. In addition, all living claimants must provide (i) for Disease Levels I - III, evidence of Bilateral Asbestos-Related Nonmalignant Disease (as defined in Footnote 3 of the Asbestos Personal Injury Trust Distribution Procedures), and (ii) for Disease Level IV, an ILO reading of 2/1 or greater or pathological evidence of asbestosis, and (iii) for Disease Levels III and IV, pulmonary function testing. In the case of a claimant who was deceased at the time the claim was filed, all diagnoses of a non-malignant asbestos-related disease (Disease Levels I-IV) shall be based upon either (i) a physical examination of the claimant by the physician providing the diagnosis of the asbestos-related disease, (ii) pathological evidence of the non-malignant asbestos-related disease, (iii) for Disease Levels I - III, evidence of Bilateral Asbestos-Related

Nonmalignant Disease (as defined in Footnote 3 of the Asbestos Personal Injury Trust Distribution Procedures), and for Disease Level IV, either an ILO reading of 2/1 or greater or pathological evidence of asbestosis, or (iv) for either Disease Level III or IV, pulmonary function testing.

All diagnoses of an asbestos-related malignancy (Disease Levels V – VIII) submitted to the Asbestos Personal Injury Trust must be based upon either (i) a physical examination of the claimant by the physician providing the diagnosis of the asbestos-related disease, or (ii) on a diagnosis of such a malignant Disease Level by a board-certified pathologist.

If the holder of an OC or FB Asbestos Personal Injury Claim that was filed against OCD, Fibreboard or another defendant in the tort system prior to the Petition Date has available a report of a diagnosing physician engaged by the holder or his or her law firm who conducted a physical examination of the holder as described in the Asbestos Personal Injury Trust Distribution Procedures, or if the holder has filed such medical evidence and/or a diagnosis of the asbestos-related disease by a physician not engaged by the holder or his or her law firm who conducted a physical examination of the claimant with another asbestos-related personal injury settlement trust that requires such evidence, without regard to whether the diagnosing physician was engaged by the holder or his or her law firm, the holder shall provide such medical evidence to the Asbestos Personal Injury Trust notwithstanding the exception to the contrary.

21. Credibility of Medical Evidence

The Asbestos Personal Injury Trust must have reasonable confidence that the medical evidence provided in support of the claim is credible and consistent with recognized medical standards before making any payment to a claimant. The Asbestos Personal Injury Trust may require the submission of x-rays, CT scans, detailed results of pulmonary function tests, laboratory tests, tissue samples, results of medical examination or reviews of other medical evidence, and may require that medical evidence submitted comply with recognized medical standards regarding equipment, testing methods and procedure to assure that such evidence is reliable. Medical evidence (i) that is of a kind shown to have been received in evidence by a state or federal judge at trial, (ii) that is consistent with evidence submitted to OC or Fibreboard to settle for payment similar disease cases prior to OC or Fibreboard's bankruptcy, or (iii) that is a diagnosis by a physician shown to have previously qualified as a medical expert with respect to the asbestos-related disease in question before a state or federal judge, is presumed by the Asbestos Personal Injury Trust to be reliable, although the Asbestos Personal Injury Trust may seek to rebut the presumption.

In addition, claimants who otherwise meet the requirements of the Asbestos Personal Injury Trust Distribution Procedures for payment of an OC or FB Asbestos Personal Injury Claim will be paid by the Asbestos Personal Injury Trust irrespective of the results in any litigation at any time between the claimant and any other defendant in the tort system. However, the Asbestos Personal Injury Trust Distribution Procedures contemplate that any relevant evidence submitted in a proceeding in the tort system, other than any findings of fact, a verdict, or a judgment, involving another defendant may be introduced by either the claimant or the Asbestos Personal Injury Trust in any Individual Review proceeding or any Extraordinary Claim proceeding conducted by the Asbestos Personal Injury Trust.

22. Exposure Evidence

To qualify for any Disease Level, the Asbestos Personal Injury Trust Distribution Procedures require that the claimant demonstrate some exposure to an OC or Fibreboard asbestos-containing product or conduct for which OC or Fibreboard has legal responsibility. Claims based on conspiracy theories that involve no such OC or FB Exposure or conduct are not compensable under the Procedures. To meet the presumptive exposure requirements of Expedited Review, the claimant must show (i) for all Disease Levels, OC or FB Exposure as defined below prior to December 31, 1982; (ii) for Asbestos/Pleural Disease Level II, six months OC or FB Exposure prior to December 31, 1982, plus five years cumulative occupational asbestos exposure; and (iii) for Asbestosis/Pleural Disease (Disease Level III), Severe Asbestosis (Disease Level IV), Other Cancer (Disease Level V) or Lung Cancer 1 (Disease Level VII), the claimant must show six months OC or FB Exposure prior to December 31, 1982, plus Significant Occupational Exposure to asbestos. If the claimant cannot meet the relevant presumptive exposure requirements for a Disease Level eligible for Expedited Review, the claimant may seek Individual Review of his or her claim based on exposure to an asbestos-containing product or conduct for which OC or Fibreboard has legal responsibility.

To recover from the Asbestos Personal Injury Trust, the claimant must demonstrate meaningful and credible exposure to asbestos or asbestos-containing products for which OC or Fibreboard has legal responsibility. For these purposes, the Asbestos Personal Injury Trust will consider meaningful and credible evidence to be established by an affidavit or sworn statement of the claimant, by an affidavit or sworn statement of a co-worker or the affidavit or sworn statement of a family member in the case of a deceased claimant (providing the Asbestos Personal Injury Trust finds such evidence reasonably reliable), by invoices, employment, construction or similar records, or by other credible evidence. The Asbestos Personal Injury Trust may also require submission of other or additional evidence of exposure when it deems such to be necessary. The specific exposure information required by the Asbestos Personal Injury Trust to process a claim under either Expedited or Individual Review shall be set forth on the proof of claim form to be used by the Asbestos Personal Injury Trust. The Asbestos Personal Injury Trust may also require submission of other or additional evidence of exposure when it deems such to be necessary.

23. Second Disease (Malignancy) Claims

The Asbestos Personal Injury Trust Distribution Procedures allow the holder of an OC or Fibreboard Asbestos Personal Injury Claim involving a non-malignant asbestos-related disease (Disease Levels I through IV) to assert a new OC or FB Asbestos Personal Injury Claim against the Asbestos Personal Injury Trust for a malignant disease (Disease Levels V – VIII) that is subsequently diagnosed. The Asbestos Personal Injury Trust will not reduce any additional payments to which such claimant may be entitled with respect to such malignant asbestos-related disease by the amount paid for the non-malignant asbestos-related disease, provided that the malignant disease had not been diagnosed at the time the claimant filed his or her original claim involving the non-malignant disease.

24. Punitive Damages

Except as provided in the Asbestos Personal Injury Trust Distribution Procedures for claims asserted under the Alabama Wrongful Death Statute, in determining the value of any OC or FB Asbestos Personal Injury Claim, punitive or exemplary damages, i.e., damages other than compensatory damages, will not be considered or allowed, notwithstanding their availability in the tort system.

25. Interest

Except for an OC or FB Asbestos Personal Injury Claim involving Other Asbestos Diseases (Disease Level I – Cash Discount Payment) and subject to the limitations set forth below, the Asbestos Personal Injury Trust Distribution Procedures provide that interest will be paid on all OC and FB Asbestos Personal Injury Claims with respect to which the claimant has had to wait a year or more for payment, *provided, however*, that no claimant will receive interest for a period in excess of seven (7) years. The interest rate for each year shall be the coupon issue yield equivalent (as determined by the Secretary of the Treasury) of the average accepted auction price for the first auction of 5-year Treasury Notes occurring in such year.

Interest is payable on the Scheduled Value of any unresolved OC or FB Asbestos Personal Injury Claim that meets the requirements of Disease Levels II –V, VII and VIII, whether the claim is liquidated under Expedited Review, Individual Review, or by arbitration. No interest shall be paid on any claim involving Disease Level I or on any claim liquidated in the tort system pursuant to the Asbestos Personal Injury Trust Distribution Procedures. Interest on an unresolved OC or FB Asbestos Personal Injury Claim that meets the requirements of Disease Level VI will be based on the Average Value of such a claim. Interest on all such unresolved claims will be measured from the date of payment back to the earliest of the date that is one year after the date on which (a) the claim was filed against OC or Fibreboard prior to the Petition Date; (b) the claim was filed against another defendant in the tort system on or after the Petition Date but before the Effective Date; or (c) the claim was filed with the Asbestos Personal Injury Trust after the Effective Date.

Interest is also payable on the liquidated value of all Unpaid OC or FB Resolved Asbestos Personal Injury Claims. In the case of such claims liquidated by verdict or judgment, interest will be measured from the date of payment back to the date that is one year after the date that the verdict or judgment was entered. In the case of such claims liquidated by a binding, judicially enforceable settlement, interest will be measured from the date of payment back to the date that is one year after the Petition Date.

26. Suits in the Tort System

If the holder of a disputed claim disagrees with the Asbestos Personal Injury Trust's determination regarding the Disease Level of the claim, the claimant's exposure history or the liquidated value of the claim, and if the holder has first submitted the claim to non-binding arbitration, the Asbestos Personal Injury Trust Distribution Procedures contemplate that the holder may file a lawsuit in the claimant's jurisdiction. All defenses (including, with respect to the Asbestos Personal Injury Trust, all defenses which could have been asserted by OC or Fibreboard) will be available to both sides at trial; however, the Asbestos Personal Injury Trust

may waive any defense and/or concede any issue of fact or law. If the claimant was alive at the time the initial pre-petition complaint was filed or on the date the proof of claim was filed, the case will be treated as a personal injury case with all personal injury damages to be considered even if the claimant has died during the pendency of the claim.

If and when a claimant obtains a judgment in the tort system, the claim will be placed in the FIFO Payment Queue based on the date on which the judgment became final. Thereafter, the claimant will receive from the Asbestos Personal Injury Trust an initial payment (subject to the applicable Payment Percentage, the Maximum Available Payment, and the Claims Payment Ratio provisions set forth above) of an amount equal to one-hundred percent (100%) of the greater of (i) the Asbestos Personal Injury Trust's last offer to the claimant or (ii) the award that the claimant declined in non-binding arbitration. The claimant will receive the balance of the judgment, if any, in five equal installments in years six (6) through ten (10) following the year of the initial payment (also subject to the applicable Payment Percentage, the Maximum Available Payment and the Claims Payment Ratio provisions above in effect on the date of the subject installment).

In the case of non-Extraordinary Claims involving Disease Levels II—VIII, the total amounts paid with respect to such claims may not exceed the Maximum Values for such Disease Levels. In the case of Extraordinary Claims, the total amounts paid with respect to such claims may not exceed the Maximum Value for such claims. In the case of claims involving Disease Level I, the total amounts paid shall not exceed the Scheduled Value of such claims. Under no circumstances will interest be paid on any judgments obtained in the tort system.

27. Objections concerning the Asbestos Personal Injury Trust Distribution Procedures

Certain insurers assert that the Bankruptcy Court cannot make a finding that the Asbestos Personal Injury Trust Distribution Procedures are fair and equitable as to them, and that any payments made thereunder are not binding on any Insurer(s) absent an adjudication of coverage issues as respects any relevant asbestos claims in proceedings in a separate and appropriate forum. The Insurers assert that the foregoing procedures, as presently disclosed, do not properly protect their contractual rights regarding the defense or settlement of any Asbestos Personal Injury Claims for which coverage is sought and that the result may be that any otherwise available coverage is voided as to such claims. The Debtors disagree with this assertion; the outcome of this dispute cannot be regarded as certain. The Plan Proponents believe that the provisions of the Asbestos Personal Injury Trust Distribution Procedures are fair, equitable and provide appropriate procedures for the allowance of Asbestos Personal Injury Claims, including Disease Levels and values that are fair, equitable and appropriate. Any objections to the provisions of the Asbestos Personal Injury Trust Distribution Procedures shall be ruled upon by the Bankruptcy Court or District Court at the confirmation hearing.

IX. [INTENTIONALLY OMITTED]

X. REGISTRATION RIGHTS/RESTRICTIONS ON TRANSFERS OF CORPORATE SECURITIES AND CERTAIN CLAIMS AND COLLAR AGREEMENTS

As contemplated by the Settlement Term Sheet and the Plan, and pursuant to the terms of the Equity Commitment Agreement, on June 30, 2006, the Debtors filed with the Court a draft form of Registration Rights Agreement as Exhibit P to the Plan (the "Investor Registration Rights Agreement") between the Company and J.P. Morgan, as well as the form of joinder agreement attached to that Registration Rights Agreement which is expected to be signed by various Backstop Providers (together with J.P. Morgan, collectively, the "Investors"). It is contemplated that a second registration rights agreement will be executed by and among the Company and the Asbestos Personal Injury Trust in substantially the same form as the Investor Registration Rights Agreement (the "Trust Registration Rights Agreement", together with the Investor Registration Rights Agreement, the "Registration Rights Agreements"). The Form of the Trust Registration Rights Agreement shall be appended to the Plan as Exhibit Q.

In sum, the Registration Rights Agreements provide that upon the Effective Date the Debtors will grant registration rights to the Asbestos Personal Injury Trust and the Investors to permit the registered resale of securities. The Debtors currently believe that no other Person will receive under or in connection with the Plan any securities of OCD that will not be exempt under Section 1145 of the Bankruptcy Code or any applicable federal or state securities law to the fullest extent possible under applicable non-bankruptcy law and under bankruptcy law. As contemplated by the Registration Rights Agreements, and as more fully described in Exhibit H to the Plan (the Principal Terms and Conditions of the New OCD Common Stock), the Asbestos Personal Injury Trust and the Investors shall have registration rights after the Effective Date in respect of the New OCD Common Stock. For a more detailed description of the terms and conditions of the Registration Rights Agreements, please refer to the draft form of agreement appended to the Plan as Exhibit P.

Additionally, on June 30, 2006, pursuant to the Settlement Term Sheet and the Plan, and as contemplated by the Equity Commitment Agreement, the Debtors filed with the Court as Exhibit J to the Plan a draft form of Collar Agreement by and between the Company and J.P. Morgan. It is contemplated that in accordance with the ECA Approval Order, the Company shall enter into Collar Agreements (the "Collars"), similar in form to Exhibit J and covering all of the 28.2 million Reserved New OCD Shares, with J.P. Morgan and certain other financial institutions (collectively, the "Dealers"). Pursuant to the terms of the Collars, at the "Assignment Effective Date" (as defined therein), the Company's rights and obligations, as agreed to under the Collars, shall be assigned to the Asbestos Personal Injury Trust. Consistent with the Settlement Term Sheet, it is contemplated that, under the Collars, the Asbestos Personal Injury Trust shall grant to each of the Dealers options to purchase – or call, severally, a portion of all of the shares held by the Asbestos Personal Injury Trust, for $37.50 per share, which options shall expire twelve (12) months after the date the shares of New OCD Common Stock are issued to the Asbestos Personal Injury Trust (the "Issuance Date"), in accordance with the terms of the Plan. Similarly, as consistent with the Settlement Term Sheet, it is contemplated that, under the Collars, each of the Dealers shall grant, severally, to the Asbestos Personal Injury Trust options to sell – or put – a portion of all of its shares to such dealer, for $25.00 per share,

which options shall expire three (3) months after the Issuance Date, in accordance with the terms of the Plan. Before payment of the Backstop Fee, the Debtors shall have filed on or before July 7, 2006, copies of the Collars and Registration Rights Agreement (as defined in Section 5(n)) approved by the ACC and FCR and signed by the Company and the counterparties thereto. For a more detailed description of the terms and conditions of the Collars, a copy of the form of the Collars is attached as Exhibit J to the Plan.

XI. APPLICABILITY OF FEDERAL AND OTHER SECURITIES LAWS

It is not currently expected that any registration statement will be filed under the Securities Act or any state securities laws with respect to the issuance or distribution of the New OCD Securities under the Plan, except any registration statement that may be filed in connection with the employee incentive and management plans described above and as contemplated by Section X of the Disclosure Statement and Section XI. The Debtors believe that, subject to certain exceptions, including those described below, various provisions of the Securities Act, the Bankruptcy Code and state securities laws exempt from federal and state securities registration requirements (a) the offer and the sale of such securities pursuant to the Plan, and (b) subsequent transfers of such securities. Nonetheless, for reasons described below, the Debtors currently contemplate that they will, at or prior to the Effective Date, file a registration statement under the Securities Act with respect to the subsequent transfer or resale of New OCD Securities issued under the Plan.

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

Holders of Allowed Claims or Interests, as the case may be, in Classes A5, A6-A and A6-B, A-11 and A-12, and current OCD employees and the Asbestos Personal Injury Trust may receive New OCD Securities including, without limitation, the New OCD Common Stock (including, without limitation, the Rights Offering Shares, the Unsubscribed Shares, the Reserved New OCD Shares and any shares issued upon exercise or exchange of the Class A11 Warrants or Class A12-A Warrants), the Class A11 Warrants and the Class A12-A Warrants pursuant to the Plan. Section 1145(a)(1) of the Bankruptcy Code provides that the registration requirements of federal and state securities laws do not apply to the offer or sale of securities under a plan of reorganization if three principal requirements are satisfied: (1) the securities must be issued "under a plan" of reorganization by the debtor or its successor under a plan or by an affiliate participating in a joint plan of reorganization with the debtor; (2) the recipients of the securities must hold a pre-petition or administrative expense claim against the debtor or an interest in the debtor; and (3) the securities must be issued entirely in exchange for the recipient's claim against or interest in the debtor, or "principally" in such exchange and "partly" for cash or property. In reliance upon this exemption, the Debtors believe that the offer and sale of the New OCD Securities including, without limitation, the New OCD Common Stock (including, without limitation, the Rights Offering Shares, the Unsubscribed Shares, the Reserved New OCD Shares and any shares issued upon exercise or exchange of the Class A11 Warrants or Class A12-A Warrants), the Class A11 Warrants and the Class A12-A Warrants under the Plan will be exempt from registration under the Securities Act and state securities laws. Indeed, the Plan provides that the issuance and distribution of any and all of (i) the New OCD Securities, including, without limitation, any and all of the Unsubscribed Shares, the Rights Offering Shares, the

Reserved New OCD Shares, the Class A11 Warrants, the Class A12-A Warrants and any shares of New OCD Common Stock issued upon exercise or exchange of the Class A11 Warrants or the Class A12-A Warrants, (ii) the Rights (if, and to the extent, applicable), (iii) any and all New OCD Common Stock (or appropriate equivalent interests) and options to purchase shares of New OCD Common Stock granted under or in connection with the Employee Arrangements and Management and Director Arrangements, and (iv) any other stock, options, warrants, conversion rights, rights of first refusal or other related rights, contractual, equitable or otherwise, issued, authorized or reserved under or in connection with the Plan, shall be, and shall be deemed to be, exempt from registration under any applicable federal or state securities law to the fullest extent permissible under Section 1145 of the Bankruptcy Code, section 4(2) of the Securities Act, or any applicable non-bankruptcy law and under bankruptcy law. In addition, the Debtors will seek to obtain, as part of the Confirmation Order, a provision confirming such exemption. Accordingly, such securities may be resold without registration under the Securities Act or other federal securities laws pursuant to an exemption provided by Section 4(1) of the Securities Act, unless the holder is an "underwriter" with respect to such securities, as that term is defined under the Bankruptcy Code or an "affiliate" of Reorganized OCD (see discussion below in Section XI.B). However, recipients of securities issued under the Plan are advised to consult with their own legal advisors as to the availability of any such exemption from registration under state law in any given instance and as to any applicable requirements or conditions to such availability.

B. Subsequent Transfers of New OCD Securities

Section 1145(b) of the Bankruptcy Code defines the term "underwriter" for purposes of the Securities Act as one who, except with respect to "ordinary trading transactions" of an entity that is not an "issuer," (1) purchases a claim against, interest in, or claim for an administrative expense in the case concerning, the debtor, if such purchase is with a view to distributing any security received in exchange for such a claim or interest; (2) offers to sell securities offered or sold under a plan for the holders of such securities; (3) offers to buy securities offered or sold under the plan from the holders of such securities, if the offer to buy is: (a) with a view to distribution of such securities; and (b) under an agreement made in connection with the plan, with the consummation of the plan, or with the offer or sale of securities under the plan; or (4) is an "issuer" with respect to the securities, as the term "issuer" is defined in Section 2(11) of the Securities Act.

Section 4(2) of the Securities Act is "the exemption from registration for transactions by an issuer not involving any public offering. The term "issuer" is defined in Section 2(4) of the Securities Act; however, the reference contained in Section 1145(b)(1)(D) of the Bankruptcy Code to Section 2(11) of the Securities Act purports to include as statutory underwriters all persons who, directly or indirectly, through one or more intermediaries, control, are controlled by, or are under common control with, an issuer of securities. "Control" (as such term is defined in Rule 405 of Regulation C under the Securities Act) means the possession, direct or indirect, of the power to direct or cause the direction of the policies of a person, whether through the ownership of voting securities, by contract, or otherwise. Accordingly, an officer or director of a reorganized debtor (or its successor) under a plan of reorganization may be deemed to be a "control person," particularly if such management position is coupled with the ownership of a significant percentage of the debtor's (or successor's) voting securities. Moreover, the legislative history of Section 1145 of the Bankruptcy Code suggests that a creditor who owns at least 10% of the securities of a reorganized debtor may be presumed to be a "control person."

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

Rule 144A provides a non-exclusive safe harbor exemption from the registration requirements of the Securities Act for resales to certain "qualified institutional buyers" of securities that are "restricted securities" within the meaning of the Securities Act, irrespective of whether the seller of such securities purchased his, her or its securities under the provisions of Rule 144A. Under Rule 144A, a "qualified institutional buyer" is defined to include, among other persons (e.g., "dealers" registered as such pursuant to Section 15 of the Securities Exchange Act of 1934, as amended (the "Exchange Act") and "banks" as defined in Section 3(a)(2) of the Securities Act), any entity that purchases securities for its own account or for the account of another qualified institutional buyer and that (in the aggregate) owns and invests on a discretionary basis at least $100 million in the securities of unaffiliated issuers. Subject to certain qualifications, Rule 144A does not exempt the offer or sale of securities that, at the time of their issuance, were securities of the same class of securities then listed on a national securities exchange (registered under Section 6 of the Exchange Act) or quoted in a U.S. automated interdealer quotation system (e.g., NASDAQ). For so long as none of the New OCD Securities to be issued under the Plan are not also listed or quoted as described above, holders of New OCD Securities who are deemed to be "underwriters" within the meaning of Section 1145(b)(1) of the Bankruptcy Code or who may be otherwise deemed to be "affiliates" or "control persons" of Reorganized OCD within the meaning of Rule 405 of Regulation C under the Securities Act, and holders of securities whose securities will be "restricted securities" within the meaning of the Securities Act should, assuming that all other conditions of Rule 144A are met, be entitled to avail themselves of the safe harbor resale provisions thereof.

To the extent that Rule 144A is unavailable, such holders may be entitled to resell their securities pursuant to the limited safe harbor resale provisions of Rule 144. Generally, Rule 144 provides that, if certain conditions are met (e.g., the availability of current public information with respect to the issuer, volume of sale limitations, and notice and manner of sale requirements), specified persons who resell "restricted securities" or who resell securities that are not restricted but such persons are "affiliates" of the issuer, will not be deemed to be "underwriters" as defined in Section 2(11) of the Securities Act.

Pursuant to the Plan, certificates evidencing New OCD Securities received by a holder of 10% or more of the outstanding New OCD Common Stock (which will include the Asbestos Personal Injury Trust) will bear a legend substantially in the form below:

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

Whether or not any particular person would be deemed to be an "underwriter" of New OCD Securities to be issued pursuant to the Plan, or an "affiliate" of Reorganized OCD, would depend upon various facts and circumstances applicable to that person. Accordingly, OCD expresses no view as to whether any such person would be such an "underwriter" or "affiliate."

The Debtors currently contemplate that, in the exercise of their reasonable business judgment, on or prior to the Effective Date they will file a registration statement under the Securities Act with respect to the transfer or resale of New OCD Securities in order to (i) satisfy the Debtors' obligations with respect to the Registration Rights Agreement and (ii) facilitate the resale of such New OCD Securities held by any person deemed to be an "underwriter" of New OCD Securities issued pursuant to the Plan or an "affiliate" or "control person" or Reorganized OCD.

THE FOREGOING SUMMARY DISCUSSION IS GENERAL IN NATURE AND HAS BEEN INCLUDED IN THIS DISCLOSURE STATEMENT SOLELY FOR INFORMATIONAL PURPOSES. THE DEBTORS MAKE NO REPRESENTATIONS CONCERNING, AND DO NOT HEREBY PROVIDE ANY OPINION OR ADVICE WITH RESPECT TO, THE SECURITIES LAW AND BANKRUPTCY LAW MATTERS DESCRIBED ABOVE. IN LIGHT OF THE COMPLEX AND SUBJECTIVE INTERPRETIVE NATURE OF WHETHER A PARTICULAR RECIPIENT OF NEW DEBT SECURITIES OR NEW OCD COMMON STOCK MAY BE DEEMED TO BE AN "UNDERWRITER" WITHIN THE MEANING OF SECTION 1145(b)(1) OF THE BANKRUPTCY CODE AND/OR AN "AFFILIATE" OR "CONTROL PERSON" UNDER APPLICABLE FEDERAL AND STATE SECURITIES LAWS AND, CONSEQUENTLY, THE UNCERTAINTY CONCERNING THE AVAILABILITY OF EXEMPTIONS FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND EQUIVALENT STATE SECURITIES AND "BLUE SKY" LAWS, OCD ENCOURAGES EACH CLAIMANT TO CONSIDER CAREFULLY AND CONSULT WITH HIS, HER, OR ITS OWN LEGAL ADVISORS WITH RESPECT TO SUCH (AND ANY RELATED) MATTERS.

XII. CERTAIN UNITED STATES FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN

The following discussion is a summary of certain United States federal income tax aspects of the Plan, for general information purposes only, and should not be relied upon for purposes of determining the specific tax consequences of the Plan with respect to a particular holder of a Claim or Interest. This discussion does not purport to be a complete analysis or listing of all potential tax considerations.

This discussion is based on existing provisions of the IRC, existing and proposed Treasury Regulations promulgated thereunder, and current administrative rulings and court decisions. Legislative, judicial, or administrative changes or interpretations enacted or promulgated after the date hereof could alter or modify the analyses set forth below with respect to the United States federal income tax consequences of the Plan. Any such changes or interpretations may be retroactive and could significantly affect the United States federal income tax consequences of the Plan.

The Debtors currently intend to request a private letter ruling from the IRS with respect to certain tax aspects of the Plan, including those discussed in Sections XII.A.1, A.2, A.3, A.4 and B.2, and the Debtors have received a private letter ruling from the IRS with respect to certain issues discussed in Section XII.B.2 below. Receipt of a private letter ruling from the IRS is not a condition to consummation of the Plan, and no assurance can be give that the IRS will issue a private letter ruling or that, if one is received, it will be received before the Plan Confirmation Date. No opinion of counsel has been sought or obtained with respect to the issues intended to be addressed in the private letter ruling request. No representations or assurances are being made to the holders of Claims or Interests with respect to the United States federal income tax consequences described herein.

Any discussion of U.S. federal tax issues set forth in this Disclosure Statement is written solely in connection with the confirmation of the Plan to which the transactions described in this Disclosure Statement are ancillary. Such discussion is not intended or written to be legal or tax advice to any person and is not intended or written to be used, and cannot be used, by any person for the purpose of avoiding any U.S. federal tax penalties that may be imposed on such person. Each holder of a Claim or Interest should seek advice based on its particular circumstances from an independent tax advisor.

A. Federal Income Tax Consequences to the Debtors

1. Cancellation of Indebtedness Income

Under the IRC, a taxpayer generally must recognize income from the cancellation of debt ("COD Income") to the extent that its indebtedness is discharged during the taxable year. Section 108(a)(1)(A) of the IRC provides an exception to this rule, however, where a taxpayer is in bankruptcy and where the discharge is granted, or is effected pursuant to a plan approved, by the bankruptcy court. In this case, instead of recognizing income, the taxpayer is required, under Section 108(b) of the IRC, to reduce certain of its tax attributes by the amount of COD Income. The attributes of the taxpayer are to be reduced in the following order: net operating losses ("NOLs"), general business and minimum tax credit carryforwards, capital loss carryforwards, the basis of the taxpayer's assets, and finally, foreign tax credit tax carryforwards (collectively, "Tax Attributes"). Section 108(b)(5) of the IRC permits a taxpayer to elect to first apply the reduction to the basis of the taxpayer's depreciable assets, with any remaining balance applied to the taxpayer's other Tax Attributes in the order stated above. In addition to the foregoing, Section 108(e)(2) of the IRC provides a further exception to the realization of COD Income upon the discharge of debt, providing that a taxpayer will not recognize COD Income to

the extent that the taxpayer's satisfaction of the debt would have given rise to a deduction for United States federal income tax purposes. The effect of Section 108(e)(2) of the IRC, where applicable, is to allow a taxpayer to discharge indebtedness without recognizing income and to avoid any reduction of its Tax Attributes.

As a result of having their debt reduced in connection with their bankruptcy, the Debtors generally will not recognize COD Income from the discharge of indebtedness pursuant to the Plan; however, certain Tax Attributes of the Debtors will be reduced or eliminated. The Debtors do not currently anticipate that they will make the election under the IRC to apply any required attribute reduction first to the basis of the Debtors' depreciable property, with any excess next applied to reduce their NOLs, and then to reduce the Debtors' other Tax Attributes. To the extent that the discharge is of amounts that the Debtors would have been entitled to deduct if the Debtors had paid such amounts, no COD Income will be recognized and no reduction of Tax Attributes will occur pursuant to Section 108(e)(2) of the IRC. The Debtors presently intend to request a private letter ruling from the IRS that, among other rulings, would confirm that the discharge of indebtedness arising from settlement of OC Asbestos Personal Injury Claims (other than OC Indirect Asbestos PI Trust Claims) will satisfy the requirements of Section 108(e)(2) of the IRC and, therefore, will not result in any reduction of the Debtors' Tax Attributes. It is also expected that the settlement of certain claims in Classes A7 and B8, all of which should give rise to deductions for United States federal income tax purposes, will satisfy the requirements of Section 108(e)(2) of the IRC and, therefore, will not result in any realization of COD Income or reduction of the Debtors' Tax Attributes.

To the extent that the Debtors are required to reduce their Tax Attributes, the mechanics of such attribute reduction will be governed by Treasury Regulation §1.1502-28, which contains rules that apply where the debtor corporation is a member of a group filing a consolidated return. These rules generally provide that the Tax Attributes attributable to the debtor corporation are the first to be reduced. For this purpose, Tax Attributes attributable to the debtor member include consolidated Tax Attributes (such as consolidated NOLs) that are attributable to the debtor member pursuant to the consolidated return regulations, and also include the basis of property of the debtor (including subsidiary stock), all of which are reduced in the order described above. To the extent that the COD Income of the debtor member exceeds the Tax Attributes attributable to it, the consolidated Tax Attributes attributable to other members of the consolidated group must be reduced. In the case of a consolidated group with multiple debtor members, each debtor member's Tax Attributes must be reduced before such member's COD Income can be reduced by Tax Attributes attributable to other members of the consolidated group. In addition, to the extent that the debtor corporation is required to reduce its basis in the stock of another group member, the lower-tier member also must reduce its Tax Attributes, including the consolidated Tax Attributes attributable to that lower-tier member. Any required attribute reduction will take place after the Debtors have determined their taxable income, and any federal income tax liability, for the taxable year in which the Effective Date occurs.

2. Net Operating Losses and Other Attributes

Following the Effective Date, the Debtors expect to have NOLs. The Debtors currently have NOLs, and the Debtors will generate NOLs on the Effective Date to the

extent that the Debtors have generated deductions for United States federal income tax purposes that are not offset by income and/or gain and are not eliminated by the attribute reduction rules of Section 108(b) of the IRC discussed above. In addition, the Debtors may generate NOLs in future taxable years to the extent payments required under the Plan generate deductions that exceed their income and gain in those years. In this regard, the Debtors currently intend to request a private letter ruling from the IRS that, among other rulings, would confirm that (i) the Debtors will be entitled to a current year deduction for all transfers of Cash and property other than the Contingent Note and the contingent obligation of the Debtors to deliver the Reserved New OCD Shares to the Asbestos Personal Injury Trust, (ii) the Debtors will be entitled to a deduction for any payment of principal on the Contingent Note in the taxable year in which such payment is made to the Asbestos Personal Injury Trust and (iii) the Debtors will be entitled to a deduction for delivery of any Reserved New OCD Shares to the Asbestos Personal Injury Trust in the taxable year such reserved New OCD Shares are issued and delivered to the Asbestos Personal Injury Trust. If, as is currently expected, the IRS confirms that the Debtors are entitled to such deductions, the amount of the aggregate deductions to which the Debtors may be entitled on (or after) the Effective Date will likely equal the sum of the Cash and the fair market value of the other property (excluding the Contingent Note and the obligation to deliver the Reserved New OCD Shares) transferred to the Asbestos Personal Injury Trust, and, assuming the conditions to payment and delivery are satisfied in 2007, the amount of the aggregate deductions to which the Debtors will be entitled in 2007 with respect to the Contingent Note and obligation to deliver the Reserved New OCD Shares will equal the sum of the principal amount of the Contingent Note and the fair market value of the Reserved New OCD Shares at the time they are issued and delivered to the Asbestos Personal Injury Trust. It should be noted, however, that no deduction for transfers to the Asbestos Personal Injury Trust will be allowed to the extent that the transferred amounts represent amounts received from the settlement of insurance claims, which amounts were not included in the Debtors' gross income. Accordingly, the Debtors will not be entitled to a deduction for transfers to the Asbestos Personal Injury Trust to satisfy Asbestos Personal Injury Claims to the extent such transfers are of insurance proceeds, including any transfer of Existing Fibreboard Insurance Settlement Trust Assets.

After taking into account the foregoing rules and applying the deductions against the income and gain of the Debtors recognized during the taxable year in which the Effective Date occurs, the Debtors anticipate that their NOLs will increase and that they will likely generate additional NOLs in 2007 if payment is required under the Contingent Note and the Debtors are obligated to deliver the Reserved New OCD Shares in 2007. As explained above, however, the Debtors' NOLs and other Tax Attributes in existence in the taxable year in which the Effective Date occurs may be reduced or eliminated as of the beginning of the taxable year following the year in which the Effective Date occurs as a result of the COD Income expected to be realized on implementation of the Plan. Accordingly, there can be no assurance that Reorganized OCD will have NOLs following the year in which the Plan is implemented.

As a general rule, an NOL incurred by a taxpayer during a taxable year can be carried back and deducted from its taxable income generated within the two preceding taxable years and the remainder can be carried forward and deducted from the taxpayer's taxable income over the 20 succeeding taxable years. NOLs attributable to certain tort liability losses, however, may be carried back for ten years. It is expected that the transfer of Cash and other property and, if applicable, payments of principal on the Contingent Note and the delivery of the

Reserved New OCD Shares to the Asbestos Personal Injury Trust with respect to OC Asbestos Personal Injury Claims and FB Asbestos Personal Injury Claims will generate deductions that relate to a qualifying tort liability and, therefore, any resulting NOLs will be eligible to be carried back for ten years. However, the Debtors have not realized significant amounts of taxable income during the previous ten year period, and, accordingly, it is not currently expected that Reorganized OCD will be entitled to material amounts of tax refunds in respect of that period.

3. Annual Section 382 Limitation on Use of NOLs

With respect to any NOLs of the Debtors remaining after confirmation of the Plan and any required attribute reduction, Section 382 of the IRC contains certain rules limiting the amount of NOLs a corporate taxpayer can utilize in the years following an "ownership change" (the "Annual Section 382 Limitation"). An "ownership change" generally is defined as a more than 50 percentage point change in ownership of the value of the stock of a "loss corporation" (a corporation with NOLs) that takes place during the three year period ending on the date on which such change in ownership is tested. The Debtors will undergo an ownership change on the Effective Date.

As a general rule, a loss corporation's Annual Section 382 Limitation equals the product of the value of the stock of the corporation (with certain adjustments) immediately before the ownership change and the applicable "long-term tax-exempt rate," a rate published monthly by the Treasury Department (4.45% for ownership changes that occur during June, 2006). Any unused portion of the Annual Section 382 Limitation generally is available for use in subsequent years. If a loss corporation does not continue its historic business or use a significant portion of its assets in a new business for two years after the ownership change, the corporation's Annual Section 382 Limitation is zero. The Annual Section 382 Limitation is increased if the loss corporation has net unrealized built-in gains, i.e., gains economically accrued but unrecognized at the time of the ownership change, in excess of a threshold amount. Such a corporation can use NOLs in excess of its Annual Section 382 Limitation to the extent that it realizes those net unrealized built-in gains for United States federal income tax purposes in the five years following the ownership change. A correlative rule applies to a corporation that has net unrealized built in losses, i.e., losses economically accrued but unrecognized as of the date of the ownership change in excess of a threshold amount. Such a corporation's ability to deduct its built-in losses (in addition to its NOLs) following an ownership change is limited. In this regard, the Debtors currently intend to request a private letter ruling from the IRS that, among other rulings, would confirm that the deduction attributable to the transfer of Cash and property (including any deduction attributable to payments of principal on the Contingent Note and the delivery of the Reserved New OCD Shares) to the Asbestos Personal Injury Trust will not be taken into account for purposes of determining whether the Debtors have a net unrealized built-in gain or net unrealized built-in loss as of the Effective Date.

Section 382(l)(5) of the IRC provides an exception to the application of the Annual Section 382 Limitation when a corporation is under the jurisdiction of a court in a Title 11 case (the "382(l)(5) Bankruptcy Exception"). The 382(l)(5) Bankruptcy Exception provides that where an ownership change occurs pursuant to a bankruptcy reorganization or similar proceeding, the Annual Section 382 Limitation will not apply if the pre-change shareholders and/or "qualified creditors" (as defined by applicable Treasury Regulations) own at

least 50 percent of the stock of the reorganized corporation immediately after the ownership change. However, under the 382(l)(5) Bankruptcy Exception, a corporation's pre-change losses and excess credits that may be carried over to a post-change year must be reduced to the extent attributable to any interest paid or accrued on certain debt converted to stock in the reorganization. In addition, if the 382(l)(5) Bankruptcy Exception applies, a second ownership change of the corporation within a two-year period will cause the corporation to forfeit all of its unused NOLs that were incurred prior to the date of the second ownership change.

If a corporation qualifies for the 382(l)(5) Bankruptcy Exception, the use of its NOLs will be governed by that exception unless the corporation affirmatively elects for the provisions not to apply. If a corporation that is eligible for the 382(l)(5) Bankruptcy Exception elects out of that provision, a special rule under Section 382(l)(6) of the IRC will apply in calculating the Annual Section 382 Limitation. Under this special rule, the Annual Section 382 Limitation will be calculated by reference to the lesser of the value of the corporation's stock (with certain adjustments) immediately after the ownership change (as opposed to immediately before the ownership change, as discussed above) or the value of the Debtor's assets (determined without regard to liabilities) immediately before the ownership change.

It is currently expected that Reorganized OCD will qualify for the 382(l)(5) Bankruptcy Exception. The Debtors are currently analyzing whether to affirmatively elect out of the 382(l)(5) Bankruptcy Exception and instead rely on the special rule described above under Section 382(l)(6) of the IRC. One reason the Debtors may choose to elect out of the 382(l)(5) Bankruptcy Exception is the rule described above that a second ownership change within two years of the Effective Date will cause Reorganized OCD to forfeit any NOLs incurred prior to the date of the second ownership change. Under the terms of the Plan, there can be no assurance that Reorganized OCD will not undergo a second ownership change within two years of the Effective Date. If, because of a potential second ownership change, the Debtors choose to elect out of the Bankruptcy Exception, Reorganized OCD's use of its NOLs will be subject to the Annual Section 382 Limitation following confirmation of the Plan, calculated under the special rule of Section 382(l)(6) of the IRC described above. However, any NOLs generated after the taxable year in which the Effective Date occurs (including any NOLs generated as a result of deductions arising from payments of principal on the Contingent Note and delivery of the Reserved New OCD Shares to the Asbestos Personal Injury Trust) should not be subject to this limitation.

4. Consequences of the Restructuring Transactions

In connection with the Restructuring Transactions to be set forth in Schedule XX to the Plan, the Debtors currently intend to request a private letter ruling from the IRS that, among other rulings, would confirm that (i) the affiliated group of which the OCD is currently the common parent will remain in existence for U.S. federal consolidated tax return purposes, (ii) Reorganized OCD will become the common parent of the affiliated group as a result of the Restructuring Transactions, and (iii) the U.S. federal consolidated tax group of which Reorganized OCD is the common parent will not be required to close its taxable year as a result of the Restructuring Transactions.

5. Accrued Interest

To the extent that the consideration issued to holders of Claims pursuant to the Plan is attributable to accrued but unpaid interest, the Debtors should be entitled to interest deductions in the amount of such accrued interest, but only to the extent the Debtors have not already deducted such amount. The Debtors should not have COD Income from the discharge of any accrued but unpaid interest pursuant to the Plan to the extent that the payment of such interest would have given rise to a deduction pursuant to Section 108(e)(2) of the IRC, as discussed above.

6. Federal Alternative Minimum Tax

A corporation may incur alternative minimum tax liability even where NOL carryovers and other tax attributes are sufficient to eliminate its taxable income as computed under the regular corporate income tax. It is possible that Reorganized OCD will be liable for the alternative minimum tax.

B. Federal Income Tax Consequences to Claim Holders

The United States federal income tax consequences of the transactions contemplated by the Plan to Claim holders that are United States Persons will depend upon a number of factors. For purposes of the following discussion, a "United States Person" is any person or entity (1) who is a citizen or resident of the United States, (2) that is a corporation or partnership created or organized in or under the laws of the United States or any state thereof, (3) that is an estate, the income of which is subject to United States federal income taxation regardless of its source or (4) that is a trust (a) the administration over which a United States person can exercise primary supervision and all of the substantial decisions of which one or more United States persons have the authority to control; or (b) that has elected to continue to be treated as a United States Person for United States federal income tax purposes. In the case of a partnership, the tax treatment of its partners will depend on the status of the partner and the activities of the partnership. United States Persons who are partners in a partnership should consult their tax advisors. A "Non-United States Person" is any person or entity that is not a United States Person. For purposes of the following discussion and unless otherwise noted below, the term "Holder" shall mean a "holder of a Claim that is a United States Person." The general United States federal income tax consequences to Claim holders that are Non-United States Persons are discussed below under Section XII.B.1(j) of this Disclosure Statement.

The United States federal income tax consequences to Holders and the character and amount of income, gain or loss recognized as a consequence of the Plan and the distributions provided for thereby will depend upon, among other things, (1) the manner in which a Holder acquired a Claim; (2) the length of time the Claim has been held; (3) whether the Claim was acquired at a discount; (4) whether the Holder has taken a bad debt deduction with respect to the Claim (or any portion thereof) in the current or prior years; (5) whether the Holder has previously included in income accrued but unpaid interest with respect to the Claim; (6) the method of tax accounting of the Holder; (7) whether the Claim is an installment obligation for United States federal income tax purposes; and (8) whether the Claim constitutes a "security" for United States federal income tax purposes. The definition of the term "security" for United States federal income tax purposes is discussed under the heading "Definition of 'Security'",

below. Certain holders of Claims (such as foreign persons, S corporations, regulated investment companies, insurance companies, financial institutions, small business investment companies, broker-dealers and tax-exempt organizations) may be subject to special rules not addressed in this summary of United States federal income tax consequences. There also may be state, local, and/or foreign income or other tax considerations or United States federal estate and gift tax considerations applicable to holders of Claims, which are not addressed herein. EACH HOLDER OF A CLAIM OR INTEREST AFFECTED BY THE PLAN IS STRONGLY URGED TO CONSULT ITS TAX ADVISOR REGARDING THE SPECIFIC TAX CONSEQUENCES OF THE TRANSACTIONS DESCRIBED HEREIN AND IN THE PLAN.

1. United States Federal Income Tax Consequences

(a) General

A Holder who receives Cash or other consideration (including, without limitation, stock) in satisfaction of its Claims may recognize ordinary income or loss to the extent that any portion of such consideration is characterized as accrued interest. A Holder who did not previously include in income accrued but unpaid interest attributable to its Claim, and who receives a distribution on account of its Claim pursuant to the Plan, will be treated as having received interest income to the extent that any consideration received is characterized for United States federal income tax purposes as interest, regardless of whether such Holder realizes an overall gain or loss as a result of surrendering its Claim. A Holder who previously included in its income accrued but unpaid interest attributable to its Claim should recognize an ordinary loss to the extent that such accrued but unpaid interest is not satisfied, regardless of whether such Holder realizes an overall gain or loss as a result of the distribution it may receive under the Plan on account of its Claim. Although the manner in which consideration is to be allocated between accrued interest and principal for these purposes is unclear under present law, the Debtors reserve the right, to the extent, consistent with the Plan, to allocate for United States federal income tax purposes the consideration paid pursuant to the Plan with respect to a Claim, first to the principal amount of such Claim as determined for United States federal income tax purposes and then to accrued interest, if any, with respect to such Claim. Accordingly, in cases where a Holder receives less than the principal amount of its Claim, the Debtors intend to allocate the full amount of consideration transferred to such Holder to the principal amount of such obligation and to take the position that no amount of the consideration to be received by such Holder is attributable to accrued interest. There is no assurance that such allocation will be respected by the IRS for United States federal income tax purposes.

If not otherwise so required, a Holder who receives New OCD Common Stock in exchange for its Claim will be required to treat gain recognized on a subsequent sale or other taxable disposition of the New OCD Common Stock as ordinary income to the extent of (i) any bad debt deductions taken with respect to the Claim and any ordinary loss deductions incurred upon satisfaction of the Claim, less any income (other than interest income) recognized by the Holder upon satisfaction of its Claim, and (ii) any amounts which would have been included in a Holder's gross income if the Holder's Claim had been satisfied in full, but which was not included in income because of the application of the cash method of accounting.

(b) Holders of Class A4, B4, B6, C4, C6, D4, D6, E4, E6, F4, F6, G4, G6, H4, H6, I4, I6, J6, K6, L6, M6, N6, O6, P6, Q6, R6, S6, T6 and U6 Claims (Bank Holders Claims and General Unsecured Claims)

The Holders of the Class A4, B4, B6, C4, C6, D4, D6, E4, E6, F4, F6, G4, G6, H4, H6, I4, I6, J6, K6, L6, M6, N6, O6, P6, Q6, R6, S6, T6 and U6 Claims (the "Debt Claims," and Holders of such Claims, "Debt Claim Holders") will generally realize gain or loss for United States federal income tax purposes as a result of the consummation of the Plan equal to the difference between their adjusted tax bases in their Claims immediately prior to the Effective Date and the amount of Cash they receive pursuant to the Plan. A Debt Claim Holder will generally be required to recognize for United States federal income tax purposes the full amount of gain or loss it realized as a result of the consummation of the Plan. In general, if the Debt Claim Holder held its Debt Claim as a capital asset, any gain or loss will be treated as a gain or loss from the sale or exchange of such capital asset. Capital gain or loss will be long-term if the Debt Claim was held by the Debt Claim Holder for more than one year and otherwise will be short-term. Any capital losses realized generally may be used by a corporate Debt Claim Holder only to offset capital gains, and by an individual Debt Claim Holder only to the extent of capital gains plus $3,000 of other income.

(c) Holders of Class A5, A6-A and A6-B Claims (OCD Bondholders Claims, OCD General Unsecured Claims and OCD General Unsecured/Senior Indebtedness Claims)

The Holders of the Class A5, A6-A and A6-B Claims (the "OCD Debt Claims," and Holders of such Claims, "OCD Debt Claim Holders") will generally realize gain or loss for United States federal income tax purposes as a result of the consummation of the Plan equal to the difference between their adjusted tax bases in their Claims immediately prior to the Effective Date and the sum of (i) the amount of Cash, (ii) the fair market value of the Rights, and (iii) the fair market value of the New OCD Common Stock they receive pursuant to the Plan.

The tax consequences to an OCD Debt Claim Holder depend on whether its OCD Debt Claim is a "security" for United States federal income tax purposes. See "Definition of 'Security'" below. If an OCD Debt Claim does not constitute a "security" for United States federal income tax purposes, then the exchange of the OCD Debt Claim will be a taxable transaction, and the Holder of such Claim will be required to recognize gain or loss equal to the full amount of its gain or loss realized on the exchange. An OCD Debt Claim Holder's initial tax basis in the property it receives in exchange for its OCD Debt Claim should equal the fair market value of such property when received. An OCD Debt Claim Holder's holding period in property it receives in the exchange should commence on the day following receipt.

If an OCD Debt Claim constitutes a "security" for United States federal income tax purposes, then the exchange of the OCD Debt Claim will be treated as a tax-free transaction for United States federal income tax purposes. In such case, an OCD Debt Claim Holder that realizes a loss on the exchange will not be permitted to recognize such loss, and an OCD Debt Claim Holder that realizes gain on the exchange will be required to recognize the lesser of (i) the amount of gain realized and (ii) the amount of Cash it receives. An OCD

Debt Claim Holder's initial tax basis in the property it receives in exchange for its OCD Debt Claim should equal the sum of (i) its adjusted tax bases in such OCD Debt Claim and (ii) the amount of gain it recognizes on the exchange, reduced by the amount of Cash it receives in the exchange. Such basis will be allocated among the Rights and New OCD Common Stock it receives based on their relative fair market values. An OCD Debt Claim Holder's holding period in the Rights and New OCD Common Stock it receives will include the holding period in the OCD Debt Claim surrendered.

See "Federal Income Tax Consequences of Holding Rights and Warrants," below for a discussion of the tax consequences of exercising, and expiration of, the Rights.

There is no authority that directly addresses the treatment of the receipt of the right to receive a portion of the Excess Available Cash and Excess New OCD Common Stock a (the "Excess Recoveries"). Debt Claim Holders that receive such rights may be permitted to claim that the fair market value of those rights is speculative as of the Effective Date and that the receipt of such rights should be subject to "open transaction" treatment and taken into account only when such amounts are actually determined. In such case, however, a Debt Claim Holder that realizes a loss may not be permitted to recognize such loss until the amount of the Excess Recoveries to be distributed to such Holder is finally determined.

The Debtors currently intend to treat the Disputed Distribution Reserve as a grantor trust for United States federal income tax purposes. Accordingly, it is intended that each Holder of a Disputed Claim will be treated as if such Holder had received a distribution of Cash and other property (including, without limitation, stock) in exchange for its Claim and then contributed such cash and property to the Disputed Distribution Reserve. If such treatment is respected, a Holder of a Disputed Claim will be subject to United States federal income tax on its proportionate share of any income earned with regard to the assets in the Disputed Distribution Reserve. There can, however, be no assurance that the IRS will agree with such treatment.

(d) Holders of OC Asbestos Personal Injury and FB Asbestos Personal Injury Claims

To the extent that payments from the Asbestos Personal Injury Trust to Holders of OC Asbestos Personal Injury Claims and FB Asbestos Personal Injury Claims represent damages on account of personal physical injuries of such Holders, such Holders should not recognize gross income under Section 104 of the IRC, except to the extent that such payments are attributable to medical expense deductions allowed under Section 213 of the IRC for a prior taxable year.

(e) Holders of Class A12-A Interests (Exisitng OCD Common Stock)

If Holders of Class A12-A Interests receive warrants to obtain New OCD Common Stock ("Warrants") pursuant to the Plan, then such Holders will generally recognize gain or loss on the receipt of the Warrants equal to the difference between (i) the Holder's tax basis in its Class A12-A Interest and (ii) the fair market value of the Warrants it receives in the exchange. A Holder's initial tax basis in the Warrants it receives in the exchange will equal the

fair market value of such Warrants on the Effective Date. A Holder's holding period in its Warrants would commence on the day after the Effective Date. See "Federal Income Tax Consequences of Holding Rights and Warrants," below for a discussion of the tax consequences of exercising, selling, and expiration of, the Warrants.

If, alternatively, Holders of Class A12-A Interests receive nothing in exchange for their Class A12 Interests pursuant to the Plan, then each Holder of a Class A12-A Interest generally should recognize a loss equal to the holder's tax basis in its Class A12-A Interest unless the Holder previously claimed a loss with respect to such Class A12-A Interest under its regular method of accounting.

In either case, if the Holder held its Class A12-A Interest as a capital asset, then gain or loss on the Class A12-A Interest will be treated as gain or loss from the sale or exchange of such capital asset. Capital gain or loss will be long-term if the Class A12-A Interest was held by the Holder for more than one year and otherwise will be short-term. Any capital losses realized generally may be used by a corporate holder only to offset capital gains, and by an individual holder only to the extent of capital gains plus $3,000 of other income.

(f) Holders of Class A12-B Interests (OCD Interests Other Than Existing OCD Common Stock)

Pursuant to the Plan, all Class A12-B Interests shall be deemed cancelled and extinguished, and Holders of Class A12-B Interests will receive nothing in exchange for such Interests. As a result, each Holder of a Class A12-B Interest generally should recognize a loss equal to the Holder's tax basis in its Class A12-B Interest extinguished under the Plan unless the Holder previously claimed a loss with respect to such stock under its regular method of accounting. In general, if the Holder held its Class A12-B Interest as a capital asset, the loss will be treated as a loss from the sale or exchange of such capital asset. Capital loss will be long-term if the Class A12-B Interest was held by the holder for more than one year and otherwise will be short-term. Any capital losses realized generally may be used by a corporate holder only to offset capital gains, and by an individual holder only to the extent of capital gains plus $3,000 of other income.

(g) Holders of Integrex Interests

Pursuant to the Plan, all Integrex Interests shall be deemed cancelled and extinguished, and holders of the Integrex Interests will receive nothing in exchange for such Interests. As a result, each holder of an Integrex Interest generally should recognize a loss equal to the holder's tax basis in its Integrex Interest extinguished under the Plan unless the holder previously claimed a loss with respect to such stock under its regular method of accounting. In general, if the holder held its Integrex Interest as a capital asset, then the loss will be treated as a loss from the sale or exchange of such capital asset. Capital loss will be long-term if the Integrex Interest was held by the holder for more than one year and otherwise will be short-term. Any capital losses realized generally may be used by a corporate holder only to offset capital gains, and by an individual holder only to the extent of capital gains plus $3,000 of other income

(h) Market Discount

The market discount provisions of the IRC may apply to Holders of certain Claims. In general, a debt obligation that is acquired by a holder in the secondary market is a "market discount bond" as to that holder if its stated redemption price at maturity (or, in the case of a debt obligation having original issue discount, its adjusted issue price) exceeds, by more than a statutory de minimis amount, the tax basis of the debt obligation in the holder's hands immediately after its acquisition. If a Holder has accrued market discount with respect to its Claims and such Holder realizes gain upon the exchange of its Claims for property pursuant to the Plan, such Holder may be required to include as ordinary income the amount of such accrued market discount to the extent of such realized gain. A Holder who realizes loss on such exchange generally will not be required to include the amount of any such accrued market discount in income. A Holder who receives Senior Notes in an exchange pursuant to the Plan that constitutes a "recapitalization" for United States federal income tax purposes may not be required immediately to include in income the accrued market discount to the extent such accrued market discount is allocable to the Senior Notes. In this event, such portion of the accrued market discount should carry over to the Senior Notes. Holders who have accrued market discount with respect to their claims should consult their tax advisors as to the application of the market discount rules to them in view of their particular circumstances.

(i) Definition of "Security"

Whether an instrument constitutes a "security" for United States federal income tax purposes is determined based on all of the facts and circumstances. Certain authorities have held that one factor to be considered is the length of the initial term of the debt instrument. These authorities have indicated that an initial term of less than five years is evidence that the instrument is not a security, whereas an initial term of ten years or more is evidence that it is a security. Treatment of an instrument with an initial term between five and ten years is generally unsettled. Numerous factors other than the term of an instrument could be taken into account in determining whether a debt instrument is a security, including, but not limited to, whether repayment is secured, the level of creditworthiness of the obligor, whether or not the instrument is subordinated, whether the holders have the right to vote or otherwise participate in the management of the obligor, whether the instrument is convertible into an equity interest, whether payments of interest are fixed, variable or contingent and whether such payments are made on a current basis or are accrued.

(j) Non-United States Persons

A holder of a Claim that is a Non-United States Person generally will not be subject to United States federal income tax with respect to property (including money) received in exchange for such Claim pursuant to the Plan, unless (i) such holder is engaged in a trade or business in the United States to which income, gain or loss from the exchange is "effectively connected" for United States federal income tax purposes, or (ii) if such holder is an individual, such holder is present in the United States for 183 days or more during the taxable year of the exchange and certain other requirements are met.

(k) Information Reporting and Backup Withholding

Certain payments, including the payments with respect to Claims pursuant to the Plan, may be subject to information reporting by the payor (the relevant Debtor) to the IRS. Moreover, such reportable payments may be subject to backup withholding (currently at a rate of 28%) under certain circumstances. Backup withholding is not an additional tax. Amounts withheld under the backup withholding rules may be credited against a Holder's United States federal income tax liability, and a Holder may obtain a refund of any excess amounts withheld under the backup withholding rules by filing an appropriate claim for refund with the IRS (generally, a United States federal income tax return).

2. Taxation of the Asbestos Personal Injury Trust

The Debtors currently intend to request a private letter ruling from the IRS that, among other rulings, would confirm that, as expected, the Asbestos Personal Injury Trust will constitute a "qualified settlement fund" within the meaning of Section 468B of the IRC and the Treasury Regulations promulgated thereunder. In addition, Fibreboard received a private letter ruling from the IRS that the Fibreboard Insurance Settlement Trust constitutes a "qualified settlement fund" within the meaning of such provisions. The receipt of property, including Cash and New OCD Common Stock by the Asbestos Personal Injury Trust from the Debtors will not constitute taxable income to the Asbestos Personal Injury Trust, the adjusted tax basis of the assets transferred by the Debtors to the Asbestos Personal Injury Trust should be the fair market value of those assets at the time of receipt, and the Asbestos Personal Injury Trust will likely be taxed on modified gross income as defined within the Treasury Regulations (generally at the highest rate applicable to estates and trusts). The transfer of Existing Fibreboard Insurance Settlement Trust Assets to the Asbestos Personal Injury Trust should not result in net taxable income to the Debtors or the Asbestos Personal Injury Trust.

C. Federal Income Tax Consequences of Holding Rights and Warrants

1. Exercise or Exchange of Rights or Warrants

A Holder of Rights or Warrants will generally not recognize gain or loss for United States federal income tax purposes on the exercise or exchange of its Rights or Warrants received pursuant to the Plan. The Holder's tax basis in the New OCD Common Stock acquired through exercise or exchange of the Rights or Warrants will equal the sum of the exercise price and the Holder's tax basis in the Rights or Warrants, determined as described above. The Holder's holding period in the New OCD Common Stock acquired through exercise will generally begin on the exercise date.

2. Sale of Warrants

A Holder of Warrants will generally recognize gain or loss for United States federal income tax purposes on the sale of its Warrants received pursuant to the Plan in an amount equal to the difference between the amount realized on the sale and the Holder's tax basis in the Warrants, determined as described above. Gain or loss will be capital if the Warrants are capital assets in the Holder's hands. If the Holder's holding period in the Warrants, determined as described above, is more than one year, then the gain or loss will be long-term capital gain or loss.

3. Expiration of Rights or Warrants

A Holder that allows its Rights or Warrants to expire will generally recognize loss for United States federal income tax purposes to the extent of the Holder's tax basis in the Rights or Warrants, determined as described above.

D. Importance of Obtaining Professional Tax Assistance

THE FOREGOING DISCUSSION IS INTENDED ONLY AS A SUMMARY OF CERTAIN INCOME TAX CONSEQUENCES OF THE PLAN AND IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING WITH A TAX PROFESSIONAL. THE ABOVE DISCUSSION IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT TAX ADVICE. THE TAX CONSEQUENCES ARE IN MANY CASES UNCERTAIN AND MAY VARY DEPENDING ON A CLAIM HOLDER'S PARTICULAR CIRCUMSTANCES. ACCORDINGLY, CLAIM HOLDERS ARE URGED TO CONSULT THEIR TAX ADVISORS ABOUT THE UNITED STATES FEDERAL, STATE AND LOCAL, AND APPLICABLE FOREIGN INCOME AND OTHER TAX CONSEQUENCES OF THE PLAN.

E. Reservation of Rights

This tax section is subject to change (possibly substantially) based on subsequent changes to other provisions of the Plan. The Debtors and their advisors reserve the right to further modify, revise or supplement this Scrion XII of the Disclosure Statement up to five (5) Business Days prior to the Disclosure Statement Hearing and the tax related sections of the Plan up to ten (10) days prior to the Objection Deadline.

XIII. FEASIBILITY OF THE PLAN AND BEST INTERESTS OF CREDITORS

A. Feasibility of the Plan

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

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

The Financial Projections indicate that the Reorganized Debtors should have sufficient cash flow to pay and service their debt obligations, including the Exit Facility, and to fund their operations as contemplated by the Business Plan. Accordingly, the Debtors believe that the Plan complies with the financial feasibility standard of Section 1129(a)(11) of the Bankruptcy Code.

The Financial Projections were not prepared with a view toward compliance with the published guidelines of the American Institute of Certified Public Accountants or any other regulatory or professional agency or body or generally accepted accounting principles. Furthermore, the Debtors' independent certified public accountants have not compiled or examined the Financial Projections and accordingly do not express any opinion or any other form of assurance with respect thereto and assume no responsibility for the Financial Projections.

The Financial Projections assume that (1) the Plan will be confirmed and consummated in accordance with its terms, (2) there will be no material change in legislation or regulations, or the administration thereof, including environmental legislation or regulations, that will have an unexpected effect on the operations of the Reorganized Debtors, (3) there will be no change in United States generally accepted accounting principles that will have a material effect on the reported financial results of the Reorganized Debtors, and (4) there will be no material contingent or unliquidated litigation or indemnity claims applicable to the Reorganized Debtors. To the extent that the assumptions inherent in the Financial Projections are based upon future business decisions and objectives, they are subject to change. In addition, although they are presented with numerical specificity and are considered reasonable by the Debtors when taken as a whole, the assumptions and estimates underlying the Financial Projections are subject to significant business, economic and competitive uncertainties and contingencies, many of which will be beyond the control of the Reorganized Debtors. Accordingly, the Financial Projections are speculative in nature. It should be expected that some or all of the assumptions in the Financial Projections will not be realized and that actual results will vary from the Financial Projections, which variations may be material and may increase over time. The Financial Projections should therefore not be regarded as a representation by the Debtors or any other person that the results set forth in the Financial Projections will be achieved. In light of the foregoing, readers are cautioned not to place undue reliance on the Financial Projections. The Financial Projections should be read together with the information in Section VI of this Disclosure Statement entitled "Future Business of the Reorganized Debtors," which summarizes the Business Plan and certain assumptions underlying the Financial Projections, as well as Section XIV of the Disclosure Statement entitled "Certain Risk Factors to be Considered," which sets forth important factors that could cause actual results to differ from those in the Financial Projections.

OC is subject to the informational requirements of the Securities Exchange Act of 1934, as amended, and in accordance therewith files periodic reports and other information with the SEC relating to its business, financial statements and other matters. Such filings will not include projected financial information. The Debtors do not intend to update or otherwise revise the Financial Projections, including any revisions to reflect events or circumstances existing or arising after the date of this Disclosure Statement or to reflect the occurrence of unanticipated events, even if any or all of the underlying assumptions do not come to fruition. Furthermore, the Debtors do not intend to update or revise the Financial Projections to reflect changes in general economic or industry conditions.

SAFE HARBOR STATEMENT UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995: The Financial Projections contain statements which constitute "forward-looking statements" within the meaning of the Securities Act of 1933 and the Securities Exchange Act of 1934, as amended by the Private Securities Litigation Reform Act of

1995. “Forward-looking statements” in the Financial Projections include the intent, belief or current expectations of OC and members of its management team with respect to the timing, completion and scope of the current restructuring, reorganization plan, Business Plan, bank financing, and debt and equity market conditions and OC’s future liquidity, as well as the assumptions up on which such statements are based. While OC believes that the expectations are based on reasonable assumptions within the bounds of its knowledge of its business and operations, parties in interest are cautioned that any such forward-looking statements are not guarantees of future performance, and involve risks and uncertainties, and that actual results may differ materially from those contemplated by such forward-looking statements. Important factors currently known to management that could cause actual results to differ materially from those contemplated by the forward-looking statements in the Financial Projections include, but are not limited to, further adverse developments with respect to the liquidity position of OC or operations of the various businesses of OC, adverse developments in the bank financing or public or private markets for debt or equity securities of OCD, adverse developments in the timing or results of the implementation of the Business Plan (including the time line to emerge from Chapter 11), the difficulty in controlling industry costs and integrating new operations, the ability of the OC to realize the anticipated general and administrative expense savings and overhead reductions contemplated in the Financial Projections, the ability of OC to maintain profitability of their operations, the level and nature of any restructuring and other one-time charges, the difficulty in estimating costs relating to exiting certain markets and consolidating and closing certain operations, and the possible negative effects of a change in applicable legislation.

B. Acceptance of the Plan

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

Section 1126(c) of the Bankruptcy Code defines acceptance of a plan by a class of impaired claims as acceptance by holders of at least two thirds (2/3) in dollar amount and more than one half (50%) in number of claims in that class, but for that purpose counts only those who actually vote to accept or to reject the plan. Thus, each of Classes A3-U3, A5, A6-A, A6-B, B6-U6, A7, B8, A10-U10 and A11 will have voted to accept the Plan only if two-thirds (2/3) in dollar amount and a majority in number actually voting in each Class cast their Ballots in favor of acceptance. Holders of Claims who fail to vote are not counted as either accepting or rejecting the Plan.

Section 1126(d) of the Bankruptcy Code defines acceptance of a plan by a class of impaired interests as acceptance by holders of at least two-thirds (2/3) in amount, but for that purpose counts only those who actually vote to accept or reject the plan. Thus Class A12-A will have voted to accept the Plan only if two-thirds (2/3) of the holders of Exisiting OCD Common Stock who vote cast their Ballots in favor of the Plan. Holders of Interests who fail to vote are not counted as either accepting or rejecting the Plan.

In order to satisfy the requirements of Section 524(g)(2)(B)(ii)(IV)(bb) of the Bankruptcy Code, seventy-five (75%) percent of each of Classes A7 and B8, covering the respective holders of the OC Asbestos Personal Injury Claims and FB Asbestos Personal Injury Claims actually voting must vote in favor of the Plan in order for the Reorganized Debtors to obtain the benefits of Section 524(g) of the Bankruptcy Code.

The Voting Procedures provide certain special rules concerning the calculation of the amount of Claims voting in a Class of Claims (for further information regarding voting procedures see Section XVI of this Disclosure Statement entitled "The Solicitation; Voting Procedure.") The following special rules concerning calculation of the amount of Claims are for illustrative purposes.

A Ballot will not be counted if a Claim has been disallowed or an objection is pending to the Claim as of the _____, and the claimant has not obtained, on or before the Voting Deadline, a Bankruptcy Court order allowing such Claim, either in whole or in part, for all purposes or for voting purposes only.

IN ORDER FOR YOUR VOTE TO BE COUNTED, YOUR BALLOT (OR THE MASTER BALLOT CAST ON YOUR BEHALF) MUST BE PROPERLY COMPLETED AS SET FORTH ABOVE AND IN ACCORDANCE WITH THE VOTING PROCEDURES ON THE BALLOT AND RECEIVED NO LATER THAN THE VOTING DEADLINE BY THE VOTING AGENT OR THE SPECIAL VOTING AGENT. DO NOT RETURN ANY STOCK CERTIFICATES OR DEBT INSTRUMENTS WITH YOUR BALLOT. In addition, a vote may be disregarded if the Bankruptcy Court determines, after notice and a hearing, that such acceptance or rejection was not solicited or procured in good faith or in accordance with the provisions of the Bankruptcy Code.

C. Best Interests Test

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

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

The amount of liquidation value available to unsecured creditors would be reduced by, first, the claims of secured creditors to the extent of the value of their collateral, and, second, by the costs and expenses of liquidation, as well as by other administrative expenses and costs of both the Chapter 7 cases and the Chapter 11 cases. Costs of liquidation under Chapter 7 of the Bankruptcy Code would include the compensation of a trustee, as well as of counsel and

other professionals retained by the trustee, asset disposition expenses, all unpaid expenses incurred by the debtor in its Chapter 11 cases (such as compensation of attorneys, financial advisors and accountants) that are allowed in the Chapter 7 cases, litigation costs, and claims arising from the operations of the debtor during the pendency of the Chapter 11 cases. The liquidation itself would trigger certain priority payments that otherwise would be due in the ordinary course of business. Those priority claims would be paid in full from the liquidation proceeds before the balance would be made available to pay general claims or to make any distribution in respect of equity interests. The liquidation would also prompt the rejection of a large number of executory contracts and unexpired leases and thereby significantly enlarge the total pool of unsecured claims by reason of resulting rejection claims.

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

D. Liquidation Analysis

In order to determine the amount of liquidation value available to creditors, the Debtors, with the assistance of their financial advisor, Lazard, prepared a liquidation analysis, annexed hereto as Appendix C (the "Liquidation Analysis"), which concludes that in a Chapter 7 liquidation, holders of Allowed Claims in the impaired classes of each of the Debtors would receive less than under the Plan. This conclusion is premised upon the assumptions set forth in Appendix C hereto, which the Debtors and Lazard believe are reasonable.

Notwithstanding the foregoing, the Debtors believe that any liquidation analysis with respect to the Debtors is inherently speculative. The liquidation analysis for the Debtors necessarily contains estimates of the net proceeds that would be received from a sale of assets and/or business units, as well as the amount of Claims that will ultimately become Allowed Claims. Claims estimates are based solely upon the Debtors' incomplete review of any Claims filed and the Debtors' books and records. No Order or finding has been entered by the Bankruptcy Court estimating or otherwise fixing the amount of Claims at the projected amounts of Allowed Claims set forth in the liquidation analysis. In preparing the liquidation analysis, the Debtors have projected an amount of Allowed Claims that is at the lowest end of a range of reasonableness such that, for purposes of the liquidation analysis, the largest possible Chapter 7 liquidation dividend to holders of Allowed Claims can be assessed. The estimate of the amount of Allowed Claims set forth in the liquidation analysis should not be relied on for any other purpose, including, without limitation, any determination of the value of any distribution to be made on account of Allowed Claims under the Plan. The estimate of Allowed Claims is based upon different assumptions and formula for different purposes than the estimates of Allowed Claims set forth in other sections of this Disclosure Statement.

The Plan Proponents and Lazard have assumed that a Chapter 7 trustee would be forced to sell assets in a traditional "bricks and mortar" liquidation with the loss of most if not all "going-concern" value attributable to the Debtors' assets. For purposes of this analysis, the Plan

Proponents and Lazard have also assumed that future asbestos claimants would participate in distributions in a Chapter 7 liquidation, rather than make a speculative assumption to the contrary, including speculation as to the priority of asbestos claims which accrue under state law during the bankruptcy case (after the Petition Date or conversion date and before the case were closed). As a result of the foregoing, the Plan Proponents and Lazard assert that holders of Allowed Claims in each of the impaired classes would receive less in a Chapter 7 liquidation than under the Plan.

For a more detailed discussion of this liquidation analysis and the dispute with the Unsecured Creditors' Committee, see Appendix C to this Disclosure Statement. The Bankruptcy Court or the District Court will determine, in conjunction with confirmation, whether the Plan satisfies the "best interests test" of Section 1129(a)(7).

E. Valuation of the Reorganized Debtors

THE VALUATION INFORMATION CONTAINED IN THIS SECTION WITH REGARD TO THE REORGANIZED DEBTORS IS NOT A PREDICTION OR GUARANTEE OF THE ACTUAL MARKET VALUE THAT MAY BE REALIZED THROUGH THE SALE OF ANY SECURITIES TO BE ISSUED PURSUANT TO THE PLAN.

1. Overview

The Debtors have been advised by Lazard, its financial advisor, with respect to the consolidated Enterprise Value (as hereinafter defined) of the Reorganized Debtors (which consists of the aggregate enterprise value of Reorganized OCD and its direct and indirect Subsidiaries, including both Debtor and Non-Debtor Subsidiaries) on a going-concern basis. The consolidated total value available for distribution (the "Total Distributable Value") to holders of Allowed Claims and Interests is comprised of the following components: (a) the estimated value of the Reorganized Debtors' operations on a going concern basis (the "Enterprise Value," as identified above), (b) the value of net operating loss tax carryforwards (the "NOL Value") as of an assumed Effective Date of October 30, 2006, with which the Debtors will emerge from bankruptcy, and (c) the estimated amount of cash-on-hand in excess of that which is required to operate the business ("Excess Cash") as of an assumed Effective Date of October 30, 2006.

For purposes of the Plan, and based on terms negotiated by holders of Allowed Claims and Interests, the Enterprise Value plus NOL Value was assumed to be $5.858 billion and the Total Distributable Value of the Reorganized Debtors was assumed to be approximately $7.258 billion as of an assumed Effective Date of October 30, 2006. This estimated Total Distributable Value includes no less than $200 million associated with the expected utilization of NOLs created as part of the Plan[23] and $1.400 billion deemed to be Excess Cash.

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[23] The Debtors and their advisors continue to analyze, and conduct due diligence with respect to, the Debtors' available NOLs as of the projected Effective Date, and anticipate completing their analysis and further updating such NOL estimate no later than ten (10) Business Days prior to the Objection Deadline, which estimate may vary from, and may potentially be greater than, the estimate set forth herein.

THE ASSUMED TOTAL DISTRIBUTABLE VALUE, AS OF AN ASSUMED EFFECTIVE DATE OF OCTOBER 30, 2006, REFLECTS INFORMATION IN RESPECT OF THE BUSINESS AND ASSETS OF THE DEBTORS AVAILABLE AS OF MAY 2006. IT SHOULD BE UNDERSTOOD THAT, ALTHOUGH SUBSEQUENT DEVELOPMENTS MAY AFFECT THESE VALUES, NEITHER THE DEBTORS NOR LAZARD SHALL HAVE ANY OBLIGATION TO UPDATE, REVISE OR REAFFIRM THESE ESTIMATES.

For purposes of the Plan, Lazard prepared the following hypothetical range of the Enterprise Value of the Reorganized Debtors. Based upon an assumed range of the Enterprise Value of the Reorganized Debtors plus NOL Value of between $5.4 billion and $6.4 billion, less an assumed total debt of $1.916 billion as of an assumed Effective Date of October 30, 2006 (including approximately $55 million of existing debt, $1.8 billion of Exit Financing and approximately $61 million principal amount of debt issued to the IRS for its Allowed Priority Tax Claim), Lazard imputed an estimated range of equity values for the Reorganized Debtors of between $3.484 billion and $4.484 billion. Assuming a distribution of 131.4 million shares of New OCD Common Stock pursuant to the Plan, the imputed estimate of the range of equity values on a per share basis is between $26.51 and $34.13 per share. For purposes of the Plan, assuming an Enterprise Value plus NOL Value of $5.858 billion and an imputed equity value of $3.942 billion, the imputed equity value on a per share basis is $30.00 per share. Lazard's estimate of the hypothetical range of Enterprise Value does not constitute an opinion as to fairness from a financial point of view of the consideration to be received under the Plan or of the terms and provisions of the Plan.

The equity value of $30.00 per share does not give effect to the potentially dilutive impact of any stock options that may be granted under a management incentive plan. At this time, it is anticipated that any stock options issued as of the Effective Date would be granted with an exercise price equal to the $30.00 per share Plan value. In addition, the equity value of $30.00 per share does not give effect to the potentially dilutive impact of the Warrants which are expected to be issued pursuant to the Plan. The Class A11 Warrants shall consist of Warrants to obtain approximately 17.5 million shares of New OCD Common Stock (11.167% on a fully diluted basis before any management stock) with an exercise price of $43.00 per share. The Class A12-A Warrants shall consist of Warrants to obtain approximately 7.8 million shares of New OCD Common Stock (5% on a fully diluted basis before any management stock options) with an exercise price of $45.25 per share.

With respect to the Financial Projections prepared by the management of the Debtors and included as Appendix B to this Disclosure Statement, Lazard assumed that such Financial Projections were reasonably prepared in good faith and on a basis reflecting the most accurate currently available estimates and judgments of the Debtors as to the future operating and financial performance of the Reorganized Debtors. Lazard's estimate of a range of Enterprise Value assumes that operating results projected by the Debtors will be achieved by the Reorganized Debtors in all material respects, including revenue growth and improvements in operating margins, earnings and cash flow. If the business performs at levels below those set forth in the Financial Projections, such performance may have a material impact on Enterprise Value.

In estimating the hypothetical range of the Enterprise Value and equity value of the Reorganized Debtors, Lazard (a) reviewed certain historical financial information of OC for recent years and interim periods; (b) reviewed certain internal financial and operating data of OC, including the Financial Projections as described in Section VI.D of this Disclosure Statement, which data was prepared and provided to Lazard by the management of OC and which relate to OC's business and its prospects; (c) met with certain members of senior management of OC to discuss OC's operations and future prospects; (d) reviewed publicly available financial data and considered the market value of public companies that Lazard deemed generally comparable to the operating business of OC; (e) considered relevant precedent transactions in the building products industry; (f) considered certain economic and industry information relevant to the operating business; and (g) conducted such other studies, analysis, inquiries, and investigations as it deemed appropriate. Although Lazard conducted a review and analysis of OC's business and the Reorganized Debtors' business plan, it assumed and relied on the accuracy and completeness of all financial and other information furnished to it by OC, as well as publicly available information.

Lazard did not independently verify management's projections in connection with such estimates of the Enterprise Value and equity value, and no independent valuations or appraisals of OC were sought or obtained in connection herewith. In the case of the Reorganized Debtors, the estimates of the Enterprise Value prepared by Lazard represent the hypothetical reorganization value of the Reorganized Debtors. Such estimates were developed solely for purposes of the Plan and the analysis of implied relative recoveries to creditors thereunder. Such estimates reflect computations of the range of the estimated Enterprise Value of the Reorganized Debtors through the application of various valuation techniques and do not purport to reflect or constitute appraisals, liquidation values or estimates of the actual market value that may be realized through the sale of any securities to be issued pursuant to the Plan, which may be significantly different than the amounts set forth herein.

The value of an operating business is subject to numerous uncertainties and contingencies that are difficult to predict and will fluctuate with changes in factors affecting the financial condition and prospects of such a business. As a result, the estimate of the range of the Enterprise Value of the Reorganized Debtors set forth herein is not necessarily indicative of actual outcomes, which may be significantly more or less favorable than those set forth herein. Because such estimates are inherently subject to uncertainties, neither OC, Lazard, nor any other person assumes responsibility for their accuracy. In addition, the valuation of newly issued securities is subject to additional uncertainties and contingencies, all of which are difficult to predict. Actual market prices of such securities at issuance will depend upon, among other things, prevailing interest rates, conditions in the financial markets, the anticipated initial securities holdings of pre-petition creditors, some of whom may prefer to liquidate their investment rather than hold it on a long-term basis, and other factors that generally influence the prices of securities.

As noted above, this valuation consists of the aggregate enterprise value of Reorganized OCD and its direct and indirect Subsidiaries, including both Debtor and Non-Debtor Subsidiaries) on a going-concern basis. The Plan is premised upon complete deconsolidation of the Debtor entities. As such, the values of the separate Debtor and Non-Debtor Subsidiaries and the Claims against the Debtors and liabilities of the Non-debtor

Subsidiaries may affect what is available for distribution to the creditors of each separate Debtor. The assumptions for purposes of estimation of distributions in this Disclosure Statement may be found in Schedule XII to the Plan and Appendix I to this Disclosure Statement, entitled "Distribution Assumptions".

2. Additional Assumptions Regarding the Reorganized Debtors

With respect to the valuation of the Reorganized Debtors, in addition to the foregoing, Lazard has relied upon the following assumptions:

- The Reorganized Debtors' Enterprise Value consists of the aggregate enterprise value of Reorganized OCD and its direct and indirect Subsidiaries, including the Non-Debtor Subsidiaries.
- The Enterprise Value of the Reorganized Debtors assumes the pro forma debt levels (as set forth in the Financial Projections) adjusted for ownership percentages in order to calculate a range of equity value.
- The projections for the Reorganized Debtors are predicated upon the assumption that Reorganized OCD will be able to obtain all necessary financing, as described herein, and that no asset sales other than those contemplated to be consummated by the Company prior to the Effective Date, or assumed in the Financial Projections, will be required to meet the Reorganized Debtors' ongoing financial requirements. Lazard makes no representations as to whether the Company will obtain financing or consummate such asset sales or as to the terms upon which such financing may be obtained or such asset sales may be consummated.
- The present senior management of OC will continue following consummation of the Plan, and general financial and market conditions as of the assumed Effective Date of the Plan will not differ materially from those conditions prevailing as of the date of this Disclosure Statement.

Lazard's valuation represents a hypothetical value that reflects the estimated intrinsic value of the Company derived through the application of various valuation techniques. Such analysis does not purport to represent valuation levels which would be achieved in, or assigned by, the public markets for debt and equity securities or private markets for corporations. Estimates of Enterprise Value do not purport to be appraisals or necessarily reflect the values which may be realized if assets are sold as a going concern, in liquidation, or otherwise.

3. Valuation Methodology

The following is a brief summary of certain financial analyses performed by Lazard to arrive at its estimation of the Enterprise Value and Total Distributable Value of the Reorganized Debtors. Lazard performed certain procedures, including each of the financial analyses described below, and reviewed the assumptions with the management of OC on which such analyses were based and other factors, including the projected financial results of the Reorganized Debtors. Lazard's estimate of Enterprise Value must be considered as a whole and selecting just one methodology or portions of the analysis, without considering the analysis as a whole, could create a misleading or incomplete conclusion as to Enterprise Value.

Under the valuation methodologies summarized below, Lazard derived a range of Enterprise Values assuming the Reorganized Debtors are full taxpayers. Lazard separately analyzed the value of the Debtors' tax attributes, including NOLs, as of the assumed Effective Date and added this value and the Excess Cash to the Enterprise Value range to calculate a Total Distributable Value range. A discussion of Lazard's analysis of such tax attributes, including the methodology used to value them, is presented below in Section XIII.E.3(d).

(a) Discounted Cash Flow Analysis

The Discounted Cash Flow ("DCF") analysis is a forward-looking enterprise valuation methodology that relates the value of an asset or business to the present value of expected future cash flows to be generated by that asset or business. Under this methodology, projected future cash flows are discounted by the business' weighted average cost of capital (the "Discount Rate"). The Discount Rate reflects the estimated blended rate of return that debt and equity investors would require to invest in the business based on its capital structure. This DCF analysis has two components: the present value of the projected un-levered after-tax free cash flows for a determined period and the present value of the terminal value of cash flows (representing firm value beyond the time horizon of the projections).

As the estimated cash flows, estimated Discount Rate and expected capital structure of the Reorganized Debtors are used to derive a potential value, an analysis of the results of such an estimate is not purely mathematical, but instead involves complex considerations and judgments concerning potential variances in the projected financial and operating characteristics of the Reorganized Debtors, as well as other factors that could affect the future prospects and cost of capital considerations for the Reorganized Debtors.

The DCF calculation was performed based on un-levered after-tax free cash flows for the projection period 2007 to 2014. Lazard utilized management's detailed financial projections for the period 2006 to 2008 as the primary input. Management assisted Lazard with the development of projections for the extended period of 2009 to 2014, which period includes a downturn in the business cycle. Beginning with earnings before interest and taxes ("EBIT"), the analysis taxes this figure at an assumed rate of 40% to calculate an un-levered net income figure. The analysis then adds back the non-cash operating expense of depreciation and amortization. In addition, other factors affecting free cash flow are taken into account, such as the change in working capital and capital expenditures, all of which do not affect the income statement and therefore require separate adjustments in the calculation.

In performing the calculation, Lazard made assumptions for the Discount Rate, which is used to value future cash flows based on the riskiness of the projections, and the exit multiple of earnings before interest, taxes, depreciation and amortization ("EBITDA"), which is used to determine the future value of the enterprise after the end of the projected period. To estimate the Discount Rate, Lazard used the cost of equity and the after-tax cost of debt for the Reorganized Debtors, assuming a range of targeted long-term capital structure of approximately 30% to 40% debt to total capital.

Lazard estimated the cost of equity based on the Capital Asset Pricing Model, which assumes that the required equity return is a function of the risk-free cost of capital and the correlation ("Beta") of a publicly traded stock's performance to the return on the broader market. Lazard used Betas from comparable companies on an un-levered basis to determine a composite un-levered Beta. In estimating the Reorganized Debtors' cost of debt, Lazard considered a number of factors including the likely interest associated with the Reorganized Debtors' post-emergence financing, the expected term of such financing, and the effective yield for publicly traded debt securities for comparable companies in the industry. Lazard's DCF valuation was based upon a range of Discount Rates between 10.5% and 11.5%, with a mid-point of 11.0%. In determining an EBITDA exit multiple, Lazard relied upon various analyses including a review of current and historical EBITDA trading multiples for the Debtors and comparable companies operating in the building products sector. Lazard's terminal value was based upon a range of EBITDA multiples between 7.0x and 8.0x, with a mid-point of 7.5x. Lazard believes that this range of EBITDA multiples is consistent with the observed multiples for companies similar to the Debtors that operate in cyclical industry sectors.

(b) Publicly Traded Company Analysis

A publicly traded company analysis estimates value based on a comparison of the target company's financial statistics with the financial statistics of public companies that are similar to the target company. The analysis establishes a benchmark for asset valuation by deriving the value of "comparable" assets, standardized using a common variable such as EBIT and EBITDA. The analysis includes a detailed multi-year financial comparison of each company's income statement, balance sheet, and cash flow statement. In addition, each company's performance, profitability, margins, leverage and business trends are also examined. Based on these analyses, a number of financial multiples and ratios are calculated to gauge each company's relative performance and valuation.

A key factor to this approach is the selection of companies with relatively similar business and operational characteristics to the target company. Criteria for selecting comparable companies for the analysis include, among other relevant characteristics, similar lines of businesses, business risks, growth prospects, maturity of businesses, market presence, size, and scale of operations. The selection of truly comparable companies is often difficult and subject to limitations due to sample size and the availability of meaningful market-based information. However, the underlying concept is to develop a premise for relative value, which, when coupled with other approaches, presents a foundation for determining firm value.

In performing the Comparable Public Company Analysis, the following publicly traded companies ("Peer Group") deemed generally comparable to the

Debtors in one or more of the factors described above, were selected: American Woodmark, Black & Decker, CRH, Elkcorp, Griffon, James Hardie, Masco, NCI Building Systems, Owens Illinois, PPG Industries, and Sherwin Williams. Lazard excluded several building products manufacturers that were deemed not comparable because of size, specific product comparability and/or status of comparable companies (e.g., currently in a chapter 11).

Lazard primarily observed valuation ratios as a function of enterprise value of each company as indicated by the book value of debt less cash plus the equity market capitalization. Lazard calculated multiples for the Peer Group of enterprise value to various historical and projected earnings measures, including EBIT and EBITDA. To calculate the multiple of enterprise value to EBITDA, Lazard divided the enterprise values of each comparable company by their last twelve months ("LTM") EBITDA and projected EBITDA for 2006 and 2007 (as estimated in current equity research and I/B/E/S data services). This analysis produced multiples of enterprise value as follows:

- LTM EBITDA multiple ranging from a low of approximately 6.9x to a high of 9.3x, with a mean of approximately 8.1x;
- Estimated 2006 EBITDA multiple ranging from a low of approximately 6.2x to a high of approximately 9.1x, with a mean of approximately 7.4x;
- Estimated 2007 EBITDA multiple ranging from a low of approximately 5.1x to a high of approximately 7.6x, with a mean of approximately 6.8x.

Having calculated these statistics and other similar statistics, Lazard then applied a range of multiples to the Debtors' financial results and forecasts, including LTM EBITDA ($825 million) and forecasted 2006 and 2007 EBITDA ($865 million and $925 million, respectively) to determine a range of Enterprise Values. Lazard's application of these multiples to the Reorganized Debtors' financial results took into account a variety of factors, both quantitative and qualitative, in an effort to consider the relative valuation which the Reorganized Debtors would command given the availability of alternative investments. It should be noted that these multiples are based upon profitability metrics which could generally be described as representing a possible "peak" of the business cycle. In addition, the observed multiples are generally higher than historical averages.

(c) Precedent Transactions Analysis

Precedent transactions analysis estimates value by examining public merger and acquisition transactions. An analysis of a company's transaction value as a multiple of various operating statistics provides industry-wide valuation multiples for companies in similar lines of businesses to the Debtors. These transaction multiples were calculated based on the purchase price (including any debt assumed, less cash) paid to acquire companies that are comparable to the Debtors. These multiples were then applied to the Reorganized Debtors' key operating statistics, to determine the total enterprise value or value to a potential strategic buyer. Lazard evaluated each of these multiples and made judgments as to their relative significance in determining the Reorganized Debtors' range of reorganization value.

Unlike the comparable public company analysis, the valuation in this methodology includes a "control" premium, representing the purchase of a majority or controlling position in a company's assets. Thus, this methodology generally produces higher valuations than the comparable public company analysis. Other aspects of value that manifest itself in a precedent transaction analysis include the following: (a) circumstances surrounding a merger transaction may introduce idiosyncratic factors into the analysis (e.g., an additional premium may be extracted from a buyer in the case of a competitive bidding contest); (b) the market environment is not identical for transactions occurring at different periods of time; and (c) circumstances pertaining to the financial position of a company may have an impact on the resulting purchase price (e.g., a company in financial distress may receive a lower price due to perceived weakness in its bargaining leverage).

As with the comparable company analysis, because no acquisition used in any analysis is identical to a target transaction, valuation conclusions cannot be based solely on quantitative results. The reasons for and circumstances surrounding each acquisition transaction are specific to such transaction, and there are inherent differences between the businesses, operations and prospects of each. Therefore, qualitative judgments must be made concerning the differences between the characteristics of these transactions and other factors and issues that could affect the price an acquirer is willing to pay in an acquisition. The number of completed transactions over the prior three years for which public data is available also limits this analysis. Because the precedent transaction analysis explains other aspects of value besides the inherent value of a company, there are limitations as to its use in the Reorganized Debtors' valuation.

Lazard evaluated various merger and acquisition transactions that have occurred in the building products industry between 2000 and 2006. Lazard calculated multiples of Transaction Value (as hereinafter defined) to the latest twelve months' ("LTM") EBITDA and EBIT of the target companies by dividing the disclosed purchase price of the target's equity, plus any debt assumed as part of the transaction (the "Transaction Value," as identified above), by disclosed LTM EBITDA and EBIT. This analysis produced multiples of Transaction Value to LTM EBITDA ranging from a low of approximately 4.4x to a high of approximately 9.9x, with a mean of approximately 7.0x. Lazard then applied a range of multiples to the Debtors' LTM EBITDA and EBIT to determine a range of Enterprise Values.

(d) Analysis of Post-Emergence Tax Attributes

The Reorganized Debtors expect to have NOLs following their emergence from bankruptcy. It is expected that the Debtors NOLs as of the filing date, plus the NOLs created through the funding of the 524(g) Trust, will exceed cancellation of debt income (COD). Lazard has valued these NOLs of the Reorganized Debtors by calculating the present value of the tax savings they would be expected to provide relative to the taxes the Reorganized Debtors would otherwise pay absent the availability of such attributes. Lazard assumed that the cash flows resulting from the benefit of Reorganized Debtors' tax attributes will be subject to an annual utilization limitation, per Section 382(l)(6) of the Tax Code, of approximately [$170]

million. These cash flows were then discounted at a range of discount rates, based on the Reorganized Debtors' cost of capital. Furthermore, Lazard took into account a variety of qualitative factors in estimating the value of the NOLs at no less than $200 million, including such factors as implementation and utilization risk.[24]

(e) Analysis of Class 11 and Class 12 Warrants

Pursuant to the Plan, the Reorganized Debtors will issue the Class A11 Warrants and the Class A12-A Warrants. The Class A11 Warrants shall consist of Warrants to obtain approximately 17.5 million shares of New OCD Common Stock (11.167% on a fully diluted basis before any management stock) with an exercise price of $43.00 per share. The Class A12-A Warrants shall consist of Warrants to obtain approximately 7.8 million shares of New OCD Common Stock (5% on a fully diluted basis before any management stock options) with an exercise price of $45.25 per share. While the intrinsic value of the Warrants is zero given that the Warrants are "out-of-the-money" assuming a $30.00 share price, it is very likely that the Warrants will have market value. Using a Black-Scholes valuation methodology, the theoretical value range of the Class 11 Warrants could be expected to be between $6.20 and $9.20 per Warrant and the Class 12 Warrants could be expected to be between $5.60 and $8.60 per Warrant. The key assumptions for this valuation methodology include the following: risk-free rate of 5.0%, volatility of between 20% to 30%, 0% dividend policy, time to expiration of seven years, stock price equal to the Plan value of $30.00, and exercise price of $43.00 for Class A11 Warrants and $45.25 for Class A12-A Warrants.

THE SUMMARY SET FORTH ABOVE DOES NOT PURPORT TO BE A COMPLETE DESCRIPTION OF THE ANALYSES PERFORMED BY LAZARD. THE PREPARATION OF AN ESTIMATE INVOLVES VARIOUS DETERMINATIONS AS TO THE MOST APPROPRIATE AND RELEVANT METHODS OF FINANCIAL ANALYSIS AND THE APPLICATION OF THESE METHODS IN THE PARTICULAR CIRCUMSTANCES AND, THEREFORE, SUCH AN ESTIMATE IS NOT READILY SUSCEPTIBLE TO SUMMARY DESCRIPTION. IN PERFORMING THEIR ANALYSES, LAZARD AND THE DEBTORS MADE NUMEROUS ASSUMPTIONS WITH RESPECT TO INDUSTRY PERFORMANCE, BUSINESS AND ECONOMIC CONDITIONS AND OTHER MATTERS. THE ANALYSES PERFORMED BY LAZARD ARE NOT NECESSARILY INDICATIVE OF ACTUAL VALUES OR FUTURE RESULTS, WHICH MAY BE SIGNIFICANTLY MORE OR LESS FAVORABLE THAN SUGGESTED BY SUCH ANALYSES.

F. Application of the "Best Interests" of Creditors Test to the Liquidation Analysis and the Valuation

It is impossible to determine with any specificity the value each creditor will receive as a percentage of its Allowed Claim. This difficulty in estimating the value of recoveries is due to, among other things, the lack of any public market for the New OCD Common Stock.

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[24] The Debtors and their advisors continue to analyze, and conduct due diligence with respect to, the Debtors' available NOLs as of the projected Effective Date, and anticipate completing their analysis and further updating such NOL estimate no later than ten (10) Business Days prior to the Objection Deadline, which estimate may vary from, and may potentially be greater than, the estimate set forth herein.

Notwithstanding the difficulty in quantifying recoveries to holders of Allowed Claims with precision, the Debtors believe that the financial disclosures and projections contained herein imply a greater or equal recovery to holders of Claims in Impaired Classes than the recovery available in a Chapter 7 liquidation. As set forth below, the Debtors have set forth an estimate of the comparative distributions between a Chapter 7 liquidation and the Plan.

Accordingly, the Debtors believe that the "best interests" test of Section 1129 of the Bankruptcy Code is satisfied.

Because the Unsecured Creditors' Committee previously contended that the liquidation analysis is not permitted to assume any payment to future asbestos claimants in a Chapter 7 liquidation, and based on certain other assumptions, the Unsecured Creditors' Committee contended that creditors would receive more in a Chapter 7 liquidation than under the Plan. Therefore, the Unsecured Creditors' Committee contended that the plans filed prior to the Plan failed to satisfy the "best interests test" of Section 1129(a)(7). The Plan Proponents and Lazard disagree with this analysis. For a more detailed discussion of this dispute, see Section XIII.D of this Disclosure Statement entitled "Liquidation Analysis" and the Liquidation Analysis contained in Appendix C. The Bankruptcy Court or the District Court will determine, in conjunction with confirmation, whether the Plan satisfies the "best interests test" of Section 1129(a)(7).

G. Confirmation Without Acceptance of All Impaired Classes: "Cramdown"

The Debtors will request confirmation of the Plan, as it may be modified from time to time, under Section 1129(a) of the Bankruptcy Code, and have reserved the right to modify the Plan to the extent, if any, that confirmation pursuant to Section 1129(b) of the Bankruptcy Code requires modification.

Section 1129(b) of the Bankruptcy Code provides that a plan can be confirmed even if it is not accepted by all impaired classes of claims and interests, as long as at least one impaired class of claims has accepted the plan. The Bankruptcy Court may confirm a plan notwithstanding the rejection or deemed rejection of an impaired class of claims or interests if the plan "does not discriminate unfairly" and is "fair and equitable" as to each impaired class that has rejected, or is deemed to have rejected, the plan.

A plan does not discriminate unfairly within the meaning of the Bankruptcy Code if a rejecting impaired class is treated equally with respect to other classes of equal rank. The Bankruptcy Code establishes different standards for what is "fair and equitable" for holders of unsecured claims, and equity interests.

A plan is fair and equitable as to a class of unsecured claims that rejects the plan if, among other things, the plan provides (1) that each holder of a claim in the rejecting class will receive or retain on account of its claim property that has a value, as of the effective date of the Plan, equal to the allowed amount of the claim or (2) that no holder of a claim that is junior to the claims of the rejecting class will receive or retain under the plan any property on account of such junior claim.

With respect to equity interests, a plan is fair and equitable as to a class of equity interests that rejects the plan if, among other things, the plan provides (1) that each holder of an equity interest in the rejecting class will receive or retain on account of such interest property that has a value, as of the effective date of the plan, equal to the greatest of the allowed amount of any fixed liquidation preference to which such holder is entitled, any fixed redemption price to which such holder is entitled, or the value of such interest; or (2) that the holder of any interest that is junior to the interest of such class will not receive under the plan any property on account of such junior interest.

The Debtors believe that the Plan may be confirmed pursuant to the above-described "cramdown" provisions, over the dissent of certain Classes of Claims and Interests, including Class I12 (which is deemed to have rejected the Plan) in view of the treatment proposed for such Classes. The Debtors would seek confirmation of the Plan pursuant to the above-described "cramdown" provisions over the dissent of any Class other than Classes A7 and B8. In addition, the Debtors do not believe that the Plan unfairly discriminates against, or is otherwise unfair or inequitable, with respect to any Class who may vote to reject the Plan.

Various objectors have stated that they will object to confirmation and that the Plan does not meet certain requirements for confirmation under Section 1129 of the Bankruptcy Code. The Plan Proponents believe the Plan in confirmable under Section 1129. Any such objections will be adjudicated by the Bankruptcy Court at the Confirmation Hearing.

XIV. CERTAIN RISK FACTORS TO BE CONSIDERED

A. Certain Factors Relating to the Chapter 11 Proceedings

1. A single holder or a small group of holders may own a majority of the outstanding shares of New OCD Common Stock and might thereby be able to control Reorganized OCD.

Under certain conditions, the Asbestos Personal Injury Trust could beneficially own more than 50% of the issued and outstanding shares of New OCD Common Stock. Alternatively, under certain conditions a small number of holders with significant holdings could, in the aggregate, beneficially own more than 50% of the issued and outstanding shares of New OCD Common Stock. In such circumstances, either the Asbestos Personal Injury Trust (acting alone) or such small group of significant holders (acting together) would potentially have significant control over Reorganized OCD and eventually might have the power to elect the majority of the Reorganized OCD directors. By virtue of this ability to elect a majority of directors, such holders would potentially have the power to appoint new management and approve many actions requiring the approval of the holders of New OCD Common Stock, including adopting certain amendments to the Amended and Restated Certificate of Incorporation and approving mergers or sales of all or substantially all of Reorganized OCD's assets. Accordingly, it is possible that either a single majority holder or a small group of significant stakeholders choosing to act together could effectively control the strategic direction and significant corporate transactions of Reorganized OCD, and their respective interests in these

matters may conflict with the interests of Reorganized OCD's other stakeholders. As a result, such majority holders could cause Reorganized OCD to take actions the other stakeholders do not support. This concentration of ownership could also facilitate or hinder a negotiated change of control of Reorganized OCD, and, consequently, could have an impact upon the value of the New OCD Common Stock.

2. There can be no assurance that the Plan will be consummated as proposed.

The Plan sets forth a method, determined by negotiation between OC and certain of its creditor constituencies, for resolving Claims and reorganizing the Debtors. However, the Plan has not been approved by all of the Debtors' creditor constituencies and, as a result, there remains significant uncertainty as to whether the proposed resolution of Claims as described herein (including the amount and form of recoveries) will be effected. Although it is possible under applicable bankruptcy law to approve and confirm a plan of reorganization over the objection of various creditor groups, no assurance can be given that such a resolution will be achievable in this instance. Claimants who object to the terms of the Plan may be expected to challenge it in court proceedings and there can be no assurance that any such proceedings will be resolved favorably to the Debtors or that such proceedings, or further negotiations, will not result in significant changes to the terms of the Plan, including the amount and form of recoveries.

The proposed relative amounts of recovery by holders of Claims and Interests is the result of negotiation among various of the constituencies of claimants with the Company, as well as the application of legal principles regarding ranking of Claims and Interests, and other matters. While the Company believes that the overall treatment of Claims and Interests under the Plan is fair and reasonable, not all Claims and Interests are treated equally, and certain Claims and Interests receive no distributions pursuant to the Plan.

The ultimate recoveries under the Plan to holders of Claims (other than holders whose entire Distribution is paid in Cash under the Plan) depend upon the realizable value of the Senior Notes and the New OCD Common Stock, which are subject to a number of material risks, including, but not limited to, those specified below under the caption "Certain Factors Relating to Securities to be Issued Pursuant to the Plan." In addition, changes to the terms of the Plan, including to the form and amount of recoveries, may significantly affect the nature of recoveries, or may make further distinctions between the recoveries applicable to different classes of creditors.

3. Even if holders of Claims vote to approve the Plan, there can be no assurance that the Plan will be confirmed by the Bankruptcy Court and consummated.

Even if all Impaired Classes entitled to vote in fact vote in favor of the Plan and, with respect to any Impaired Class deemed to have rejected the Plan, the requirements for "cramdown" are met, the Bankruptcy Court, which as a court of equity may exercise substantial discretion, may choose not to confirm the Plan. Section 1129 of the Bankruptcy Code requires, among other things, a showing that confirmation of the Plan will not be followed by liquidation or the need for further financial reorganization of the Debtors (see Section XIII.A of this Disclosure Statement), and that the value of distributions to dissenting holders of Claims

and Interests may not be less than the value such holders would receive if the Debtors were liquidated under Chapter 7 of the Bankruptcy Code. See Section XIII.C of this Disclosure Statement. Although the Debtors believe that the Plan will meet such tests, there can be no assurance that the Bankruptcy Court will reach the same conclusion. See Appendix C annexed hereto for a liquidation analysis of the Debtors. The Bankruptcy Court or the District Court will determine, in conjunction with confirmation, whether the Plan satisfies the "best interests test" of Section 1129(a)(7).

The Plan provides for certain conditions that must be fulfilled prior to confirmation of the Plan and the Effective Date. As of the date of this Disclosure Statement, there can be no assurance that any or all of the conditions in the Plan will be met (or waived), that other conditions to consummation, if any, will be satisfied, or that supervening factors will not prevent the Plan from being consummated. Accordingly, even if the Plan is confirmed by the Bankruptcy Court, there can be no assurance that the Plan will be consummated. If a liquidation or protracted reorganization were to occur, there is a substantial risk that the value of the Debtors' enterprise would be substantially eroded to the detriment of all stakeholders.

B. Certain Factors Relating to Securities to be Issued Pursuant to the Plan

The Senior Notes and the shares of New OCD Common Stock that will be issued pursuant to the Plan are securities for which there is currently no market. While the Debtors may apply to list the Senior Notes or the New OCD Common Stock, or both, on a securities exchange, or to have them included in an interdealer quotation system, no determination to do so has been made. Accordingly, there can be no assurance as to the development or liquidity of any market for the Senior Notes or the shares of New OCD Common Stock. If a trading market does not develop or is not maintained, holders of Senior Notes or shares of New OCD Common Stock may experience difficulty in reselling such securities or may be unable to sell them at all. Even if such market were to exist, such securities could trade at prices higher or lower than the value attributed to such securities in connection with their distribution under the Plan, depending upon many factors, including, without limitation, prevailing interest rates, markets for similar securities, industry conditions and the performance of, and investor expectations for, the Reorganized Debtors. In addition, some persons who receive Senior Notes and shares of New OCD Common Stock may prefer to liquidate their investment in the near term rather than hold such securities on a long-term basis. Accordingly, any market for such securities may be volatile, at least for an initial period following the Effective Date, and may be depressed until the market has had time to absorb any such sales and to observe the performance of the Reorganized Debtors.

C. Certain Factors Relating to the Reorganized Debtors

1. The financial projections are inherently uncertain.

The Financial Projections set forth in Appendix B hereto cover the Debtors' projected future operations through fiscal 2008. The Financial Projections contain statements which constitute "forward-looking statements" within the meaning of the Securities Act of 1933 and the Securities Exchange Act of 1934, as amended by the Private Securities Litigation Reform Act of 1995. "Forward-looking statements" in the Financial Projections include the intent, belief or current expectations of OC and members of its management team

with respect to the timing and completion of the implementation of the Plan, the feasibility of the Business Plan, the availability of bank and other financing, the conditions of the debt and equity markets, the state of general business and economic conditions, and OC's future liquidity, as well as the assumptions upon which such statements are based. While OC believes that these expectations are based on reasonable assumptions within the bounds of its knowledge of its business and operations, parties in interest are cautioned that any such forward-looking statements are not guaranties of future performance, and involve risks and uncertainties, and that actual results are likely to differ materially from those contemplated by such forward-looking statements.

Important factors currently known to OC's management that could cause actual results to differ materially from those contemplated by the forward-looking statements in the Financial Projections include, but are not limited to, adverse developments with respect to the liquidity position of OC or operations of the various businesses of OC, adverse developments in the bank financing or public or private markets for debt or equity securities of OCD, adverse developments in the timing or results of the implementation of the Business Plan (including the time to emerge from Chapter 11), the difficulty in controlling industry costs and integrating new operations, the ability of the OC to realize the anticipated general and administrative expense savings and overhead reductions contemplated in the Financial Projections, the ability of OC to maintain profitability of their operations, the level and nature of any restructuring and other one-time charges, the difficulty in estimating costs relating to exiting certain markets and consolidating and closing certain operations, and the possible negative effects of a change in applicable legislation. See Section VI.D of this Disclosure Statement.

2. There can be no assurance that the Reorganized Debtors will be able to refinance certain indebtedness.

Following the Effective Date of the Plan, the Debtors' working capital needs and letter of credit requirements are anticipated to be funded under the new Exit Facility. See Section VII.D.19 of this Disclosure Statement. Obtaining the Exit Facility is a condition precedent to the Effective Date. There can be no assurance, however, that the Reorganized Debtors will be able to obtain replacement financing for such facility to fund future working capital needs and letters of credit, or that replacement financing, if obtained, would be on terms equally as favorable to the Reorganized Debtors. Furthermore, there can be no assurance that the Reorganized Debtors will be able to refinance the Senior Notes upon their maturity, should such a need arise.

3. Retention of key management and technical personnel may be important to the future performance of the Reorganized Debtors.

Many aspects of the business of the Debtors require personnel with significant experience or technical expertise. In addition, the past business performance of the Debtors has been achieved, in part, by the skills of key management personnel who possess very particular knowledge and expertise relating to the Debtors' business. There can be no assurance that such personnel can be retained or, that if any such personnel do not continue in the employ of the Reorganized Debtors, that the Reorganized Debtors will be able to replace such key personnel.

4. There can be no assurance that Reorganized OCD will pay dividends.

The Debtors cannot anticipate whether Reorganized OCD will pay any dividends on the New OCD Common Stock in the foreseeable future. In addition, restrictive covenants in certain debt instruments to which Reorganized OCD will be a party, including the Exit Facility, may limit the ability of Reorganized OCD to pay dividends.

5. The Reorganized Debtors are subject to environmental regulation and failure to comply with environmental regulation could harm its business.

The Reorganized Debtors will remain subject to a variety of environmental laws and regulations governing, among other things, discharges to air and water, the handling, storage, and disposal of hazardous or solid waste materials, and may also be required to undertake the remediation of contamination associated with releases of hazardous substances. Such laws and regulations and the risk of attendant litigation can cause significant delays and add significantly to the cost of operations. Violations of these environmental laws and regulations could subject the Reorganized Debtors and their management to civil and criminal penalties and other liabilities based on their post-petition conduct. There can be no assurance that such laws and regulations will not become more stringent, or more stringently implemented, in the future.

Various federal, state and local environmental laws and regulations, as well as common law, may impose liability for property damage and costs of investigation and cleanup of hazardous or toxic substances on property currently or previously owned by the Debtors or arising out of the Debtors' waste management activities. Such laws may impose responsibility and liability without regard to knowledge of or causation of the presence of the contaminants, and the liability under such laws is joint and several. The Debtors have potential liabilities associated with their past waste disposal activities and with their current and prior ownership of certain property. In general, the Debtors believe that the likely amount of such liabilities will not be material, because the Debtors may have a valid defense to liability with respect to a given site or the Debtors should only be responsible for a small percentage of the total cleanup costs with respect to a given site. However, because liability under such laws is joint and several, no assurances can be given that the Reorganized Debtors will not eventually be responsible for all or a substantial portion of the liabilities associated with one or more of these sites, which liabilities could be material either individually or in the aggregate.

6. OC's tax reserves may be insufficient and any revision to these reserves may adversely affect OC's financial position.

In accordance with generally accepted accounting principles, OC maintains tax reserves to cover audit issues. While OC believes that the existing reserves are appropriate in light of the audit issues involved, its defenses, its prior experience in resolving audit issues, and its ability to realize certain challenged deductions in subsequent tax returns if the IRS were successful, there can be no assurance that such reserves will be sufficient. OC will continue to review its tax reserves on a periodic basis and make such adjustments as may be appropriate. Any such revision could be material to OC's consolidated financial position and results of operations in any given period.

7. The performance of OC's business reflects the impact of business cycles.

Sales of OC's products are correlated to business activity in the new construction and remodeling markets, which are highly sensitive to national and regional economic conditions. From time to time, the construction industry has been adversely affected in various parts of the country by unfavorable economic conditions, low use of manufacturing capacity, high vacancy rates, changes in tax laws affecting the real estate industry, high interest rates and the unavailability of financing. In addition, sales of OC's products may be adversely affected by weakness in demand within particular customer groups or a recession in the general construction industry or in particular geographic regions. OC cannot predict the timing or severity of future economic or industry downturns. Any economic downturn, particularly in states where many of OC's sales are made, could have a material adverse effect on its results of operations and financial condition.

8. Particular risks involving international operations may affect the performance of the Reorganized Debtors.

OC pursues project opportunities throughout the world through foreign and domestic subsidiaries as well as agreements with foreign joint-venture partners. These foreign operations are subject to special risks, including: uncertain political and economic environments, potential incompatibility with foreign joint-venture partners, foreign currency controls and fluctuations, war and military operations, civil disturbances and labor strikes.

XV. ALTERNATIVES TO CONFIRMATION AND CONSUMMATION OF THE PLAN

The Debtors believe that the Plan affords holders of Claims the potential for the greatest realization on the Debtors' assets and, therefore, is in the best interests of such holders.

If, however, the requisite acceptances are not received, or the Plan is not subsequently confirmed and consummated, the theoretical alternatives include: (a) formulation of an alternative plan or plans of reorganization, or (b) liquidation of the Debtors under Chapter 7 or 11 of the Bankruptcy Code.

A. Alternative Plan(s) of Reorganization or Liquidation

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

With respect to an alternative plan, the Debtors have explored various alternatives in connection with the formulation and development of the Plan. The Debtors believe that the Plan enables the holders of Claims against the Debtors to realize the greatest possible value under the circumstances, and that, as compared to any alternative plan of reorganization, the Plan has the greatest chance to be confirmed and consummated.

B. Liquidation Under Chapter 7 or Chapter 11

If no plan is confirmed, the Chapter 11 Cases may be converted to cases under Chapter 7 of the Bankruptcy Code, pursuant to which one or more trustees would be elected or appointed to liquidate the Debtors' assets for distribution to claimants in accordance with the priorities established by the Bankruptcy Code. It is impossible to predict precisely how the proceeds of the liquidation would be distributed to the respective holders of Claims against or Interests in the Debtors.

The Debtors believe that in a liquidation under Chapter 7, before claimants receive any distribution, additional administrative expenses arising from the appointment of a trustee or trustees and attorneys, accountants and other professionals to assist such trustees would cause a substantial diminution in the value of the Debtors' Estates. The assets available for distribution to claimants would be reduced by such additional expenses and by Claims, some of which would be entitled to priority, arising by reason of the liquidation and from the rejection of leases and other executory contracts in connection with the cessation of operations and the failure to realize the greater going concern value of the Debtors' Estates.

The Debtors could also be liquidated pursuant to the provisions of a Chapter 11 plan of reorganization. In a liquidation under Chapter 11, the Debtors' assets could be sold in an orderly fashion over a more extended period of time than in a liquidation under Chapter 7. Thus, a Chapter 11 liquidation might result in larger recoveries than in a Chapter 7 liquidation, but the delay in distributions could result in lower present values received and higher administrative costs. Because a trustee is not required in a Chapter 11 case, expenses for professional fees could be lower than in a Chapter 7 case, in which a trustee must be appointed. Any distribution to the holders of Claims under a Chapter 11 liquidation plan probably would be delayed substantially. Moreover, without the support of the holders of Asbestos Personal Injury Claims, the purchaser or purchasers of assets from the Debtors would not be assured the protection from liability for asbestos-related claims available under Section 524(g) of the Bankruptcy Code, thus potentially diminishing the value of such assets in a sale under Chapter 11.

The Debtors believe that any alternative liquidation under Chapter 11, if feasible at all, is a much less attractive alternative to creditors than the Plan. THE COMPANY BELIEVES THAT THE PLAN AFFORDS SUBSTANTIALLY GREATER BENEFITS TO CREDITORS THAN WOULD A LIQUIDATION UNDER CHAPTER 7 OR CHAPTER 11 OF THE BANKRUPTCY CODE.

The Liquidation Analysis, prepared by the Debtors with the assistance of Lazard, is premised upon a liquidation in a Chapter 7 case. In the analysis, the Debtors have taken into account the nature, status, and underlying value of their assets, the ultimate realizable value of such assets, and the extent to which the assets are subject to liens and security interests.

The likely form of any liquidation would be the sale of individual assets. Based on this analysis, it is likely that a liquidation of the Debtors' assets would produce less value for distribution to creditors than that recoverable in each instance under the Plan. In the Debtors' opinion, the recoveries projected to be available in liquidation are not likely to afford holders of Claims as great a realization potential as does the Plan.

For a more detailed discussion, see Appendix C to this Disclosure Statement. The Bankruptcy Court or the District Court will determine, in conjunction with confirmation, whether the Plan satisfies the "best interests test" of Section 1129(a)(7).

XVI. THE SOLICITATION; VOTING PROCEDURE

The Bankruptcy Court may confirm the Plan only if it determines that the Plan complies with the technical requirements of Chapter 11 of the Bankruptcy Code and that the disclosures by the Debtors concerning the Plan have been adequate and have included information concerning all payments made or to be made in connection with the Plan and the Chapter 11 Cases. In addition, the Bankruptcy Court must determine that the Plan has been proposed in good faith and not by any means forbidden by law and, under Rule 3020(b)(2) of the Bankruptcy Rules, it may do so without receiving evidence if no objection is timely filed.

In particular, the Bankruptcy Code requires the Bankruptcy Court to find, among other things, that (a) the Plan has been accepted by the requisite votes of the Classes of Impaired Claims, unless approval will be sought under Section 1129(b) of the Bankruptcy Code despite the dissent of one or more such classes, which will be the case under the Plan, (b) the Plan is "feasible," which means that there is a reasonable probability that confirmation of the Plan will not be followed by liquidation or the need for further financial reorganization, and (c) the Plan is in the "best interests" of all holders of Claims and Interests, which means that such holders will receive at least as much under the Plan as they would receive in a liquidation under Chapter 7 of the Bankruptcy Code. The Bankruptcy Court must find that all conditions mentioned above are met before it can confirm the Plan. Thus, even if all Classes of Impaired Claims and Interests accept the Plan by the requisite votes, the Bankruptcy Court must make an independent finding that the Plan conforms to the requirements of the Bankruptcy Code, that the Plan is feasible, and that the Plan is in the best interests of the holders of Claims against, and Interests in, the Debtors. These statutory conditions to confirmation are discussed above.

By Order dated June 20, 2006, (the "Voting Procedures Order"), the Court has approved certain Voting Procedures which govern, among other things, the manner in which votes on the Plan will be solicited and Ballots and Master Ballots on the Plan tabulated. A copy of the Voting Procedures accompanies this Disclosure Statement. For further information regarding Voting Procedures and rules concerning the calculation of the amount of Claims voting in a Class of Claims, see Section XIII.B of this Disclosure Statement entitled "Feasibility of the Plan and Best Interests of Creditors—Acceptance of the Plan."

A. Parties in Interest Entitled to Vote

Under Section 1124 of the Bankruptcy Code, a class of claims or interests is deemed to be impaired under a Plan unless (1) the Plan leaves unaltered the legal, equitable, and contractual rights to which such claim or interest entitles the holder thereof or (2) notwithstanding any legal right to an accelerated payment of such claim or interest, the plan cures all existing defaults (other than defaults resulting from the occurrence of events of bankruptcy) and reinstates the maturity of such claim or interest as it existed before the default.

In general, a holder of a claim or interest may vote to accept or to reject a plan if (1) the claim or interest is allowed, which means generally that no party in interest has objected to such claim or interest, and (2) the claim or interest is impaired by the plan. If the holder of an impaired claim or interest will not receive or retain any distribution under the plan in respect of such claim or interest, the Bankruptcy Code deems such holder to have rejected the plan. If the claim or interest is not impaired, the Bankruptcy Code deems that the holder of such claim or interest has accepted the plan and the plan proponent need not solicit such holder's vote.

The holder of a Claim against a Debtor that is Impaired under the Plan is entitled to vote to accept or reject the Plan if (i) the Plan provides a distribution in respect to such Claim and (ii) (a) the Claim has been Scheduled by the Debtors (and such claim is not Scheduled at zero or as disputed, contingent, or unliquidated) or (b) it has filed a Proof of Claim on or before the bar date applicable to such holder, pursuant to Sections 502(a) and 1126(a) of the Bankruptcy Code and Bankruptcy Rules 3003 and 3018. Any Claim as to which an objection has been timely filed and has not been withdrawn or dismissed or denied by Final Order is not entitled to vote unless the Bankruptcy Court, pursuant to Federal Rule of Bankruptcy Procedure 3018(a), upon application of the holder of the Claim with respect to which there has been objection, temporarily allows the Claim in an amount that the Bankruptcy Court deems proper for the purpose of accepting or rejecting the Plan.

A vote may be disregarded if the Bankruptcy Court determines, pursuant to Section 1126(e) of the Bankruptcy Code, that it was not solicited or procured in good faith or in accordance with the provisions of the Bankruptcy Code. The Voting Procedures Order also sets forth assumptions and procedures for tabulating Ballots that are not completed fully or correctly.

B. Classes Impaired under the Plan

To the extent and in the manner provided in the Voting Procedures Order, Classes A3-U3, A5, A6-A, A6-B, B6-U6, A7, I7, B8, A10-U10, A11 and A12-A are entitled to vote to accept or reject the Plan.

In Classes A7 and B8, only holders of present Asbestos Personal Injury Claims will vote on the Plan. By operation of law, each Unimpaired Class of Claims is deemed to have accepted the Plan and, therefore, is not entitled to vote to accept or reject the Plan. By operation of law, Class A12-B and I12 are deemed to have rejected the Plan and therefore is not entitled to vote to accept or reject the Plan.

C. Waivers of Defects, Irregularities, etc.

Unless otherwise directed by the Bankruptcy Court, all questions as to the validity, form, eligibility (including time of receipt), acceptance, and revocation or withdrawal of Ballots or Master Ballots will be determined by the Voting Agent or the Special Voting Agent, as applicable, and the Debtors in accordance with the Voting Procedures in their sole discretion, which determination will be final and binding. The Debtors also reserve the right to reject any and all Ballots and Master Ballots not in proper form, the acceptance of which would, in the opinion of the Debtors or their counsel, be unlawful. The Debtors further reserve the right to waive any defects or irregularities or conditions of delivery as to any particular Ballot or Master Ballot.

D. Withdrawal of Ballots; Revocation

Any party who has delivered a valid Ballot or Master Ballot for the acceptance or rejection of the Plan may withdraw such acceptance or rejection by delivering a written notice of withdrawal to the Voting Agent or Special Voting Agent, as applicable, at any time prior to the Voting Deadline in accordance with the Voting Procedures. The Debtors intend to consult with the Voting Agent or Special Voting Agent to determine whether any withdrawals of Ballots or Master Ballots were received and whether the requisite acceptances of the Plan have been received. As stated above, the Debtors expressly reserve the absolute right to contest the validity of any such withdrawals of Ballots and Master Ballots.

E. Further Information; Additional Copies

If you have any questions about (1) the Voting Procedures for voting your Claim or Interest or with respect to the packet of materials that you have received or (2) the amount of your Claim, or if you wish to obtain, at your own expense, unless otherwise specifically required by Federal Rule of Bankruptcy Procedure 3017(d), an additional copy of the Plan, this Disclosure Statement or any appendices or Exhibits to such documents, please contact:

OWENS CORNING
c/o Omni Management Group, LLC
16161 Ventura Blvd., PMB 517
Encino, CA 91436
818-905-6542 (fax)
contact@omnimgt.com

Bondholders and stockholders may contact the Special Voting Agent, Financial Balloting Group LLC, at 646-282-1800.

XVII. RECOMMENDATION AND CONCLUSION

For all of the reasons set forth in this Disclosure Statement, the Plan Proponents believe that confirmation and consummation of the Plan is preferable to all other alternatives. Consequently, the Plan Proponents urge all holders of Allowed Claims in Impaired Classes to vote to ACCEPT the Plan, and to complete and return their Ballots or Master Ballots so that they will be actually RECEIVED by the Voting Agent or Special Voting Agent, as applicable, on or before 4:00 p.m. prevailing Eastern Time on the Voting Deadline.

Dated: June 30, 2006

OWENS CORNING, et al.
(for itself and on behalf of the Subsidiary Debtors)

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Exhibit 13

THIS DISCLOSURE STATEMENT HAS NOT BEEN APPROVED BY THE BANKRUPTCY COURT AND NO ONE MAY SOLICIT ACCEPTANCES OR REJECTIONS OF THE PLAN OF REORGANIZATION UNTIL THE DISCLOSURE STATEMENT HAS BEEN APPROVED BY THE BANKRUPTCY COURT AS CONTAINING ADEQUATE INFORMATION. THIS DISCLOSURE STATEMENT IS SUBJECT TO FURTHER MODIFICATION PRIOR TO BANKRUPTCY COURT APPROVAL.

UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF NEW JERSEY

In re:	:	Case No. _____
DURO DYNE NATIONAL CORP., *et al.*,	:	Chapter 11
Debtors.[1]	:	Jointly Administered

DISCLOSURE STATEMENT FOR PRENEGOTIATED PLAN OF REORGANIZATION FOR DURODYNE NATIONAL CORP., ET AL.

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[1] The Debtors subject to this Disclosure Statement and the Prenegotiated Plan of Reorganization referred to herein are Duro Dyne National Corp., Duro Dyne Corporation, Duro Dyne West Corp., Duro Dyne Midwest Corp., and Duro Dyne Machinery Corp.

DISCLAIMER

THIS DISCLOSURE STATEMENT HAS BEEN PREPARED IN ACCORDANCE WITH SECTION 1125 OF THE BANKRUPTCY CODE AND RULE 3016 OF THE FEDERAL RULES OF BANKRUPTCY PROCEDURE, AND NOT NECESSARILY IN ACCORDANCE WITH FEDERAL OR STATE SECURITIES LAWS OR OTHER NONBANKRUPTCY LAW. THIS DISCLOSURE STATEMENT WAS PREPARED TO PROVIDE HOLDERS OF CLAIMS AGAINST THE DEBTORS WITH "ADEQUATE INFORMATION" (AS DEFINED IN THE BANKRUPTCY CODE) SO THAT THEY CAN MAKE AN INFORMED JUDGMENT ABOUT THE PLAN. THIS DISCLOSURE STATEMENT AND ALL EXHIBITS HERETO, INCLUDING THE PLAN, SHOULD BE READ. PLAN SUMMARIES AND STATEMENTS MADE IN THIS DISCLOSURE STATEMENT ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO THE PLAN AND THE EXHIBITS ANNEXED TO THE DISCLOSURE STATEMENT AND THE PLAN.

THERE HAS BEEN NO INDEPENDENT AUDIT OF THE FINANCIAL INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT EXCEPT AS EXPRESSLY INDICATED HEREIN. THIS DISCLOSURE STATEMENT WAS COMPILED FROM INFORMATION OBTAINED FROM NUMEROUS SOURCES BELIEVED TO BE ACCURATE TO THE BEST OF THE DEBTORS' KNOWLEDGE, INFORMATION AND BELIEF. NO GOVERNMENTAL AUTHORITY HAS PASSED ON, CONFIRMED OR DETERMINED THE ACCURACY OR ADEQUACY OF THE INFORMATION CONTAINED HEREIN.

NOTHING STATED HEREIN WILL BE DEEMED OR CONSTRUED AS AN ADMISSION OF ANY FACT OR LIABILITY BY ANY PARTY, OR BE ADMISSIBLE IN ANY PROCEEDING INVOLVING THE DEBTORS OR ANY OTHER PARTY, OR BE DEEMED CONCLUSIVE EVIDENCE OF THE TAX OR OTHER LEGAL EFFECTS OF THE PLAN ON THE DEBTORS OR HOLDERS OF CLAIMS OR EQUITY INTERESTS. CERTAIN STATEMENTS CONTAINED HEREIN, BY NATURE, ARE FORWARD-LOOKING AND CONTAIN ESTIMATES AND ASSUMPTIONS. THERE CAN BE NO ASSURANCE THAT SUCH STATEMENTS WILL REFLECT ACTUAL OUTCOMES.

THE STATEMENTS CONTAINED HEREIN ARE MADE AS OF THE DATE THE PLAN, UNLESS ANOTHER TIME IS SPECIFIED. THE DELIVERY OF THIS DISCLOSURE STATEMENT WILL NOT BE DEEMED OR CONSTRUED TO CREATE ANY IMPLICATION THAT THE INFORMATION CONTAINED HEREIN IS CORRECT AT ANY TIME AFTER THE DATE OF THE PLAN.

HOLDERS OF CLAIMS AND EQUITY INTERESTS SHOULD NOT CONSTRUE THE CONTENTS OF THIS DISCLOSURE STATEMENT OR THE PLAN AS PROVIDING ANY LEGAL, BUSINESS, FINANCIAL OR TAX ADVICE. THEREFORE, EACH SUCH HOLDER SHOULD CONSULT WITH ITS OWN LEGAL, BUSINESS, FINANCIAL AND TAX ADVISORS AS TO ANY SUCH MATTERS CONCERNING THIS DISCLOSURE STATEMENT OF THE PLAN AND THE TRANSACTIONS CONTEMPLATED THEREBY.

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ARTICLE I.
INTRODUCTION

Duro Dyne National Corp. ("Duro Dyne"), Duro Dyne Machinery Corp. ("Duro Dyne Machinery"), Duro Dyne Corporation ("Duro Dyne Corp."); Duro Dyne West Corp. ("Duro Dyne West"); and Duro Dyne Midwest Corp. ("Duro Dyne Midwest"), as debtors and debtors-in-possession (collectively, the "Company", "Debtors" or "Debtors-in-Possession"), pursuant to the provisions of chapter 11 of title 11 of the United States Code, 11 U.S.C. §§ 101 et seq. (as amended) (the "Bankruptcy Code"), submit this Disclosure Statement (the "Disclosure Statement") for their Prenegotiated Plan of Reorganization (the "Plan") [2] for the resolution of their outstanding Claims and Equity Interests (as those terms are defined herein).

On September 7, 2018, each of the Debtors commenced a bankruptcy case (collectively, the "Chapter 11 Cases") by filing a voluntary chapter 11 petition with the United States Bankruptcy Court for the District of New Jersey (the "Bankruptcy Court"). Chapter 11 of the Bankruptcy Code allows a debtor to propose a plan of reorganization or liquidation. On the same date, the Debtors filed their Plan, as may be amended or modified from time to time, with the Bankruptcy Court. A copy of the Plan is attached hereto as **Exhibit A**. This document is the Disclosure Statement for the Plan.

The Plan constitutes a chapter 11 plan of reorganization. Except as set forth in the Plan or otherwise provided by order of the Bankruptcy Court, Distributions will occur on the Effective Date or as soon thereafter as is practicable and at various intervals thereafter.

In the Debtors' opinion, the treatment of Claims under the Plan provides a greater recovery for Creditors than that which is likely to be achieved under other alternatives. **Accordingly, the Debtors believe that Confirmation of the Plan is in the best interests of all creditors and, therefore, urge all creditors to vote to accept the Plan.**

ARTICLE II.
PURPOSE OF THIS DISCLOSURE STATEMENT

This Disclosure Statement summarizes what is in the Plan and describes certain information relating to the Plan and the process the Bankruptcy Court will follow in determining whether or not to confirm the Plan. This Disclosure Statement contains the following exhibits:

- The Plan (Exhibit A)
- Financial Projections and Liquidation Analysis (Exhibit B)

Please read this Disclosure Statement and the Exhibits carefully as they discuss, among other things:

a. Who can vote to accept or reject the Plan;

[2] All capitalized terms not defined in this Disclosure Statement shall have the same meanings set forth in the Plan.

b. The proposed treatment of claims (i.e., what creditors will receive on account of their claims if the Plan if confirmed), and how this treatment compares to what creditors would receive if the Chapter 11 Cases were converted to Chapter 7 bankruptcy cases;

c. What the Bankruptcy Court will consider when deciding whether to confirm the Plan; and

d. The effect of confirmation of the Plan.

This Disclosure Statement cannot tell creditors everything about their rights. A creditor should consider consulting his or her own lawyer to obtain more specific advice on how the Plan will affect the creditor and what is the best course of action for the creditor.

Creditors should be sure to read the Plan as well as the Disclosure Statement. If there are any inconsistencies between the Plan and the Disclosure Statement, the Plan provisions will govern. Bankruptcy Code § 1125 requires a Disclosure Statement to contain "adequate information" concerning the Plan. The term "adequate information" is defined in Bankruptcy Code § 1125(a) as "information of a kind, and in sufficient detail," about a debtor "that would enable a hypothetical reasonable investor typical of holders of claims or interests" of a debtor to make an informed judgment about accepting or rejecting the Plan.

This Disclosure Statement has been approved by Order of the Bankruptcy Court dated _____, 2018. Approval of this Disclosure Statement by the Bankruptcy Court does not constitute an endorsement of the Plan by the Bankruptcy Court.

ARTICLE III.
PLAN VOTING PROCEDURES AND CONFIRMATION OF PLAN

THE COURT HAS NOT YET CONFIRMED THE PLAN DESCRIBED IN THIS DISCLOSURE STATEMENT. IN OTHER WORDS, THE TERMS OF THE PLAN ARE NOT YET BINDING ON ANYONE. IF THE COURT LATER CONFIRMS THE PLAN, THEN THE PLAN WILL BE BINDING ON THE DEBTORS AND ON ALL HOLDERS OF CLAIMS AND EQUITY INTERESTS IN THE CHAPTER 11 CASES.

If the Plan is confirmed, the Distributions provided for in the Plan will be in exchange for, and in complete satisfaction, discharge and release of, all Claims against the Debtors or any of their assets or properties, including all Asbestos Claims and Demands and any Claim accruing after the Petition Date and before the Confirmation Date to the fullest extent permitted by law. As of the Effective Date of the Plan, all holders of Claims and Equity Interests will be precluded from asserting any Claim against the Debtors or their assets or other interests in the Debtors based on any transaction or other activity of any kind that occurred before the Confirmation Date except as otherwise provided in the Plan.

A. Requirements for Confirmation

The Bankruptcy Court will confirm the Plan only if it meets all of the applicable requirements of section 1129 of the Bankruptcy Code. Among the requirements for confirmation in these Chapter 11 Cases are that the Plan (a) is accepted by Class 6 or Class 7, which are the

only Impaired Classes with the right to vote; and (b) the Plan is feasible. The Bankruptcy Court must also find that:

1. the Plan has classified Claims and Equity Interests in a permissible manner;

2. the Plan complies with the technical requirements of Chapter 11 of the Bankruptcy Code; and

3. the Plan has been proposed in good faith. *See* 11 U.S.C. §§ 1123, 1129.

B. Persons Potentially Eligible to Vote on the Plan

Pursuant to section 1126 of the Bankruptcy Code, only the holders of Claims in Classes impaired by the Plan and receiving a payment or Distribution under the Plan may vote on the Plan. Pursuant to section 1124 of the Bankruptcy Code, a Class of Claims may be "impaired" if the Plan alters the legal, equitable or contractual rights of the holders of such Claims or Equity Interests in such Class.

Classes 1, 2, 3, 4, 5 and 8 are Unimpaired under the Plan, and, pursuant to Section 1126(f) of the Bankruptcy Code, are conclusively presumed to have accepted the Plan.

Classes 9, 10, 11 and 12 are claims of Insiders and/or Affiliates and are not entitled vote on the Plan.

The following are the Unclassified Claims: General Administrative Expense Claims, Professional Fee Claims, Priority Tax Claims and Statutory Fees. Each holder of an Unclassified Claim is conclusively presumed to have accepted the Plan and, therefore, is not entitled to vote to accept or reject the Plan.

Classes 6 and 7 are Impaired under the Plan and are entitled to vote on the Plan. The Plan can be confirmed by the Bankruptcy Court and thereby made binding on creditors if it is accepted by at least two-thirds (2/3) in dollar amount and more than one-half (1/2) in number of the holders of Class 6 Claims actually voting on the Plan, and by at least two-thirds (2/3) in dollar amount and more than seventy-five percent (75%) in number of the holders of Class 7 Claims that have voted on the Plan. Acceptance of the Plan by Class 7 shall also be determined in accordance with section 524(g)(2)(B)(ii)(IV)(bb) of the Bankruptcy Code and Section 6.04 of the Plan. In the event that Class 7 votes to accept the Plan and Class 6 votes to reject the Plan, the Plan Proponents reserve the right to seek confirmation of the Plan under § 1129(b) of the Bankruptcy Code.

C. Solicitation and Confirmation Hearing Notice

All holders of Claims in Classes 6 and 7 (as well as the other Notice Parties) will receive a package (the "Solicitation Package") consisting of a USB flash drive containing:

1. the Disclosure Statement (with the Plan attached as an exhibit);

2. the Solicitation Order (with the Voting Procedures attached as an exhibit); and

3. any other materials ordered by the Court to be disseminated.

The Solicitation Package shall also include:

1. a cover letter describing the contents of the Solicitation Package, and instructions for obtaining (free of charge) a printed copy of the Solicitation Package;

2. the Confirmation Hearing Notice;

3. solely for the holders of claims entitled to vote on the Plan, appropriate ballots and voting instructions for the same; and

4. solely for the holders of claims entitled to vote on the Plan, pre-addressed, return envelopes for completed ballots.

All other creditors and parties in interest not entitled to vote on the Plan will receive a copy of the Confirmation Hearing Notice and a Notice of Non-Voting Status.

Creditors may also obtain copies of the Solicitation Package on the website of BMC Group, the Debtors' Claims and Noticing Agent (the "Claims and Noticing Agent"), at www.bmcgroup.com/DuroDyne. Copies of the Plan and the Disclosure Statement also may be examined by interested parties between the hours of 9:00 a.m. and 4:30 p.m. (prevailing Eastern Time) at the office of the Clerk of the Bankruptcy Court, United States Bankruptcy Court for the District of New Jersey, Clarkson S. Fisher US Courthouse, 402 East State Street, Trenton, NJ 08608. To the extent any portion of this notice conflicts with the Plan or the Disclosure Statement, the terms of those documents shall control over this notice.

The Ballots received by holders of Claims in Classes 6 and 7 do not constitute a proof of claim. If a creditor is uncertain whether its claim has been correctly scheduled, the creditor should check the Debtors' Schedules, which are on file at the Office of the Clerk of the Bankruptcy Court located at: United States Bankruptcy Court for the District of New Jersey, 402 East State Street, Trenton, New Jersey, 08608. The Clerk of the Bankruptcy Court will not provide this information by telephone.

D. Deadline for Voting to Accept or Reject the Plan

In order for a Ballot to count, the creditor or its representative must (1) complete, date and properly execute the Ballot and (2) properly deliver the Ballot to the Claims and Noticing Agent by either mail or overnight courier to the Claims and Noticing Agent at the following address:

If by regular mail:	**If by messenger or overnight delivery:**
BMC Group, Inc. Attn: Duro Dyne Ballot Processing PO Box 90100 Los Angeles, CA 90009	BMC Group, Inc. Attn: Duro Dyne Ballot Processing 3732 West 120th Street Hawthorne, CA 90250

The Claims and Noticing Agent must RECEIVE Ballots **on or before4:00 p.m. (prevailing Eastern Time), on _____, 2018 (the "Voting Deadline")**. Holders of Claims in Class 7 may vote by master ballot as provided in section ___hereof. Except as otherwise ordered by the Bankruptcy Court, a creditor may not change its vote once a Ballot is submitted to the Claims and Noticing Agent. **BALLOTS SENT BY FACSIMILE TRANSMISSION OR E-MAIL ARE NOT ALLOWED AND WILL NOT BE COUNTED.**

Any ballot that is timely received, that contains sufficient information to permit the identification of the claimant and that is cast as an acceptance or rejection of the Plan will be counted and will be deemed to be cast as an acceptance or rejection, as the case may be, of the Plan.

The following ballots will not be counted or considered for any purpose in determining whether the Plan has been accepted or rejected:

1. any Ballot or Master Ballot received after the Voting Deadline, unless the Plan Proponents, with approval of the Court, grant a written extension of the Voting Deadline (whether prior to or following such date) with respect to such ballot;

2. any Ballot or Master Ballot that is illegible or contains insufficient information to permit the identification of the claimant(s);

3. any Ballot or Master Ballot cast by a person or entity that does not hold a claim in a class that is entitled to vote to accept or reject the Plan;

4. any Ballot cast for a Claim identified as unliquidated, contingent or disputed for which no proof of claim was timely filed or deemed timely filed or was designated as zero or unknown in amount and for which no Rule 3018(a) motion has been filed by the Rule 3018(a) motion deadline;

5. any unsigned Ballot or Master Ballot; or

6. any Ballot or Master Ballot transmitted to the Debtors only by facsimile or electronic mail.

Voting Questions. If there are any questions regarding the provisions or requirements for voting to accept the Plan or require assistance in completing a Ballot, creditors may contact counsel to the Debtors at durodyne@lowenstein.com.

E. Acceptance of the Plan

The acceptance of the Plan by creditors in one of Class 6 or 7 is important. In order for the Plan to be accepted by Class 6, it must be accepted by at least two-thirds (2/3) in dollar amount and more than one-half (1/2) in number of the holders of Class 6 Claims actually voting on the Plan. Class 7 shall be deemed to have accepted the Plan if at least two thirds (2/3) in dollar amount and more than seventy-five percent (75%) in number of the holders of Class 7 Claims that vote on the Plan, accept the Plan. In the event that Class 6 does not vote to accept the Plan, the Plan Proponents reserve the right to seek to confirm the Plan pursuant to section

1129(b) of the Bankruptcy Code. Acceptance of the Plan by Class 7 shall also be determined in accordance with section 524(g)(2)(B)(ii)(IV)(bb) of the Bankruptcy Code and Section 6.04 of the Plan. The Debtors urge that creditors vote to accept the Plan. **CREDITORS ARE URGED TO COMPLETE, DATE, SIGN AND PROMPTLY RETURN THE BALLOT. PLEASE BE SURE TO COMPLETE THE BALLOT PROPERLY AND LEGIBLY IDENTIFY THE EXACT AMOUNT OF THE CREDITOR'S CLAIM AND THE NAME OF THE CREDITOR.**

F. Time and Place of the Confirmation Hearing

The hearing at which the Court will determine whether to confirm the Plan (the "Confirmation Hearing") will take place on **_____, 2018 at __:00 __.m.** in Courtroom No. ___, United States Bankruptcy Court for the District of New Jersey, 402 East State Street, Trenton, New Jersey, 08608. The Confirmation Hearing may be adjourned from time to time by the Bankruptcy Court without further notice except for an announcement of the adjourned date made at the hearing.

G. Procedure for Objections to Confirmation of the Plan

Any objection to confirmation of the Plan must (a) be in writing; (b) state the name and address of the objecting party and the amount of the claim of such party; and (c) state with particularity the grounds for the objection. Any objection must be filed with the Court and served so as to be actually received on or before **_____, 2018 at __:00 __.m.** (the "Objection Deadline") on:

To the Debtors and Reorganized Debtors:

Lowenstein Sandler LLP
One Lowenstein Drive
Roseland, NJ 07068
Attention: Kenneth A. Rosen, Esq.
Jeffrey Prol, Esq.
krosen@lowenstein.com
jprol@lowenstein.com

To the Asbestos Claimants' Committee:

Counsel to the Legal Representative

To the Office of the United States Trustee:

Office of the United States Trustee
for Region 3
One Newark Center
1085 Raymond Boulevard, Suite 2100,
Newark, NJ 07102
Attention: _____, Esq.
_____@usdoj.gov

If an objection is not timely filed and served, it may not be considered by the Bankruptcy Court.

ARTICLE IV.
BACKGROUND AND SUMMARY OF CHAPTER 11 CASES

A. The Debtors' Business and Corporate Structure

1. Overview and Nature of the Debtors' Business

In 1952 Milton Hinden founded the Company which did business under the name Duro-Dyne Corporation. Over the span of 60 years, the Company has evolved into the leading manufacturer of sheet metal accessories and equipment for the heating, ventilating, and air conditioning (HVAC) industry. The Company' operations are conducted though Duro Dyne, Duro Dyne Machinery, Duro Dyne Corp., Duro Dyne Midwest and Duro Dyne West.

Duro Dyne is a holding company whose primary asset is all of the issued and outstanding capital stock of the other Debtors. Duro Dyne is owned by members of the Hinden family and various trusts for the benefit of Hinden family members.

The Company has sales offices and over 200,000 square feet of manufacturing and warehousing facilities in facilities in Trenton, New Jersey, Bay Shore, New York, Fairfield, OH and Fontana, CA (Los Angeles area). In addition to the U.S. operations, the Company has a Canadian affiliate located in Quebec[3] and a licensee that manufactures under the Duro Dyne label located in the United Arab Emirates.

Duro Dyne Machinery manufactures machines for the sheet metal industry which are sold to third party customers. Duro Dyne Corp. manufactures and sells sheet metal parts and tools on the east coast of the United States. Duro Dyne Midwest manufactures and sells sheet metal parts in the Midwestern part of the United States, and Duro Dyne West sells sheet metal parts and tools on the west coast of the United States. The Debtors operate as a consolidated and integrated entity.

In addition to manufacturing, the Company also engages in the research and development of HVAC products. The Company's extensive research and development program has introduced more new products and processes than any other company in this industry, and their ingenuity and technical advances are unmatched in the industry. The Company's innovations continue to lead to the development of an increasing number of diverse items in their product line. The Flexible Duct Connector, the Vane Rail, FGMH Auto Shift Multi-Head Pinspotter System and Blade Kits for multi-blade dampers were originally developed by the Company. Other products that have now become standard in the sheet metal fabrication field such as self-drilling sheet metal screws were likewise developed by the Company. The Company's products also include, among other things, manual and mechanical air dampers, multi-zone control systems, ductwork suspension kits, insulation fasteners, ductwork connecting systems, sealants, and the machinery and tools needed to install it all.

[3] Duro Dyne Corp. owns all the stock of Duro Dyne Canada Inc., a Canadian Corporation, which manufactures and distributes the most complete line of sheet metal accessories and equipment for the heating, ventilating and air conditioning industry in Canada. Duro Dyne Canada is not a Debtor in these proceedings.

The Company sells its products to national, regional and independent HVAC distributors as well as HVAC equipment manufacturers. The distributors stock and sell Company's products to HVAC contractors and other end users.

Prior to the first quarter of 2018, Debtors sales and profits rose steadily as steel prices fell to historic lows and construction activity improved significantly. Most recently, in 2017, the Company's sales were approximately $69 million, and earnings before interest, taxes, depreciation and amortization ("EBITDA") was approximately $5.2 million after adjustments for legal and other fees related to the Company's asbestos and insurance issues, which are discussed further below. Steel prices rose throughout 2017 due to the strongest increase in worldwide steel demand since 2013, which directly impacted the Company's gross margins. In 2018, steel prices have increased dramatically due to uncertainty regarding potential US tariffs on imported steel, with some of the Company's steel vendors raising prices by as much as 25%. To offset this increase in steel costs, the Company announced a price increase effective May 1, 2018. The Company remains profitable and estimates that sales and EBITDA (after adjusting for costs related to this bankruptcy proceeding) for 2018 will be approximately $73.6 million and $5.2 million, respectively. As set forth in detail below, the primary reason for the Company's bankruptcy filings is to address the Company's liability for asbestos related claims.

The Company employs approximately 170 people with sales and distribution channels throughout the United States, Canada and internationally. The Company will from time to time supplement its production, shipping and accounting workforces with temporary employees.

Within the Company's workforce are employees who are or were members of several different unions. Approximately 27 employees of Duro Dyne Midwest are currently members of the International Association of Sheet Metal, Air, Rail and Transportation Workers ("SMART"), Local Union No. 24 of the Sheet Metal Workers' International Union. In November 2017, the New York members of the Warehouse & Production Employees Union, AFL-CIO, Local Union 210 ("Local 210") voted to decertify Local Union 210. Prior to June 2018, Duro Dyne West operated a warehouse in Fontana, California which employed six members of SMART Local Union No. 170 of the Sheet Metal Workers' International Union. Those operations were closed and the employees were terminated on June 15, 2018.

2. The Debtors' Current Business, Officers and Directors

The Officers of Duro Dyne are:

TITLE	NAME
Chief Executive Officer	Randall Hinden
President	Patrick Rossetto
Vice President-Sales & New Product Development	David Krupnick
Vice President-Controller	Leo White
Secretary and Treasurer	Patrick Rossetto

The members of the Board of Directors for Duro Dyne National are Randall Hinden, Wendy Hinden, Irene Hinden, Patrick Rossetto and David Krupnick.

Pursuant to the terms of the Plan, each officer of Duro Dyne will continue to hold office following the Effective Date, and likewise the Board of Directors will remain unchanged following the Effective Date.

3. The Debtors' Equity Structure

Duro Dyne is authorized to issue 5,000 shares of Class B Voting Stock, par value $100.00 per share. Currently, there are 3 shares of Class B voting stock issued. Randall Hinden, Wendy Hinden and Irene Hinden each own one share of the Class B Stock.

Duro Dyne is also authorized to issue 40,000 shares of Class A Non-Voting Stock, par value $1.00 per share. There are 20,903 shares of Class A non-voting stock issued, which are held by the Hinden Family Members and by trusts for the benefit of other members of the Hinden family.

Duro Dyne holds all of the outstanding shares of all of the other Debtors.

Pursuant to the Plan, upon the Effective Date Duro Dyne Machinery, Duro Dyne Corp., Duro Dyne West and Duro Dyne Midwest shall be merged into Duro Dyne, and the shareholders of Duro Dyne shall retain their interests in Duro Dyne. There is no public market for the equity securities of the Debtors.

On the Effective Date, Duro Dyne shall amend its Certificate of Incorporation to:

i. remove from the authorized shares of the corporation a total of 21,097 unissued shares, consisting of (1) 19,097 unissued Class A Non-Voting Common Shares, par value $1.00 per share and (2) 2,000 unissued Class B Voting Common Shares, par value $1.00 per share;

ii. change 3 authorized Class B Voting Common Shares into 3,000 issued Class B Voting Common Shares; and

iii. add a provision prohibiting the further issuance of non-voting equity securities to the extent prohibited by Section 1123(a)(6) of Title 11 of the United States Code as in effect on the date of the filing of this restated certificate of incorporation by the Department of State.

iv. The Debtors' Existing Capital Structure

4. Prepetition Secured Debt.

Duro Dyne is party to a revolving credit note dated February 3, 2003 (as amended) with a non-debtor affiliate, 4 Site, LLC (the "Prepetition Lender") pursuant to which the Prepetition Lender extended a revolving credit facility to Duro Dyne in the principal sum of five million dollars ($5,000,000.00) (the "Prepetition Loan"). As of the Petition Date, the total outstanding balance due on the Prepetition Loan is approximately $1,290,000.00.

The Prepetition Loan was advanced to the Company in several tranches between 2003 and 2015. As of the Petition Date, the tranches distributed in 2009, 2011, 2012, 2014 and 2015 remain outstanding. Each tranche has a 10-year maturity date ranging from 2019 until 2025.

Payments on the Prepetition Loan are due on a quarterly basis each March 31, June 30, September 30 and December 31, and each quarter Duro Dyne pays the Prepetition Lender a total of $82,100.00 on the six outstanding tranches**.** The Debtors are current on the Prepetition Loan.

As an inducement for the Prepetition Lender to make the Prepetition Loan, Duro Dyne also executed a security agreement dated February 3, 2003 (the "Security Agreement"), pursuant to which the Prepetition Lender was granted a continuing security interest in "all personal property and fixtures in which the debtor has an interest, now or hereafter existing or acquired, and wherever located, tangible or intangible, including but not limited to, all present and hereafter existing or acquired accounts, contract rights, leases, general intangibles, equipment, goods, inventory (raw materials, components, work-in process, finished merchandise, and packing and shipping materials), personal property made available to the debtor by the secured party (or its agent or bailee) pursuant to a trust receipt or other security agreement the effect of which is to continue the secured party's security interest herein, money, instruments, books, records, documents, chattel paper, securities, deposits, credits, claims and demands, together with all proceeds, products, returns, additions, accessions and substitutions of and to any of the foregoing."

As further inducement for the Prepetition Lender to make the Prepetition Loan, the Prepetition Loan is guaranteed and secured by liens on the assets of Debtors Duro Dyne Corp., Duro Dyne Machinery, Duro Dyne Midwest and Duro Dyne West.

The Prepetition Lender has consented to the Debtors' use of cash collateral, subject to certain agreed upon terms and conditions contained in the cash collateral order. The Prepetition Lender has also agreed to a carve-out to fund the administrative costs of these chapter 11 cases.

5. Leases

The Debtors lease certain real estate, machinery and equipment from non-debtor affiliates. Rent payments and other obligations due under these leases are paid in the ordinary course of business. The Debtors' liabilities to non-debtor related parties include:

Lessor	Property	Agreement Date	Monthly Payment	Maturity Date
PROFORMA	Equipment	8/01/2005	$12,328.37	12/31/2019
PROFORMA II	Equipment	6/27/2006	$3,618.28	5/31/2018
ISWR Ohio	Real Property	1/08/2011	$16,258.73	7/31/2021
Spence	Real Property	6/01/2015	$82,546.42	5/312020

6. Trade Debt

Exclusive of Asbestos Claim liability, as of the Petition Date, the Debtors also owe approximately $7.6 million on an unsecured basis to trade creditors, including nearly $2.6 million in 11 U.S.C. §503(b)(9) claims. The Debtors also have unliquidated pension and withdrawal liabilities as explained in detail below.

B. Duro Dyne Pension Plan Obligations

1. Duro Dyne Pension Plan

Duro Dyne sponsors and maintains the Duro Dyne Pension Plan (the "Duro Dyne Pension Plan"), a frozen defined benefit single-employer pension plan for non-union employees. The Duro Dyne Pension Plan is governed by the provisions of Title IV of the Employee Retirement Income Security Act of 1974, as amended 29 U.S.C. section 1301 et seq. ("ERISA"), and the Internal Revenue Code. The Pension Benefit Guaranty Corporation ("PBGC"), a United States Government corporation, guarantees the payment of certain pension benefits upon termination of a pension plan covered by Title IV of ERISA.

Upon confirmation of the Plan, the Reorganized Debtor will continue to maintain the Duro Dyne Pension Plan, and will contribute to the Duro Dyne Pension Plan the amount necessary to satisfy the minimum funding standards under sections 302 and 303 of ERISA, 29 U.S.C. §§ 1082 and 1083, and sections 412 and 430 of the Internal Revenue Code, 26 U.S.C. §§ 412 and 430.

Nothing in the Plan will be construed as discharging, releasing or relieving the Reorganized Debtor from any liability imposed under any law or legally valid regulatory provision with respect to the Duro Dyne Pension Plan. Neither the PBGC nor the Duro Dyne Pension Plan will be enjoined or precluded from enforcing such liability as a result of any provision of the Plan or the Confirmation Order. Any Claims or liabilities owed on account of or to the Duro Dyne Pension Plan will be deemed Employee Benefit Claims, which Claims are classified in Class 3 of the Plan and shall be unimpaired and reinstated on the Effective Date. Because the Debtors through the Effective Date and Reorganized Debtor from and after the Effective Date will continue to maintain the Duro Dyne Pension Plan and satisfy any unpaid minimum funding contributions and other obligations that may be owed to the Duro Dyne Pension Plan, the Debtors believe that no PBGC Claims shall arise in connection with the Duro Dyne Pension Plan and thus any claims asserted by the PBGC on account of the Duro Dyne Pension Plan shall not be entitled to any distribution under the Plan.

2. Decertification of Local 210, Warehouse & Production Employees Union, AFL-CIO and Assertion of Withdrawal Liability Claims by the Local 210 Unity Pension Fund

Until November 2017, pursuant to a collective bargaining agreement with Warehouse & Production Employees Union, AFL-CIO, Local 210 ("Local 210"), Debtors Duro Dyne Corp. and Duro Dyne Machinery were obligated to contribute to the Local 210 Unity Pension Fund on behalf of eligible bargaining unit members. However, an election was conducted pursuant to the National Labor Relations Board's Rules and Regulations and the employees of Duro Dyne Corp.

and Duro Dyne Machinery located at 81 Spence Street, Bay Shore, New York (the "Bay Shore Employees") voted not to select a collective-bargaining representative (the "Decertification Vote"). Accordingly, on or about November 28, 2017, the National Labor Relation Board decertified Local 210 as the exclusive collective-bargaining representative of the Bay Shore Employees.

Following the Decertification Vote, by letter dated December 1, 2017, the board of trustees of the Local 210 Unity Pension Fund sent a notice and demand letter to Duro Dyne Corp. and Duro Dyne Machinery asserting that as a result of the Decertification Vote, Duro Dyne Corp. and Duro Dyne Machinery "effected a complete withdrawal from the Local 210 Unity Pension Fund within the meaning of Section 4203(a) of ERISA and are subject to the payment of Withdrawal Liability Claims (as defined in the Plan) in the estimated amount of $1,466,510" and further asserting that "Payment shall be made in seventy-eight (78) quarterly installment payments of $31,573 and a final payment in the amount of $11,899." Prior to the Petition Date, the Debtors disputed the asserted amount of the Withdrawal Liability Claims related to the Local 210 Unity Pension Fund by: (a) by letter dated February 22, 2018, timely filing a request for review pursuant to Section 4219(b)(2)(A) of ERISA; and (b) by letter dated May 1, 2018, timely demanding arbitration pursuant to Section 4221 of ERISA. The amount of the Withdrawal Liability Claim asserted by the Local 210 Unity Pension Fund remains subject to a pending arbitration proceeding (which proceeding has been stayed by the filing of these Chapter 11 Cases). By email dated May 1, 2018, the Local 210 Unity Pension Fund issued a revised demand for withdrawal liability in the amount of $1,337,594, payable in sixty-six (66) quarterly installment payments of $31,573 and a final payment in the amount of $2,097. Subject to the determination by the arbitrator (and by a court of competent jurisdiction, as applicable) of the Allowed amount (if any) of the asserted Withdrawal Liability Claim related to the Local 210 Unity Pension Fund, any Withdrawal Liability Claims related to the Local 210 Unity Pension Fund shall be deemed an Employee Benefit Claim which Claims are unimpaired under the Plan. Any such Allowed Withdrawal Liability Claims related to the Local 210 Unity Pension Fund will be paid in quarterly installment payments pursuant to the demand letters issued by the Local 210 Unity Pension Fund, the terms of the Local 210 Unity Pension Fund's governing plan and trust documents and applicable law.

3. Collective Bargaining Agreements with SMART Local Union No. 24 of Sheet Metal Workers' International Union and SMART Local Union No. 170 of the Sheet Metal Workers' International Union and Participation in Sheet Metal Workers' National Pension Fund

The Debtors are party to two collective bargaining agreements (and related amendments) with SMART Local Union No. 24 of Sheet Metal Workers' International Union (collectively, the "Ohio CBAs"), which govern the Debtors' employment of their employees at their facilities located in Ohio. Until June 2018, Duro Dyne West was party to a separate collective bargaining agreement (the "California CBA") with SMART Local Union No. 170 of the Sheet Metal Workers' International which governed the Debtors' employment of employees at the facility located in California. On June 15, 2018, the Debtors' terminated all remaining Local 170 union employees thereby terminating the Debtors' obligations under the California CBA, including any obligations to make contributions on behalf of the Debtors' California employees to the Sheet Metal Workers' National Pension Fund (as defined in the Plan), a multiemployer pension

plan. Pursuant to the Ohio CBAs and the California CBA (prior to termination), the Debtors were obligated to contribute to the Sheet Metal Workers' National Pension Fund. The Debtors and Reorganized Debtor will continue to make all required contributions owed pursuant to the Ohio CBAs to the Sheet Metal Workers' National Pension Fund, and any Claims or liabilities owed on account of or to the Sheet Metal Workers' National Pension Fund to the extent related to the Ohio CBAs or Withdrawal Liability Claims related to the Sheet Metal Workers' National Pension Fund (if and solely to the extent Allowed) will be deemed Employee Benefit Claims, which Claims are classified in Class 3 of the Plan and shall be unimpaired and reinstated on the Effective Date. Any such Allowed Withdrawal Liability Claims related to the Sheet Metal Workers' National Pension Fund will be paid in quarterly installment payments as for provided pursuant to Title IV of ERISA.

C. Asbestos Litigation

The primary reason for the filing of the Debtors' Chapter 11 Case is the need to address the Debtor's asbestos liability. As of the Petition Date, the Debtors are named as defendants in approximately 956 pending personal injury cases stemming from alleged asbestos exposure (the "Asbestos Personal Injury Claims"). Prior to the Petition date, the Debtors settled more than 650 asbestos claims that had been filed against them. There were also over 8,100 asbestos claims dismissed. These claims have been asserted in various jurisdictions, including Michigan, Illinois, Massachusetts, Missouri and West Virginia.

The alleged asbestos liability arose as a result of the Debtors having sold products that allegedly contained asbestos beginning in approximately 1952 until about 1978. Among the asbestos based products that the Debtors are alleged to have sold are a flexible duct connector and a sealant manufactured by Bordon Chemical. In addition, the Debtors are alleged to have sold fibers or asbestos containing products purchased from Ray Bestos Manhattan, US Rubber, Uniroyal, and HK Porter, among other companies.

Since the first asbestos claims were filed against the Debtors in 1988, the Debtors have worked with their insurance carriers to seek dismissal of a large portion of the Asbestos Personal Injury Claims and to settle the remaining Asbestos Personal Injury Claims in advance of trial.

At the rate the Asbestos Personal Injury Claims were being filed and settled by the Debtors and their insurance carriers, it originally appeared that the Debtors would be able to address all of the claims through proceeds of insurance and cash flow from operations. However in recent years, the Debtors have been forced to bear an increasing share of settlements and defense costs due to the insolvency of one of the Debtors' insurance carriers, the exhaustion of the Debtors' primary insurance coverage, and disputes with insurance carriers providing excess level coverage.

D. Insurance Coverage

Beginning at least as early as 1968, the Company maintained comprehensive general liability insurance coverage applicable to asbestos personal injury claims. The Company purchased primary general liability policies from North River Insurance Company ("North River"), Hartford Accident & Indemnity Company ("Hartford"), Federal Insurance Company

("Federal"), Aetna Insurance Company of Connecticut ("Aetna"), and Insurance Company of North America ("INA") covering the policy periods from August 1, 1968 through June 23, 1991. Additionally, Duro Dyne purchased umbrella or excess insurance policies from Hartford, North River, Federal, MidStates Reinsurance Corporation ("MidStates"), Munich Reinsurance America, Inc., ("Munich") and Great Atlantic Insurance Company of Delaware ("GAIC") covering the policy periods from May 15, 1972 through June 23, 1989.

The comprehensive general liability insurance policies described above are "occurrence-based" policies which, subject to other policy terms, generally insure against liability arising from bodily injury or property damage during the policy period, even if the injury or damage does not manifest itself until after the policy period. The Company's pre-1991 "occurrence" policies provide insurance coverage for asbestos and other "long tail" claims, which are commonly asserted years or decades after the underling injuries are alleged to have occurred. After 1991, the policies purchased by the Company contain various exclusions for asbestos and asbestos-related claims.

In total, from 1968 through 1991, the Company purchased comprehensive general liability policies with combined limits of liability of approximately $82.5 million. All of the policies impose a duty on the insurer to indemnify the Company for settlements or judgments. The primary and umbrella policies also require the insurer to pay to defend the Company in potentially covered claims. Although there are limits of liability that apply to indemnity payments in all of the policies, some of the Company's primary and umbrella policies provide for the payment of an unlimited amount of defense costs in the event a potentially covered claim is asserted against the Company. As a general matter, primary policies respond to claims first, followed by umbrella and excess policies.

Beginning in the mid to late 1980s, the Company was sued on account of Asbestos Personal Injury Claims in various jurisdictions alleging liability for bodily injury allegedly sustained as a result of exposure to products containing asbestos allegedly manufactured and/or distributed by the Company from the 1950s through the 1970s. The Company made a claim under its insurance policies for insurance coverage in connection with the Asbestos Personal Injury Claims. Pursuant to an agreement under which the parties reserved certain rights, and a later court order, the Company's insurers have for decades been paying 100% of the Company's defense costs in connection with the Asbestos Personal Injury Claims, and the insurers and the Company each pay a share of indemnity costs for settlements or judgments. As a result of these payments, some of the primary comprehensive general liability insurance policies purchased by the Company have been exhausted, and the limits of liability of other policies may be significantly impaired. Moreover, approximately $13 million in coverage was underwritten by MidStates which now is in runoff, and approximately $2 million in coverage was underwritten by GAIC which is also insolvent.

Thus, taking into account probable exhaustion and the coverage sold by insolvent GAIC, it appears that nearly $57 million of solvent primary, umbrella, and excess coverage is available to respond to asbestos bodily injury claims, depending on how the policies are interpreted.

1. The Insurance Coverage Litigation

On September 19, 2013, North River commenced an action against the Company and the Company's other primary and umbrella/excess insurance companies in New York state court seeking to limit its coverage obligations to the Company in connection with the Asbestos Personal Injury Claims. That action remains pending. To date, the parties have not undertaken any discovery but have filed motions for summary judgment on a variety of presently known legal issues. Critical issues in the coverage case include the insurance companies' argument, contested by the Company, that the Company is obligated to reimburse insurers for a share of its defense and indemnity costs in the Asbestos Personal Injury Claims (and should reimburse the insurers for more than $1 million in past defense costs), and an argument by North River that one of its policies contains an absolute exclusion for asbestos liability.

2. Factors That May Reduce Available Insurance Coverage

There are several factors that may reduce the amount of insurance coverage potentially available to the Company on account of the Asbestos Personal Injury Claims.

a. The Existence of Pending Litigation

Although the Company believes that the insurers' arguments in the coverage litigation have no merit, the outcome of any litigation is uncertain. Depending on how the court interprets the insurance policies at issue, the value of the coverage could be compromised.

b. The *Keyspan*[4] Decision

A recent decision by the highest New York state court may reduce the value of the Company's coverage if it is interpreted in the manner suggested by the insurers, which would allocate a *pro rata* share of all defense and indemnity costs to the Company for all "uninsured" years, including years where asbestos coverage was not available. This share of costs could be substantial. For instance, under the insurers' argument, if asbestos bodily injury is alleged to have occurred between the period 1981 and 2011, a 30-year period, insurers would be responsible for one-third of defense and indemnity costs, with the Company responsible for the remaining two-thirds. The Company contends that the *Keyspan* decision is not applicable because it involved different insurance policy language, among other reasons, and it does not apply in any event to defense costs.

c. Insolvent and Financially Troubled Insurers

Another factor that may reduce available insurance coverage is the insolvency of any insurer. As noted above, MidStates is in run-off and GAIC is insolvent, and it is impossible to predict the financial strength of any other insurer in the future. Recovery under policies issued by now-insolvent insurers in liquidation or rehabilitation is subject to uncertainties that result from the insolvent insurer's liquidation or rehabilitation plan. Therefore, it is not possible at this

[4] *Keyspan Gas E. Corp. v. Munich Reinsurance Am., Inc.*, 31 N.Y. 3d 51, 96 N.E. 3d 209, 73 N.Y.S. 3d 113 (2018).

time to predict amounts, if any, that ultimately may be recovered from insolvent or financially troubled insurers.

d. Asbestos Exclusions

As noted above, North River contends that one of its policies contains an absolute asbestos exclusion. This creates uncertainty as to the total limits available to satisfy asbestos bodily injury claims.

e. Other Disputed Issues

In addition to the issues identified above, the insurers have raised a host of other arguments that they contend limit or eliminate their coverage obligations. Those arguments include, but are not limited to, assertions that certain insurers' obligations to pay defense costs are limited or non-existent, that the Company has not properly exhausted the primary policies, and that insurers who issued policies in multiple years are obligated only to provide coverage up to the limits of a single year's policy. The Company disputes these arguments and believes that they lack merit.

E. PREPETITION SETTLEMENT NEGOTIATIONS

As detailed above, the cost of defending and resolving Asbestos Personal Injury Claims asserted against the Company has been and continues to be substantial. In addition, the amount of insurance coverage remaining to the Company has continued to decline.

In light of these circumstances, the Company determined that it may be necessary to commence a case under Chapter 11 of the Bankruptcy Code to preserve its remaining assets and to confirm a plan of reorganization that would allow the Company to satisfy its Asbestos Personal Injury Claims in accordance with the requirements of section 524(g) of the Bankruptcy Code. Section 524(g) provides for the creation of a trust to "assume the liabilities of a debtor which at the time of entry of the order for relief has been named as a defendant in personal injury, wrongful death, or property-damage actions seeking recovery for damages allegedly caused by the presence of, or exposure to, asbestos or asbestos-containing products ...." 11 U.S.C. § 524(g)(2)(B)(i)(I). Section 524(g) further provides for a "channeling" injunction that directs all present and future asbestos-related "demands" to the trust for liquidation and satisfaction of allowed amounts. 11 U.S.C. 524(g)(1). This channeling injunction, however, is only valid and enforceable against future asbestos claimants if, "as part of the proceedings leading to issuance of such injunction, the court appoints a legal representative for the purpose of protecting the rights of persons that might subsequently assert [asbestos-related personal injury or wrongful death claims against the debtor] .... " 11 U.S.C. § 524(g)(4)(B)(i).

The Company believes that it is necessary for any such channeling injunction to cover all asbestos-related personal injury or wrongful death Claims and future Demands based on the conduct or products of the Company, against the Company and parties related to the Company including, but not limited to, past and present affiliates of the Company, past and present officers and directors of the Company, predecessors in interest to the Company, and any entity that owned a financial interest in the Company or its affiliates or predecessors.

Accordingly, the Company commenced negotiations with the holders of asbestos- related personal injury and wrongful death Claims arising out of the conduct or products of the Company in order to establish a consensus on the framework for a Chapter 11 plan of reorganization that would satisfy the requirements of section 524(g) of the Bankruptcy Code and treat all present and future claimants fairly and equitably.

F. The Company's Prepetition Discussions with Representatives of Current Holders of Asbestos Personal Injury Claims and with the Legal Representative

1. The Asbestos Claimants Committee Representing Current Asbestos Personal Injury Claimants.

In July 2015, the Company began discussions with counsel for the holders of Asbestos Personal Injury Claims against the Company in order to explore the feasibility of and the potential for a prenegotiated Chapter 11 plan of reorganization that would include a trust for present and future asbestos personal injury claimants and a channeling injunction pursuant to section 524(g) of the Bankruptcy Code. Counsel for holders of Asbestos Personal Injury Claims formed an ad hoc committee of asbestos plaintiffs to represent present asbestos claimants (the "Ad Hoc Committee"). The Ad Hoc Committee consisted of the following law firms: Brayton Purcell, LLP; Cooney & Conway; Early Lucarelli Sweeney & Meisenkothen; The Ferraro Law Firm; Gori Julian & Associates, PC; Simmons Hanly Conroy LLC; and Weitz & Luxenberg PC.

The Ad Hoc Committee selected the law firm of Caplin & Drysdale, Chartered as its bankruptcy counsel, the law firm of Gilbert, LLP as its insurance counsel, and Charter Oak Financial Consultants, LLC as its financial advisors.

2. The Pre-Petition Future Claimants' Representative

In addition, to satisfy the requirements of section 524(g) of the Bankruptcy Code with regard to obtaining a channeling injunction, the Company determined that it was necessary and appropriate to engage an independent third-party representative for the purpose of protecting the rights of persons that might subsequently assert asbestos-related personal injury or wrongful death Claims against the Company (the "Pre-Petition Future Claimants' Representative").

The Company commenced a search for an individual to serve as the Pre-Petition Future Claimants' Representative for the holders of future Asbestos Demands against the Company. In conducting its search for possible candidates to serve as the Pre-Petition Future Claimants' Representative, the Company focused on persons with reputations of high integrity and with recognized experience and expertise in dealing with mass torts, particularly asbestos, and who would not have any actual or perceived conflict of interest.

Following the search, the Company asked Lawrence Fitzpatrick whether he would be willing to serve as the Pre-Petition Future Claimants' Representative and, if appointed by the Court, continue to serve as the post-petition Legal Representative for future Asbestos Demands. The Company chose Mr. Fitzpatrick based on his reputation for integrity, renown in the field of complex mass tort proceedings, and extensive experience with asbestos-related personal injury litigation. Mr. Fitzpatrick has over 38 years of experience handling asbestos bankruptcy matters. Mr. Fitzpatrick has served as vice president, law for the asbestos claims facility and the president

and chief executive officer of the Center for Claims Resolution, Inc., which handled asbestos related claims on behalf of their member companies and their insurers from 1986 to 1998. Mr. Fitzpatrick has also served as the future claimants' representative numerous large and complex asbestos bankruptcy cases pursuant to Section 524(g) of the Bankruptcy Code, including *In re Kaiser Gypsum Co.*, Case No. 16-31602 (JCW) (Bankr. W.D.N.C. 2016); *In re Sepco Corp.*, Case No. 16-50058 (Bankr. N.D. Ohio); *In re Rapid-American Corp.*, Case No. 13-10687 (SMB) (Bankr. S.D.N.Y.); *In re Metex Mfg. Corp.*, Case No. 12-14554 (BRL) (Bankr. S.D.N.Y.); *In re Durabla Mfg. Co.*, Case No. 09-14415 (MFW) (Bankr. D. Del.); *In re Global Indus. Technologies, Inc.*, Case No. 02-21626 (JKF) (Bankr. W.D. Pa.); *In re ACandS, Inc.*, Case No. 02-12687 (KG) (Bankr. D. Del.); *In re North Am. Refractories Co.*, Case No. 02-20198 (JKF) (Bankr. W.D. Pa.); and *In re Pittsburgh Corning Corp.*, Case No. 00-22876 (JKF) (Bankr. W.D. Pa.). Mr. Fitzpatrick currently serves as the legal representative for future claimants in the pending bankruptcy cases of Rapid American Corporation, Kaiser Gypsum Co., and Sepco Corp. Additionally, Mr. Fitzpatrick serves as legal representative in connection with the asbestos claims settlement trusts established in the bankruptcy cases of ACandS, Durabla Manufacturing Company, Global Industrial Technologies, Metex Manufacturing Corporation, North American Refractories Company, and Pittsburgh Corning Corporation

Prior to assuming the role of Pre-Petition Future Claimants' Representative, Mr. Fitzpatrick had no association or relationship with, or other connection to, the Company or any affiliate of the Company, and had never represented any plaintiff, defendant, or insurer in any asbestos-related litigation against the Company.

Mr. Fitzpatrick selected Young, Conaway, Stargatt & Taylor LLP as his counsel.

3. Due Diligence and Plan Negotiations

The Ad Hoc Committee and the Pre-Petition Future Claimants' Representative, personally and/or through their various representatives, conducted extensive due diligence concerning the background, nature, and scope of the Company's liability for Asbestos Personal Injury Claims and Demands. This investigation has included, among other things, careful review of the facts concerning the Company's historical involvement with asbestos; the nature and extent of past and pending asbestos litigation against the Company, including the types of claims asserted and the legal issues raised; the projected value of present Asbestos Personal Injury Claims and Demands, and the extent to which insurance and other Company assets might be available to satisfy these liabilities in whole or in part. The Ad Hoc Committee and the Pre-Petition Future Claimants' Representative have also examined the potential for recovery by claimants asserting Asbestos Claims against the Company, and their affiliates, based upon a variety of legal theories, including derivative liability theories such as alter ego, successor liability, and/or fraudulent conveyance.

That due diligence process included the review of numerous documents and electronic files relating to the Company. The Company also provided detailed presentations to Ad Hoc Committee and the Pre-Petition Future Claimants' Representative on relevant factual and legal issues.

Following the extensive due diligence process described above, representatives of the Company, the Ad Hoc Committee and the Pre-Petition Future Claimants' Representative spent considerable time negotiating over the terms of a possible Plan of Reorganization for the Company. These negotiations addressed all of the material provisions of the Plan, including without limitation the funding for the Trust to be established by the Plan, the contributions to be made by the Company, the terms of the Channeling Injunction, the issues relating to insurance coverage, and the indemnification provisions. Ultimately, the Company, the Ad Hoc Committee and the Pre-Petition Future Claimants' Representative reached an agreement on the terms for a proposed Plan of Reorganization for the Company. For a detailed description of those terms, please see the summary of the Plan provided at the beginning of this Disclosure Statement.

G. Other Litigation

The Debtors are not party to any substantial litigation other than the Asbestos Insurance Litigation.

H. Professionals and Committees.

Prepetition, the various constituent groups retained professionals to assist with preparation of the Chapter 11 Cases. On the Petition Date, the Debtors filed applications to retain professionals in these Chapter 11 Cases. The Debtors' professionals include: Lowenstein Sandler LLP as counsel for the Debtors; Getzler Henrich as the Debtors' financial advisors; and BMC Group as their Claims and Noticing Agent. The Debtors were also authorized to retain certain other professionals in the ordinary course of business.

In connection with the prepetition negotiations concerning the Plan and other Plan Documents, the Ad Hoc Committee retained Caplin & Drysdale, Chartered as its counsel, Gilbert LLP as insurance counsel and Charter Oak Financial Consultants as its financial advisors, and the Pre-Petition Future Claimants' Representative retained Young Conaway Stargatt & Taylor, LLP as his counsel.

I. The Chapter 11 Cases

The following is a brief description of certain material events that have occurred during the Chapter 11 Cases:

1. First Day Motions

On the Petition Date, each of the Debtors filed a petition to commence their Chapter 11 Cases. Also on the Petition Date, the Debtors filed several customary motions designed to facilitate the smooth operation of their business during the Chapter 11 Cases (the "First Day Motions"). The Court granted the following First Day Motions:

- **Joint Administration.** Pursuant an Order entered on _____, 2018, the Court granted the Debtors' Motion for Entry of an Order Directing Joint Administration of Chapter 11 Cases.

- **Cash Management System**. Pursuant to an Order entered on _____, 2018. The Cort granted the Debtors' Motion for an Order Pursuant to 11 U.S.C. §§ 105(a), 345(b), 363(c) and 1107 (i) Authorizing the Debtors to Continue and Maintain Their Existing Cash Management System, Bank Accounts and Business Forms, (ii) Modifying the Investment Guidelines Set Forth in 11 U.S.C. § 345, and (iii) Granting Related Relief.

- **Utility Order.** Pursuant to an Order entered on _____, the Court granted Debtors' Motion for Entry of an Interim Order and a Final Order (i) Prohibiting Utility Companies from Discontinuing, Altering or Refusing Service on Account of Prepetition Invoices, (ii) Deeming Utility Companies to Have Adequate Assurance of Future Payment, and (iii) Establishing Procedures for Resolving Requests for Additional Assurance Pursuant to 11 U.S.C. §§ 105(a) and 366.

- **Wage Order.** Pursuant to an Order entered on _____, the Court granted the Debtors' Motion for an Order Pursuant to 11 U.S.C. §§ 105(a), 363(b) and 507(a) (i) Authorizing the Debtors to Pay Prepetition Wages and Salaries and Related Obligations and Taxes, and (ii) Directing All Banks to Honor Checks and Transfers for Payment of Prepetition Employee Obligations.

- **Tax Order.** Pursuant to an Order entered on _____, the Court granted Debtors' Motion for an Order Authorizing, But Not Directing, the Debtors to Pay Certain Prepetition Sales, Use, Income, Property and Other Miscellaneous Taxes and Fees, and Granting Related Relief.

- **Insurance Order.** Pursuant to an Order entered on _____, the Court granted the Debtors' Motion for an Order Authorizing the Debtors to (i) Pay Prepetition Insurance Premiums, (ii) Continue Prepetition Insurance Programs, and (iii) Pay All Prepetition Obligations in Respect Thereof.

- **Customer Program Order**. Pursuant to an Order entered on _____, the Court granted the Debtors' Motion Pursuant to 11 U.S.C. §§ 105(A) and 363 for an Order Authorizing, But Not Requiring, the Debtors to Honor Certain Prepetition Obligations to Customers and to Otherwise Continue Prepetition Customer Programs and Practices in the Ordinary Course of Business.

- **Pay Prepetition Claims in the Ordinary Course.** Pursuant an Order entered on _____, 2018, the Court granted the Debtors' Motion for Entry of an Order Pursuant To 11 U.S.C. §§ 105(A), 363(B) And 503(B)(9) and Fed. R. Bankr. P. 6003 Authorizing the Debtor to Pay Prepetition Claims of General Unsecured Creditors in the Ordinary Course of Business.

- **Cash Collateral Order.** Pursuant to an interim Order entered on _____, 2018, and a final Order entered on _____, 2018, the Court granted the Debtors' Motion for Interim and Final Orders (i) Authorizing Use of Cash Collateral Pursuant To 11 U.S.C. § 363; (ii) Granting Adequate Protection Pursuant To 11 U.S.C. §§ 361 and 363; and (iii) Scheduling a Final Hearing Pursuant To Bankruptcy Rule 4001.

- **Service of Asbestos Claimants.** Pursuant to an Order entered on _____, 2018, the Court granted the Debtors' Motion for an Order Authorizing the Debtors to Serve Asbestos Claimants through their Representative Attorney.

- **Retention of Claims and Noticing Agent**. Pursuant to an Order entered on _____, 2018, the Court approved the Debtors' Application for Entry of an Order Authorizing the Retention of BMC Group as Claims and Noticing Agent Effective as of the Petition Date.

J. Retention of Professionals

On _____, 2018 the Court approved the retention of Lowenstein Sandler, LLP as counsel for the Debtors and Getzler Henrich as financial advisors to the Debtors. On _____, 2018, the Court also entered an Order approving the Debtors' retention of various other professionals in the ordinary course of business.

K. Appointment Official Committee and Legal Reresentative

On _____, 2018, the United States Trustee formed an official committee of asbestos personal injury claimants (the "Asberstos Claimants Committee"), in accordance with § 1102(a)(1) of the Bankruptcy Code. On _____, 2018, the Court entered Orders approving the retention of _____ as counsel and _____ as financial advisor to the Asbestos Claimants Committee.

On _____, 2018, the Court entered an Order Appointing _____ as the legal representative to represent the interests of future personal injury claimants (the "Legal Representative"). On _____, 2018, the Court entered an Order approving the retention of _____ as counsel to the Legal Representative.

ARTICLE V.
SUMMARY OF THE PLAN

The following is a summary of the significant elements of the Plan. This Disclosure Statement is qualified in its entirety by reference to the Plan. This summary does not describe every element of the Plan and is not a substitute for a complete review of the Plan. All parties are encouraged to review the Plan in its entirety for a full understanding of its provisions and impact on creditors and interest holders. If there are any inconsistencies between the provisions of this Disclosure Statement and the provisions of the Plan, the provisions of the Plan will control.

A. General

In general, a chapter 11 plan divides claims and equity interests into separate classes, specifies the treatment of such classes under the plan and contains other provisions necessary to the reorganization, or in some cases case, liquidation, of the debtor. The Debtors are proposing a plan of reorganization and not a plan of liquidation. Under the Bankruptcy Code, creditors (including equity interest holders) may hold claims or interests in more than one class.

The Plan segregates the various Claims and Equity Interests into different classes taking into account the different nature and priority of such respective Claims and Equity Interests.

A chapter 11 plan may specify that certain classes of claims or interests are either to be paid in full upon the effectiveness of the plan or that the plan does not alter the legal, equitable and contractual rights of such classes. Such classes are referred to as "unimpaired" and, because of such favorable treatment, are deemed to have accepted the plan. Accordingly, the Bankruptcy Code conclusively presumes the acceptance of a plan by unimpaired classes and it is not necessary to solicit votes from the holders of claims or interests in unimpaired classes.

The Plan is predicated upon the principal terms and conditions of a comprehensive compromise and settlement between: (a) the Debtors; (b) Randall Hinden, Wendy Hinden, Irene Hinden, David Brett Krupnick, Lindsay Jill Trant, Tobey Hinden Parker Geller, Joshua Blumenthal, Jessie Geller Cawley, Abby Beth Wein, Hayley Rebekah Geller, and Max Hinden (together, the "Hinden Family Members"); (c) Duro Dyne Canada, Inc., 4 Site LLC, Rize LLC, Rize Enterprises Canada Inc., Pro4ma LLC, Pro4ma II LLC, Foma LLC, ISWR Ohio LLC, Duro Dyne Spence LLC, The Irene Lee Hinden Trust, The Wendy Lynn Geller Trust, The Randall Scott Hinden Trust, The Hinden Grandchildren Trust, the estate of Sheryl Blumenthal, and the trusts created under the will of Sheryl Blumenthal (collectively, the "Hinden Family Entities"; (d) the law firms that were members of the Ad Hoc Committee, which represent clients holding present claims against one or more of the Debtors for asbestos-related personal injury or wrongful death; and (e) Pre-Petition Future Claimants' Representative.

Pursuant to the Plan, a trust will be established that satisfiesSection 524(g) and other applicable provisions of the Bankruptcy Code (the "Asbestos Trust"). The Plan shall provide for the issuance, on the Effective Date and on condition of the delivery of the Trust Funding set out below, of a permanent injunction channeling all Asbestos Claims and Demands to the Trust in accordance with § 524(g) of the Bankruptcy Code ("Asbestos Permanent Channeling Injunction"). The Asbestos Trust will assume sole responsibility to process, resolve, and pay all Asbestos Claims and Demands, in accordance with the Plan and the Plan-related documents.

B. Trust Funding

Pursuant to the Plan, the Asbestos Trust shall be funded by:

1. a cash contribution by the Debtors in the amount of $7,500,000, to be made on the Effective Date, and made available through an asset-based lending facility to be provided by Bank of America, N.A. which will be secured by a first lien on substantially all assets of the Reorganized Debtor;

2. a cash contribution by or on behalf of the Hinden Family Members and the Hinden Family Entities in the total amount of $3,000,000, to be made on the Effective Date;

3. the Trust Note to be delivered on the Effective Date, together with all liens, security interests, and collateral securing payment of and performance under the Trust Note;

4. the Earn Out Amount; and,

5. an assignment and contribution by the Debtors of all rights to insurance coverage responsive or potentially responsive to asbestos personal injury claims, and any and all proceeds of or from such rights, regardless of whether such rights and proceeds arise or result from insurance policies, settlement agreements, or other insurance-related agreements.

C. Classification of Claims and Interests

Pursuant to section 1122 of the Bankruptcy Code, set forth below is the designation of Classes of Claims and Equity Interests under the Plan. A Claim or Equity Interest is placed in a particular Class for the purpose of voting on the Plan and receiving distributions pursuant to the Plan only to the extent that such Claim or Equity Interest has not been paid, released, withdrawn, or disallowed before the Effective Date.

As set forth in Articles II and III of the Plan, the Plan classifies the various Claims against, and Equity Interests in, the Debtors and specifies their treatment pursuant to sections 1122 and 1123(a) of the Bankruptcy Code. A Claim or Equity Interest is placed in a particular Class only to the extent that the Claim or Equity Interest falls within the description of that Class and is classified in other Classes to the extent that any portion of such Claim or Interest falls within the description of such other Classes. A Claim or Equity Interest is also placed in a particular Class for the purpose of receiving distributions pursuant to the Plan only to the extent that such Claim or Interest is an Allowed Claim or Allowed Interest in that Class and such Claim has not been Disputed, paid, discharged, released or otherwise settled prior to the Effective Date.

Under the Plan, all Claims and all Equity Interests, the Professional Fee Claims, the General Administrative Expense Claims, the Statutory Fees, and the Priority Tax Claims are placed into the Classes set forth below. The Plan provides for the division of holders of Claims and Equity Interests as follows:

1. Unclassified Claims.

Pursuant to Bankruptcy Code section 1123(a)(1), the Professional Fee Claims, the General Administrative Expense Claims, the Statutory Fees, and the Priority Tax Claims are not classified in the Plan (the "Unclassified Claims"). Except for Priority Tax Claims, which are impaired only to the extent permitted by the Bankruptcy Code, unclassified Claims are not impaired by the Plan. Each holder of an Unclassified Claim is conclusively presumed to have accepted the Plan and, therefore, is not entitled to vote to accept or reject the Plan. The Professional Fee Claims, the General Administrative Expense Claims, the Statutory Fees, and the Priority Tax Claims are the only types of Claims that are unclassified in the Plan.

2. Unimpaired Classes of Claims

Each holder of an Allowed Claim in the following classes is unimpaired and deemed to have accepted the Plan and, therefore, is not entitled to vote to accept or reject the Plan:

- Class 1: Priority Non-Tax Claims
- Class 2: Secured Claims

- Class 3: Employee Benefit Claims
- Class 4: Worker Compensation Claims
- Class 5: General Unsecured Claims
- Class 8: Bonded Claims

3. Impaired Classes of Claims.

Each holder of an Allowed Claim in the following classes is impaired and entitled to vote to accept or reject the Plan:

- Class 6: Prepetition Defense-Cost Contribution Claims
- Class 7: Channeled Asbestos Claims

4. Insider Classes of Claims and Equity Interests.

Holders of Allowed Claims or Equity Interests in the following Classes are Insiders or Affiliates of the Debtors and, as a result, are not entitled vote to accept or reject the Plan:

- Class 9: Intercompany Claims
- Class 10: Related Party Claims
- Class 11: Equity Interests in Duro Dyne National Corp.
- Class 12: Equity Interests in Duro Dyne Corporation, Duro Dyne Midwest Corp., Duro Dyne West Corp., and Duro Dyne Machinery Corp.

ARTICLE VI.
TREATMENT OF UNCLASSIFIED CLAIMS

A. Administrative Claims

1. Administrative Claims Other Than for Professional Compensation and Reimbursement. Except to the extent that any Entity entitled to payment of any Allowed Administrative Claim agrees to less favorable treatment with the Reorganized Debtor, each holder of an Allowed Administrative Claim (other than a Professional Claim) shall receive Cash in an amount equal to such Allowed Administrative Claim on the later of the Effective Date and the date on which such Administrative Claim becomes an Allowed Administrative Claim, or as soon thereafter as reasonably practicable; *provided, however,* that Allowed Administrative Claims representing liabilities incurred in the ordinary course of business by the applicable Debtor shall be paid in full and performed by the applicable Reorganized Debtor in accordance with the terms and subject to any conditions of any agreements governing, instruments evidencing, or other documents relating to such transactions.

2. Bar Date for Administrative Claims Other Than Professional Claims All parties seeking payment of an Administrative Claim (other than a Professional Claim) must file with the Bankruptcy Court and serve upon the Reorganized Debtos a request for payment of such Administrative Claim prior to the applicable deadline set forth below; *provided*, *however*, that parties seeking payment of postpetition ordinary course trade obligations, postpetition payroll obligations incurred in the ordinary course of the Reorganized Debtor's postpetition business, and amounts arising under agreements approved by the Bankruptcy Court or the Plan need not file such a request. All holders of Administrative Claims (other than Professional Claims) must file with the Bankruptcy Court and serve on the Debtors or the Reorganized Debtor, as applicable, a request for payment of such Claims so as to be received on or before 4:00 p.m. (Eastern Time) on the first Business Day after the date that is sixty (60) days after the Effective Date, unless otherwise agreed to by the appropriate Debtor or Reorganized Debtor, without further approval by the Bankruptcy Court. ***Failure to comply with these deadlines shall forever bar the holder of an Administrative Claim (other than a Professional Claim) from seeking payment tthe Plan.*** Any holder of an Administrative Claim (other than a Professional Claim) that does not assert such Claim in accordance with Section 2.01 of the Plan shall have its Claim deemed disallowed under the Plan and be forever barred from asserting such Claim against any of the Reorganized Debtor, the Debtors, their Estates, or their assets. Any such Claim and the holder tthe Plan shall be enjoined from commencing or continuing any action, employment of process or act to collect, offset, recoup, or recover such Claim.

3. Professional Claims. Holders of Professional Claims shall (i) file their respective final applications for allowance of compensation for services rendered and reimbursement of expenses incurred through the Effective Date by the first Business Day after the date that is sixty (60) days after the Effective Date or by such other date as may be fixed by the Bankruptcy Court, and (ii) be paid in full in such amounts as are Allowed by the Bankruptcy Court (A) on the date on which such Professional Claim becomes an Allowed Administrative Claim, or as soon thereafter as reasonably practicable, or (B) upon such other terms as may be mutually agreed upon between the holder of such Allowed Professional Claim and the Reorganized Debtor.

B. Treatment of Priority Tax Claims.

Each holder of an Allowed Priority Tax Claim due and payable on or before the Effective Date shall receive, on the later of the Effective Date or the date on which such Priority Tax Claim becomes an Allowed Priority Tax Claim, or as soon thereafter as reasonably practicable, one of the following treatments, at the option of the Reorganized Debtor: (a) Cash in the amount of such Allowed Priority Tax Claim; (b) Cash in an aggregate amount of such Allowed Priority Tax Claim payable in installments over a period of time not to exceed five (5) years after the Petition Date, pursuant to section 1129(a)(9)(C) of the Bankruptcy Code; or (c) such other treatment as may be agreed upon by such holder and the Reorganized Debtor or otherwise determined by order of the Bankruptcy Court.

C. Statutory Fees.

The Debtors shall pay in full, in Cash, any fees due and owing to the United States Trustee, including quarterly fees payable under 28 U.S.C. § 1930(a)(6), plus interest due and payable under 31 U.S.C. § 3717 (if any), on all disbursements, including disbursements in and

outside the ordinary course of the Debtors' businesses at the time of Confirmation. On and after the Effective Date, the Reorganized Debtor shall pay the applicable fees to the United States Trustee for the Reorganized Debtor when due in the ordinary course in accordance with applicable law.

ARTICLE VII.
TREATMENT OF CLASSIFIED CLAIMS AND INTERESTS

A. Classification of Claims and Interests.

Pursuant to section 1122 of the Bankruptcy Code, set forth below is the designation of Classes of Claims and Equity Interests under the Plan. A Claim or Equity Interest is placed in a particular Class for the purpose of voting on the Plan and receiving distributions pursuant to the Plan only to the extent that such Claim or Equity Interest has not been paid, released, withdrawn, or disallowed before the Effective Date.

B. Summary of Classification.

The Plan constitutes a chapter 11 plan of reorganization for each of the Debtors. The Plan's classifications of Claims and Equity Interests are set forth below and described in more detail below.

Class	Claim	Status	Voting Rights
1	Priority Non-Tax Claims	Unimpaired	Not Entitled to Vote
2	Secured Claims	Unimpaired	Not Entitled to Vote
3	Employee Benefit Claims	Unimpaired	Not Entitled to Vote
4	Worker Compensation Claims	Unimpaired	Not Entitled to Vote
5	General Unsecured Claims	Unimpaired	Not Entitled to Vote
6	Prepetition Defense-Cost Contribution Claims	Impaired	Entitled to Vote
7	Channeled Asbestos Claims	Impaired	Entitled to Vote
8	Bonded Claims	Unimpaired	Not Entitled to Vote
9	Intercompany Claims	Impaired	Not Entitled to Vote
10	Related-Party Claims	Impaired	Not Entitled to Vote
11	Equity Interests in Duro Dyne National	Impaired	Not Entitled

	Corp.		to Vote
12	Equity Interests in Duro Dyne Corporation, Duro Dyne Midwest Corp., Duro Dyne West Corp., and Duro Dyne Machinery Corp.	Impaired	Not Entitled to Vote

C. Treatment of Claims and Interests

To the extent a Class contains Claims or Equity Interests with respect to one or more of the Debtors, the classification of Claims and Equity Interests and their respective treatment hereunder are specified below.

1. *Classification and Treatment of Claims and Interests.* To the extent a Class contains Claims or Equity Interests with respect to one or more of the Debtors, the classification of Claims and Equity Interests and their respective treatment hereunder are specified below.

a. Class 1 – Priority Non-Tax Claims

Classification: Class 1 shall consist of all Priority Non-Tax Claims.

Treatment: Except to the extent that a holder of an Allowed Priority Non-Tax Claim and the Debtors shall have agreed in writing to a different treatment, each holder of an Allowed Priority Non-Tax Claim shall receive, in full and final satisfaction of such Claim, payment in full in Cash, without interest, in the Allowed Amount of such Allowed Priority Non-Tax Claim as soon as reasonably practicable after the later of (a) the Effective Date and (b) the date when such Priority Non-Tax Claim becomes an Allowed Priority Non-Tax Claim.

Impairment and Voting: Class 1 is Unimpaired. Holders of Allowed Class 1 Priority Non-Tax Claims are deemed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, holders of Class 1 Priority Non-Tax Claims are not entitled to vote to accept or reject the Plan, and their votes will not be counted.

b. Class 2 – Secured Claims

Classification: Class 2 shall consist of all Secured Claims.

Treatment: Each holder of an Allowed Secured Claim shall be paid the Allowed Amount of such Claim either, at the option of the Reorganized Debtor, (A) in full, in Cash, on the later of (1) the Effective Date, or as soon as reasonably practicable thereafter, or (2) the date such Secured Claim becomes an Allowed Secured Claim, or as soon as reasonably practicable thereafter; (B) upon such other terms as may be agreed upon between the Reorganized Debtor and the holder of an Allowed Secured

Claim and approved by the Bankruptcy Court; (C) by the surrender to the holder or holders of any Allowed Secured Claim of the property securing such Secured Claim; or (D) notwithstanding any contractual provision or applicable law that entitles a holder of a Secured Claim to demand or receive payment the Plan prior to the stated maturity upon and after the occurrence of a default, by reinstatement in accordance with section 1124(2)(B) of the Bankruptcy Code.

Impairment and Voting: Class 2 Secured Claims are Unimpaired, and holders of Class 2 Secured Claims are deemed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, holders of Class 2 Secured Claims are not entitled to vote to accept or reject the Plan, and their votes will not be solicited.

c. Class 3 – Employee Benefit Claims

Classification: Class 3 shall consist of all Employee Benefit Claims.

Treatment: The Plan leaves unaltered the legal, equitable, and contractual rights to which each such Allowed Employee Benefit Claim entitles the holder of such Claim, including, for the avoidance of doubt, quarterly installment payments on account of any Allowed Withdrawal Liability Claims as provided for pursuant to Title IV of ERISA.

Impairment and Voting: Class 3 Employee Benefit Claims are Unimpaired, and holders of Class 3 Claims are deemed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, holders of Class 3 Employee Benefit Claims are not entitled to vote to accept or reject the Plan, and their votes will not be solicited.

d. Class 4 – Worker Compensation Claims

Classification: Class 4 shall consist of all Worker Compensation Claims.

Treatment: The Plan leaves unaltered the legal, equitable, and contractual rights to which each such Allowed Worker Compensation Claim entitles the holder of such Claim.

Impairment and Voting: Class 4 Worker Compensation Claims are Unimpaired, and holders of Class 4 Worker Compensation Claims are deemed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, holders of Class 4 Worker Compensation Claims are not entitled to vote to accept or reject the Plan, and their votes will not be solicited.

e. Class 5 – General Unsecured Claims

Classification: Class 5 shall consist of all General Unsecured Claims.

Treatment: Except to the extent previously paid during the Chapter 11 Cases or such holder agrees to less favorable treatment, each holder of an Allowed General Unsecured Claim shall receive, in full and final satisfaction, settlement, release, and discharge of, and in exchange for, each such Claim, (i) payment equal to the Allowed amount of such Claim, in Cash, as an when such Claim becomes due and payable in the ordinary course of the applicable Debtors' business or in accordance with applicable court order or applicable law, or (ii) such other treatment that renders such holder Unimpaired.

Impairment and Voting: Class 5 General Unsecured Claims are Unimpaired. Therefore, holders of Asbestos Claims in Class 5 are not entitled to vote to accept or reject the Plan, and their votes will not be solicited.

f. Class 6 – Prepetition Defense-Cost Reimbursement Claims

Classification: Class 6 shall consist of all Prepetition Defense-Cost Reimbursement Claims.

Treatment: Except to the extent that a holder of a Prepetition Defense-Cost Reimbursement Claim agrees to different treatment, each holder of an Allowed Insurance Reimbursement Obligation Claim shall receive, in full and complete satisfaction, settlement and release of and in exchange for such Claim, payment shall be paid in full of the Allowed Amount of such Insurance Reimbursement Obligation Claim payable as follows: (a) annual payments of principal based on a twenty (20) year amortization schedule plus interest at the federal judgement rate in effect as of the Petition Date to be made on the first (1^{st}) through seventy (7^{th}) year anniversaries of the Effective Date; and (b) a balloon payment of all outstanding principal and interest on the eighth (8^{th}) anniversary of the Effective Date.

Impairment and Voting: Class 6 Insurance Reimbursement Claims are Impaired. Therefore, holders of Asbestos Claims in Class 6 are entitled to vote on the Plan, and their votes will be solicited

g. Class 7 – Channeled Asbestos Claims

Classification: Class 7 shall consist of all Channeled Asbestos Claims.

Treatment: All Class 7 Channeled Asbestos Claims shall be resolved in accordance with the terms, provisions, and procedures of the Asbestos Trust Agreement and the TDP. All Class 7 Channeled Asbestos Claims

that are eligible for payment shall be paid by the Asbestos Trust out of the Asbestos Trust Assets, as and to the extent provided in the Asbestos Trust Agreement and the TDP.

Impairment and Voting: Class 7 Channeled Asbestos Claims are Impaired. Therefore, holders of Asbestos Claims in Class 7 are entitled to vote on the Plan, and their votes will be solicited.

h. Class 8– Bonded Claims

Classification: Class 8 shall consist of all Bonded Claims.

Treatment: On the later of (A) the Effective Date or (B) the date on which a Bonded Claim becomes an Allowed Bonded Claim, or as soon thereafter as is reasonably practicable, each holder of an Allowed Bonded Claim shall receive in full and final satisfaction of such Allowed Bonded Claim, Cash in the Allowed Amount of the Allowed Bonded Claim; provided, however, that (1) in no event shall such Cash distribution exceed the amount of the bond or other payment assurance securing such Allowed Bonded Claim and (2) each such holder of an Allowed Bonded Claim shall look solely to the bond or other payment assurance securing its Claim for such Cash distribution with respect to such Allowed Bonded Claim, and shall receive no property or Distribution from the applicable Debtor, the Reorganized Debtor, or the Asbestos Trust on account of such Allowed Bonded Claim. If (x) the holder of a Bonded Asbestos Personal Injury Claim and the Plan Proponents or (y) the holder of a Bonded Non-Asbestos Claim and the applicable Debtor or Reorganized Debtor, do not agree on the Allowed Amount of such Bonded Claim, the Bankruptcy Court or other court of competent jurisdiction shall determine the Allowed Amount of such Claim.

Impairment and Voting: Class 8 Bonded Claims are Unimpaired, and holders of Class 8 Bonded Claims are deemed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, holders of Class 8 Bonded Claims are not entitled to vote to accept or reject the Plan, and their votes will not be solicited.

i. Class 9 – Intercompany Claims

Classification: Class 9 shall consist of all Intercompany Claims.

Treatment: Intercompany Claims shall be expunged and no Distributions shall be made on account of any Allowed Intercompany Claim

Impairment and Voting: Class 9 is Impaired by the Plan. Because the holders of Allowed Class 9 Intercompany Claims are Insiders of the Debtors, Class 9 is not entitled to vote to accept or reject the Plan.

j. Class 10 – Related-Party Claims

Classification: Class 10 shall consist of all Related-Party Claims.

Treatment: Related-Party Claims shall be paid in the ordinary course according to any terms or agreements governing such Claims, except that all Related-Party Claims shall be subordinated to the Trust Note in accordance with Section 4.16 the Plan and shall be subject to any other applicable terms or provisions set forth in the Plan Documents. Any personal property or equipment securing any Related-Party Claim as of the Effective Date shall revert to, or be held by, the Reorganized Debtor free and clear of any Lien, interest, or other encumbrance, upon the maturity or satisfaction of such Related-Party Claim.

Impairment and Voting: Class 10 is Impaired by the Plan. Because holders of Class 10 Related-Party Claims are Insiders of the Debtors, Class 10 is not entitled to vote to accept or reject the Plan.

k. Class 11 – Equity Interests in Duro Dyne National Corp.

Classification: Class 11 shall consist of all Equity Interests in Duro Dyne National Corp.

Treatment: Subject to the provisions of Section 5.02(c) of the Plan, holders of Equity Interests in Debtor Duro Dyne National Corp. shall receive and retain their Equity Interests in Reorganized Duro Dyne National Corp. to the same extent held in the Debtor Duro Dyne National Corp. on the Petition Date.

Impairment and Voting: Class 11 Equity Interests are Impaired by the Plan. Because the holders of Class 11 Equity Interests are Insiders, holders of Class 11 Equity Interests are not entitled to vote to accept or reject the Plan.

l. Class 12 – Equity Interests in Duro Dyne Corporation, Duro Dyne West Corp., Duro Dyne Midwest Corp., and Duro Dyne Machinery Corp.

Classification: Class 12 shall consist of all Equity Interests in Duro Dyne Corporation, Duro Dyne West Corp., Duro Dyne Midwest Corp., and Duro Dyne Machinery Corp.

Treatment: All Equity Interests in Duro Dyne Corporation, Duro Dyne West Corp., Duro Dyne Midwest Corp., and Duro Dyne Machinery Corp. shall be cancelled and extinguished on the Effective Date and holders of Equity Interests in Duro Dyne Corporation, Duro Dyne West Corp., Duro Dyne Midwest Corp., and Duro Dyne Machinery Corp. shall receive no distributions on account of such Equity Interests.

Impairment and Voting: Class 12 Equity Interests are Impaired by the Plan. Because each holder of Class 12 Equity Interests is an Insider, holders of Class 12 Equity Interests are not entitled to vote to accept or reject the Plan.

The Debtors reserve the right to modify the treatment of any Allowed Claim or Interest in any manner adverse only to the holder of such Claim or Interest at any time after the Effective Date upon the consent of the holder of the Claim or Interest whose Allowed Claim or Interest, as the case be, is being adversely affected, or as allowed by Court Order, through the Effective Date.

ARTICLE VIII.
THE ASBESTOS TRUST

A. Creation and Purposes of the Asbestos Trust.

Effective upon Consummation, the Asbestos Trust shall be created and established without further notice, action, or deed, except as provided in the Plan Documents. The Asbestos Trust shall be a "qualified settlement fund" within the meaning of 26 U.S.C. § 468B. The purposes of the Asbestos Trust shall be, *inter alia*, (a) to assume and succeed to all liabilities and responsibility for Channeled Asbestos Claims; (b) to direct the processing, resolution, liquidation, and payment of all Channeled Asbestos Claims in accordance with section 524(g) of the Bankruptcy Code, the Plan, the Asbestos Trust Agreement, the TDP, and the Confirmation Order; (c) to preserve, hold, manage, and maximize the Asbestos Trust Assets for use in paying or satisfying Channeled Asbestos Claims; and (d) to comply in all respects with the requirements of a trust set forth in section 524(g)(2)(B) of the Bankruptcy Code, all in accordance with the Plan and the Asbestos Trust Agreement. *On the Effective Date, except as provided in Sections 4.13 and 4.14 of the Plan, all Channeled Asbestos Claims shall be channeled to the Asbestos Trust pursuant to the Asbestos Permanent Channeling Injunction, and shall be resolved, liquidated, and (if entitled to payment) paid in accordance with the Asbestos Trust Agreement and the TDP*.

B. The Asbestos Trust Distribution Procedures.

The goal of the Asbestos Trust is to treat all present and future holders of Asbestos Claims in substantially the same manner and in accordance with the requirements of section 524(g) of the Bankruptcy Code. To further that goal, the Asbestos Trust will resolve Channeled Asbestos Claims in accordance with the Asbestos Trust Distribution Procedures ("TDP"), the form of which is attached to the Plan as Exhibit B and is incorporated herein by reference. The Asbestos Trust Agreement provides that the Asbestos Trust will make payments to holders of eligible Asbestos Claims pursuant to the TDP while maintaining sufficient resources to pay eligible future Asbestos Claims in substantially the same manner.

Historically, the Debtors resolved only a few dozen asbestos cases annually on a national basis. The vast majority of those cases were based on claims by sheet metal workers who worked directly with the Debtors' asbestos-containing specialty products and who were installing such products personally. Because of the specialized nature of those products and the

very limited resources of the Asbestos Trust, the TDP provides for the payment by the Asbestos Trust of eligible Asbestos Claims based only on certain diseases, and it is anticipated that the Debtors' historical experience will be reflected in the claims approval process of the Asbestos Trust. The Asbestos Trustee will supervise the review of filed Asbestos Claims with the goal of limiting the approval of Asbestos Claims to those claims that provide evidence of the type of exposure patterns that were required by the Debtors for payment of claims in the tort system. To that end, the Asbestos Trust may make reasonable inquiries of claimants or co-workers as to the nature and extent of their exposure to the Debtors' asbestos-containing products.

The TDP establishes a schedule of five (5) asbestos-related diseases ("Disease Levels"): Mesothelioma, Lung Cancer 1, Lung Cancer 2, Other Cancer, and Severe Asbestosis.

To qualify for payment, claimants must submit specific medical and exposure evidence as provided in the TDP. Claimants who do not meet those criteria will not receive a settlement offer from the Asbestos Trust. Non-malignant asbestos-related diseases that do not qualify as Severe Asbestosis under the criteria set forth in the TDP will *not* be compensable by the Asbestos Trust. However, claimants with non-malignant asbestos-related diseases who are subsequently diagnosed with Severe Asbestosis or a malignant disease will be able to seek compensation from the Asbestos Trust.

In addition to meeting the other medical and exposure requirements of the TDP, in order for a claim to be approved by the Asbestos Trust, the claimant must either (a) establish that the injured party worked in one of the occupations identified below ("Presumptive Occupations") and demonstrate to the Asbestos Trust's satisfaction that such injured party worked directly with Duro Dyne asbestos-containing flexible duct connectors or (b) if the injured party did not work in one of the Presumptive Occupations, demonstrate the injured party's requisite direct exposure to Duro Dyne asbestos-containing flexible duct connectors. The Presumptive Occupations are sheet metal mechanic, sheet metal worker, sheet metal apprentice, HVAC repairman, HVAC installer, HVAC technician, duct installer, and furnace installer.

The Asbestos Claim values for each Disease Level are set forth below.[5]

Level	Disease Category	Scheduled Value
V	Mesothelioma	$140,000
IV	Lung Cancer 1	$50,000
III	Lung Cancer 2	$25,000
II	Other Cancer	$20,000
I	Severe Asbestosis	$34,000

The TDP provides that claims generally will be processed in "First In, First Out" ("FIFO") order so that the oldest claims will be processed first.

[5] The figures presented here represent claim values for settlement purposes only. The parties reserve all rights with respect to actual claim values in the event the Plan is not confirmed.

Asbestos Claims will be processed through the TDP's Expedited Review Process, which is designed to provide an expeditious, efficient, and inexpensive method for resolving and liquidating Asbestos Claims based on the assigned, disease-specific "Scheduled Value" applicable to the Asbestos Claim, as set forth in the schedules contained in the TDP and in the table above.

Claimants will be required to submit a filing fee of $50 to have an Asbestos Claim processed by the Asbestos Trust. This fee will be refunded in full to claimants who receive and accept payment of a settlement offer from the Asbestos Trust.

After they have completed the Expedited Review Process, claimants will have the option of engaging in binding or nonbinding arbitration to resolve disputes concerning whether the Asbestos Trust's outright rejection or denial of a claim was proper, or whether the claimant's medical condition or exposure history meets the requirements of the TDP for purposes of categorizing a claim involving Disease Levels I-V.

All arbitration will be conducted in accordance with Alternative Dispute Resolution Procedures that the Asbestos Trust is expected to adopt after the Effective Date. The arbitrator may return awards only in accordance with the values set forth in the TDP. Only if a claimant elects nonbinding arbitration and rejects the arbitration award may the claimant then litigate in court against the Asbestos Trust to establish its claim. Awards in litigation will be paid as specifically provided in the TDP.

As a condition to making payment to a claimant with respect to an Asbestos Claim, the Asbestos Trust will obtain, for the benefit of the Asbestos Trust and the Protected Parties, a release of liability with respect to the claimant's Asbestos Claim.

Prior to receiving a distribution from the Asbestos Trust, a claimant will also be asked to certify that the claimant will provide for the payment or resolution of any obligations owing or potentially owing under 42 U.S.C. § 1395y(b), or related rules or regulations, or guidelines, in connection with, or relating to, such Asbestos Claim, as required by the Medicare, Medicaid and SCHIP Extension Act of 2007.

All Asbestos Claims paid by the Asbestos Trust will be subject to a payment percentage. The payment percentage is the percentage of the full liquidated value of a claim that claimants will receive from the Asbestos Trust. Eligible claimants will each receive a payment equal to the liquidated value of their claim multiplied by the payment percentage.

There can be no certainty as to the precise amounts that will be distributed by the Asbestos Trust in any particular time period or when eligible Asbestos Claims will be paid by the Asbestos Trust. Payments that will be made on eligible Asbestos Claims will be determined under the TDP and will be based, on the one hand, on estimates of the number, types, and amount of current Asbestos Claims and expected future Demands, and on the other hand, on the value of the assets of the Asbestos Trust, the liquidity of the Asbestos Trust, the Asbestos Trust's expected future income and expenses, and other matters that are likely to affect the sufficiency of funds to pay all holders of Asbestos Claims.

The initial payment percentage will be determined after the Effective Date by comparing the anticipated assets of the Asbestos Trust against its projected liability for Asbestos Claims and Asbestos Trust Expenses. The Asbestos Trust's projected assets and liabilities will be based on a number of assumptions. Should any assumption from which a payment percentage is developed prove to be materially inaccurate based on the Asbestos Trust's actual experience, the Asbestos Trust may have to adjust the payment percentage upwards or downwards from time to time, pursuant to the Asbestos Trust Agreement and the TDP, to reflect current estimates of the Asbestos Trust's assets and liabilities.

Aggregate distributions to claimants in each year will not exceed a "Maximum Annual Payment" amount determined for that year. After determining the payment percentage, the Asbestos Trust will determine the Maximum Annual Payment for each year by modeling the cash flow, principal, and income year-by-year to be paid over the Asbestos Trust's entire life in a manner designed to ensure that all present and future holders of Asbestos Claims are compensated in an amount equal to the liquidated value of their respective Asbestos Claims multiplied by the payment percentage.

Based upon the Debtors' claims settlement history and an analysis of present and future claims, a Claims Payment Ratio has been determined which will be set, as of the Effective Date, at 90% for Asbestos Claims involving mesothelioma (Disease Level V) ("Category A") and at 10% for Asbestos Claims involving all other diseases (Disease Levels I-IV) ("Category B"). In each year, after the determination of the Maximum Annual Payment, 90% of that amount shall be available to pay Category A Asbestos Claims, and 10% shall be available to pay Category B Asbestos Claims that have been liquidated since the Petition Date. Asbestos Claims for which there are insufficient funds allocated to the relevant Category shall be carried over for priority payment in the next year.

C. Appointment of Asbestos Trustee.

Alan B. Rich, Esquire, has been proposed as the initial Asbestos Trustee pursuant to the terms of the Asbestos Trust Agreement.

Mr. Rich practices civil appellate law, complex civil litigation, and toxic-tort-related bankruptcy law. He is the Managing Trustee of the G-I Holdings, Inc. Asbestos Personal Injury Settlement Trust, and the Trustee of the APG Asbestos Trust, the Christy Refractories Company, LLC Asbestos Personal Injury Trust, the Geo. V. Hamilton, Inc. Asbestos Trust, and the United Gilsonite Laboratories Asbestos Personal Injury Trust. Mr. Rich has received nine Pro Bono Legal Service Awards from the Dallas Bar Association and Legal Services of North Texas, including the Meritorious and the Distinguished Pro Bono Service Awards. He has been practicing law for more than thirty years.

Mr. Rich's appointment shall be effective as of the Effective Date. Upon termination of the Asbestos Trust, or as otherwise provided in the Asbestos Trust Agreement, the Asbestos Trustee's employment shall be deemed terminated, and the Asbestos Trustee shall be released and discharged of and from all further authority, duties, responsibilities, and obligations with respect to or in connection with the Asbestos Trust and the Chapter 11 Cases.

D. Appointment of Delaware Trustee.

The Entity that will serve as the initial Delaware Trustee shall be selected by agreement of the Asbestos Claimants Committee and the Legal Representative, and will be identified in the Asbestos Trust Agreement and appointed pursuant to the Confirmation Order. All subsequent Delaware Trustees shall be appointed in accordance with the terms of the Asbestos Trust Agreement.

E. Trust Advisory Committee.

On the Effective Date, the Trust Advisory Committee ("TAC") shall be established pursuant to the terms of the Asbestos Trust Agreement. The TAC shall have [insert number] members and shall have the functions, duties, and rights provided in the Asbestos Trust Agreement. The [insert number] initial members of the TAC shall be selected by the Asbestos Claimants Committee. Upon termination of the Asbestos Trust, or as otherwise provided in the Asbestos Trust Agreement, the TAC shall be deemed dissolved and discharged of and from all further authority, duties, responsibilities, and obligations with respect to or in connection with the Asbestos Trust and the Chapter 11 Cases.

F. Legal Representative for Demand Holders.

Effective on the Effective Date, the Legal Representative shall serve in such capacity under the terms of the Asbestos Trust Agreement, and shall have the functions, duties, and rights provided in the Asbestos Trust Agreement. Upon termination of the Asbestos Trust, or as otherwise provided in the Asbestos Trust Agreement, the Legal Representative shall be discharged of and from all further authorities, duties, responsibilities, and obligations with respect to or in connection with the Asbestos Trust and the Chapter 11 Cases.

G. Assumption of Certain Liabilities by the Asbestos Trust.

On the Effective Date, subject to the terms of the Plan Documents and in accordance with sections 524(g) and 1141 of the Bankruptcy Code, the Asbestos Trust shall assume and succeed to all liability and responsibility for all Channeled Asbestos Claims. Notwithstanding the Asbestos Trust's assumption of liability and responsibility for all Channeled Asbestos Claims, such assumption shall not itself operate or be construed as a release, accord, or novation of each Debtor's obligations on account of such Claims for purposes of any Asbestos Insurance Rights solely to the extent of suits against the Reorganized Debtor directly in accordance with Section 4.13 the Plan (subject, however, to the discharge of any "personal liability" of the Debtors as that term is used in section 524(a) of the Bankruptcy Code and as provided in Section 9.03 the Plan).

H. Transfer of Asbestos Insurance Rights.

On the Effective Date, by virtue of Confirmation, without further notice, action, or deed, the Asbestos Insurance Rights shall be automatically transferred to, and indefeasibly vested in, the Asbestos Trust, and the Asbestos Trust shall thereby become the estate representative pursuant to section 1123(b)(3)(B) of the Bankruptcy Code, with the exclusive right to enforce any and all of the Asbestos Insurance Rights against any Entity, and the Proceeds of the recoveries of any such Asbestos Insurance Rights shall be the property of, and shall be deposited

in, the Asbestos Trust. The Asbestos Insurance Rights shall be vested in the Asbestos Trust free and clear of all Liens, encumbrances, interests, claims, and causes of action of any Entity.

If a court of competent jurisdiction determines the transfer of the Asbestos Insurance Rights pursuant to Section 4.07(a) of the Plan to be invalid, non-binding, or unenforceable, in whole or in part, then the Reorganized Debtor shall (1) upon request by the Asbestos Trust and at the reasonable expense of the Asbestos Trust, take all reasonable actions to pursue any of the Asbestos Insurance Rights for the benefit of, and to the extent required by, the Asbestos Trust; and (2) immediately transfer any Proceeds or property recovered under or on account of any Asbestos Insurance Rights to the Asbestos Trust; *provided*, *however*, that while any such Proceeds or property are held by or under the control of the Reorganized Debtor, such amounts shall be held in trust solely for the benefit of the Asbestos Trust.

I. Funding of the Asbestos Trust.

1. On the Effective Date, the Debtors shall pay in full and in Cash the Debtors' Contribution to the Asbestos Trust.

2. On the Effective Date, the Hinden Contribution shall be paid in full and in Cash to the Asbestos Trust by or on behalf of the Hinden Family Entities and the Hinden Family Members.

3. On the Effective Date, any Proceeds held by the Debtors on account of Asbestos Insurance Rights shall be paid in full and in Cash to the Asbestos Trust.

4. On the Effective Date, the Reorganized Debtor shall issue and deliver the Trust Note to the Asbestos Trust.

5. Effective on the Effective Date, by virtue of Confirmation, any and all other Asbestos Trust Assets shall be transferred to and be vested in the Asbestos Trust, without further notice, deed, or order.

J. Securing Payment and Performance Under the Trust Note.

1. Effective on the Effective Date, the Trust Note shall be secured by the RDD Pledge, the DDC Pledge, the Bay Shore Mortgage, and the Fairfield Mortgage.

2. The Bay Shore Mortgage shall be a recorded and first-priority Lien on the Bay Shore Property. The Fairfield Mortgage shall be a recorded and first-priority Lien on the Fairfield Property.

3. The DDC Pledge shall be a first-priority Lien and perfected in a manner such that it will not be subordinate to, or *parri passu* with, any other Lien, security interest, pledge, hypothecation, or other encumbrance or interest prior to the release of the DDC Pledge pursuant to the terms of the Pledge and Security Agreement. On the Effective Date, Duro Dyne Canada shall deliver certificates representing 50.1% of the Duro Dyne Canada Stock, together with stock power executed in blank, to the Asbestos Trust to be held by the Asbestos Trustee in accordance with the Pledge and Security Agreement.

4. The RDD Pledge shall be a first-priority Lien and perfected in a manner such that it will not be subordinate to, or *parri passu* with, any other Lien, security interest, pledge, hypothecation, or other encumbrance or interest prior to the release of the RDD Pledge pursuant to the terms of the Pledge and Security Agreement. On the Effective Date, the Reorganized Debtor shall deliver certificates representing 50.1% of the Reorganized Duro Dyne Stock, together with stock power executed in blank, to the Asbestos Trust to be held by the Asbestos Trustee in accordance with the Pledge and Security Agreement.

K. Vesting of Asbestos Trust Assets.

Upon the transfer of the Asbestos Trust Assets to the Asbestos Trust, all right, title, and interest in and to the Asbestos Trust Assets, and any proceeds thereof under the Plan, shall be indefeasibly and irrevocably vested in the Asbestos Trust free and clear of all Claims, Demands, Liens, Equity Interests, other interests, and causes of action of any Entity, without any further action of the Bankruptcy Court or any Entity, subject to the Asbestos Permanent Channeling Injunction and other provisions of the Plan; *provided, however*, that to the extent that certain Asbestos Trust Assets, because of their nature or because they will accrue subsequent to the Effective Date, cannot be transferred to and vested in the Asbestos Trust on the Effective Date, such Asbestos Trust Assets shall be transferred to and irrevocably and indefeasibly vested in the Asbestos Trust, free and clear of Claims, Demands, Liens, Equity Interests, other interests, and causes of action of any Entity, as soon as practicable after the Effective Date.

L. Earn Out Payments.

The Reorganized Debtor shall annually pay to the Asbestos Trust, by no later than March 31 of each year, a sum of Cash equal to thirty percent (30%) of the amount of LTM Adjusted EBITDA (as measured at December 31 that is in excess of the Earn Out Threshold (as defined in the Plan), subject to and in accordance with the terms of Section 4.11 of the Plan.

1. For purposes of this Section, the term "*Total Scheduled Rent*" means the total amount of rent scheduled under the Bay Shore Lease and the Fairfield Lease and paid on account of the Bay Shore Lease and the Fairfield Lease during the twelve (12) calendar months immediately preceding January 1 of each year; and the term "*Earn Out Threshold*" means an amount equal to $3,000,000 *plus* Total Scheduled Rent.

2. For purposes of calculating the Earn Out Payments under this section, LTM Adjusted EBITDA and Total Scheduled Rent shall be measured at December 31 of the same calendar year.

3. By way of illustration and not limitation, if LTM Adjusted EBITDA, as measured at December 31 of a given year, is $7,000,000, and if Total Scheduled Rent, as measured at December 31 of the same year, is $1,100,000, then the Reorganized Debtor shall pay to the Asbestos Trust the sum of $870,000 (*i.e.*, 30% ($7,000,000 *less* ($3,000,000 *plus* $1,100,000)) by March 31 of the same year.

4. If the amount of LTM Adjusted EBITDA, as measured at December 31 of a given year, is equal to or less than the Earn Out Threshold, as calculated at December 31 of the same year, there shall be no Earn Out Payment in that same year.

5. If a Catch-Up Payment and an Earn Out Payment are due and payable on the same Semiannual Payment Date, then the Reorganized Debtor shall pay the holder of the Trust Note the greater of the Catch-Up Amount and the amount of the Earn Out Payment, and such payment shall be applied first to any accrued and unpaid interest and outstanding Deferral Amounts in accordance with section 3(b)(5) of the Note Issuance Agreement and then, after such interest and Deferral Amounts have been paid in full in accordance with such section, to the amount of the Earn Out Payment that is outstanding. To the extent all or part of the Earn Out Payment would have been paid to the Asbestos Trust but for the application of the Catch-Up Payment to the unpaid accrued interest and Deferral Amount in accordance with this subsection (e), such unpaid Earn Out Payment shall be deemed a "*Deferred Earn Out Amount*," and no Related-Party Payments shall be made unless and until the Deferred Earn Out Amount is indefeasibly paid in Cash and in full to the Asbestos Trust.

6. Notwithstanding any provision in this Section, the Reorganized Debtor shall have no duty or obligation to pay an Earn Out Payment on March 31, 2019 based on LTM Adjusted EBITDA measured at December 31, 2018.

7. Once the cumulative total of Earn Out Payments irrevocably and indefeasibly paid to the Asbestos Trust equals $2,000,000, the Reorganized Debtor shall have no duty or obligation to pay further Earn Out Payments to the Asbestos Trust.

8. Unless and until the cumulative total of Earn Out Payments irrevocably and indefeasibly paid to the Asbestos Trust equals $2,000,000, the Reorganized Debtor shall not (1) transfer any assets to a Related Party (other than payments authorized under any of the Plan Documents or payments in the ordinary course of the Reorganized Debtor's business to Duro Dyne Canada in exchange for reasonably equivalent value) or to any Entity, the majority of whose Equity Interests are owned directly or indirectly by the Reorganized Debtor or one or more of the Related Parties; (2) acquire a business, division, or substantially all the assets of any Entity; or (3) acquire fifty percent (50%) or more of the Equity Interests in any Entity, unless, before any asset transfer or acquisition is effectuated, such Related Party or Entity (i) expressly assumes joint and several liability for the Earn Out Payments, (ii) agrees in writing that its books, records, and financial statements, including the calculation of LTM Adjusted EBITDA under this Section, shall be kept and done on a consolidated basis with the Reorganized Debtor and Duro Dyne Canada, (iii) executes and delivers to the Asbestos Trust an assumption agreement that is satisfactory in form and substance to the Asbestos Trust, and (iv) takes all other actions as the Asbestos Trust deems appropriate to ensure payment of the Earn Out Payments hereunder

M. Financial Reporting and Disclosures.

On and after the Effective Date, and up to and through the maturity date of the Trust Note, the Reorganized Debtor shall furnish the Asbestos Trust with all financial reporting in the same form and at the same time as required by the lender under the Secured Lending Facility or any secured credit agreement in replacement thereof, and any additional information reasonably required to monitor Adjusted EBITDA for purposes of payments under the Trust Note and the Earn Out Payments. All such financial reporting and additional information shall conform to generally accepted accounting principles, consistently applied in each period in which a calculation is performed, if such conformity is not required by the lender under the Secured

Lender Facility or any secured credit agreement in replacement the Plan. If the Secured Lending Facility is terminated or not renewed or replaced, the Reorganized Debtor shall furnish the Asbestos Trust with such financial reporting at the same time and with the same level of detail and disclosure previously required under the Secured Lending Facility.

N. Actions Against the Reorganized Debtor to Obtain the Benefits of Asbestos Insurance Coverage.

In addition to the potential for recoveries from the Asbestos Trust under the TDP, and not as an alternative thereto, Channeled Asbestos Claimants shall have the right to commence an action against the Reorganized Debtor and pursue their claims in the tort system to obtain the benefit of Asbestos Insurance Coverage, subject to the applicable provisions of section 5.10 of the TDP. If a holder of a Channeled Asbestos Claim commences such an action on account of such Claim, any complaint commencing such an action shall name the Reorganized Debtor as a defendant, in lieu of the Debtors, *provided, however*, that, consistent with the Injunctions, no party may identify the Reorganized Debtor using the term "Duro Dyne" or any variation the Plan in the caption of any pleading or other filing in connection with the action commenced by such complaint and shall only identify the Reorganized Debtor in such caption as "RDD Company" or such other name for the Reorganized Debtor as may be specified in the Confirmation Order. Such action may be filed in any court where any Debtor was subject to *in personam* jurisdiction as of the Petition Date and shall be deemed by operation of law to be an action against the Debtors, except that any judgment that may be obtained in such action may not be enforced against the assets of the Reorganized Debtor or the Asbestos Trust, other than the Asbestos Insurance Policies. Any such action may be served on the Asbestos Trust, who shall tender such actions to Non-Settling Asbestos Insurers. The Reorganized Debtor shall have no obligation to defend or otherwise appear or incur any costs or expenses in connection with any action brought under Section 4.13 of the Plan, and the Reorganized Debtor shall not incur liability to any Person, including but not limited to any Channeled Asbestos Claimant or any Asbestos Insurer in connection with any action commenced pursuant to Section 4.13 of the Plan. The Asbestos Trust shall continue to process the Channeled Asbestos Claim of any Channeled Asbestos Claimant who brings an action under Section 4.13 of the Plan, including by making payment thereon to such Channeled Asbestos Claimant as and when provided under the TDP. Subject to the Injunctions, nothing in Section 4.13 of the Plan is intended to bar any cause of action, or right to bring a cause of action, held by any Channeled Asbestos Claimant directly against any Asbestos Insurer if a Channeled Asbestos Claimant obtains a judgment in any action permitted under Section 4.13 of the Plan, with such actions governed by the procedures set forth in Section 4.14 of the Plan.

O. Actions Against Non-Settling Asbestos Insurers to Obtain the Benefits of Asbestos Insurance Coverage.

Any Channeled Asbestos Claimant that has obtained a judgment against the Reorganized Debtor pursuant to Section 4.13 of the Plan, or that would otherwise have the right under applicable nonbankruptcy law to join or substitute an Asbestos Insurer in an action filed on account of his Channeled Asbestos Claim, may, in order to obtain the benefits of Asbestos Insurance Coverage, make a request to the Asbestos Trust that the Asbestos Insurer Injunction be lifted so as to permit such Claimant to commence a judgment-enforcement action or direct action

against a Non-Settled Asbestos Insurer (an "Enforcement Request"). Such an Enforcement Request shall be made in the form of a written request directed to the Asbestos Trust, containing such information as the Asbestos Trust may, in its sole discretion, require as part of any such request. The Asbestos Trust may require or impose appropriate terms and conditions on Channeled Asbestos Claimants in exchange for the Asbestos Trust's agreement to lift the Asbestos Insurer Injunction with respect to their claims; *provided, however*, that to the extent a Channeled Asbestos Claimant makes an Enforcement Request, the Asbestos Trust shall not lift the Asbestos Insurer Injunction unless the Channeled Asbestos Claimant agrees in writing to stipulate and agree to the following conditions:

1. Judgment Reduction

If any Non-Settling Asbestos Insurer against whom a judgment-enforcement action or direct action is brought asserts as a defense that it would have an Asbestos Insurance Policy Claim as a result of contribution rights against one or more Settling Asbestos Insurers with respect to the Channeled Asbestos Claimant's claim that it could have asserted but for the Injunctions (hereinafter, "Contribution Claims"), the liability, if any, of the Non-Settling Asbestos Insurer to the Channeled Asbestos Claimant shall be reduced dollar-for-dollar by the amount, if any, of any judgment establishing the Contribution Claims in accordance with Section 4.14(b) of the Plan; and

2. Assertion of Settling Asbestos Insurers' Rights

In determining the amount of any Contribution Claim that operates to reduce the amount of liability of a Non-Settling Asbestos Insurer in a judgment-enforcement action or direct action, the Channeled Asbestos Claimant may assert the legal or equitable rights, if any, of the Settling Asbestos Insurers with respect to such Contribution Claims, provided that the Channeled Asbestos Claimant shall not be permitted to argue that any Contribution Claims are not properly asserted against the Channeled Asbestos Claimant, or that the Injunctions bar or affect in any way such Contribution Claims in connection with the Channeled Asbestos Claimant's claim against a Non-Settling Asbestos Insurer.

P. Limitations on Recoveries of Insurance Coverage from Non-Settling Asbestos Insurers.

1. *No Coverage for Trust Payments or Claims Resolutions*. No Non-Settling Asbestos Insurer that has paid a Channeled Asbestos Claim pursuant to the provisions of Section 4.13 or Section 4.14 of the Plan shall be required or requested by the Asbestos Trust, the Debtors, the Reorganized Debtor, or any other Entity to make any payment whatsoever, based on or for (i) amounts paid by the Asbestos Trust to that Channeled Asbestos Claimant in accordance with the TDP or otherwise; (ii) the liquidated value of that Channeled Asbestos Claim resolved by the Asbestos Trust, whether or not paid in whole or in part by the Asbestos Trust; (iii) any amounts that the Asbestos Trust promises or proposes to pay to that Channeled Asbestos Claimant under the TDP or otherwise; or (iv) the amounts set forth in the scheduled values matrix of the TDP that would otherwise be applicable to the paid Channeled Asbestos Claim. For the avoidance of doubt, this Section does not preclude actions, or recoveries or payments from actions authorized by Section 4.13 or Section 4.14 of the Plan, and all Asbestos Insurance

Litigation and Asbestos Insurance Policy Claims (including all claims for contribution, reimbursement, indemnity, or subrogation against Non-Settling Asbestos Insurers) are subject to the preceding two sentences of this subsection and to Section 4.14(b) of the Plan. No Non-Settling Asbestos Insurer may argue or contend, in any action authorized by Section 4.13 or Section 4.14 the Plan, that a Channeled Asbestos Claimant is barred by this Section from obtaining the benefits of Asbestos Insurance Coverage simply because such Claimant either could or did have his Channeled Asbestos Claim resolved, valued, or paid by the Asbestos Trust.

Q. Determination of Credit, Reduction, or Offset.

1. The amount of any payments actually received by a Channeled Asbestos Claimant from the Asbestos Trust on account of his Channeled Asbestos Claim shall be credited dollar-for-dollar against the liability of the Reorganized Debtor in any action brought by such Channeled Asbestos Claimant under Section 4.13 of the Plan, and following the full satisfaction of a judgment obtained in such an action or in an action brought under Section 4.14 of the Plan, the Entities that pay such a judgment shall be deemed to have been assigned the right to payment of any further amounts due from the Asbestos Trust to such Channeled Asbestos Claimant.

2. Notwithstanding anything in the Plan to the contrary, if a Non-Settling Asbestos Insurer asserts a claim that it is entitled to a credit, offset, or reduction of damages based on any payment made by the Asbestos Trust or any Debtor, then nothing in the Plan or the TDP shall restrict any right of such Non-Settling Asbestos Insurer to introduce in any action otherwise admissible evidence in support of such claim. All parties' rights to make arguments as to the admissibility of such evidence under the applicable rules of evidence are reserved.

R. Subordination of Related-Party Payments and Related-Party Claims.

Upon the occurrence and continuance of a default under the Trust Note or an "Event of Default" as defined in the Note Issuance Agreement or in the Pledge and Security Agreement, (a) all obligations under the Trust Note, including principal and accrued interest, shall be paid in Cash and in full before any Related-Party Payment or any payment, whether in cash, property, or securities, on account of a Related-Party Claim is made; and (b) any Related Party receiving a Related-Party Payment or any payment, whether in cash, property, or securities, made on account of a Related-Party Claim shall be paid or delivered directly to the holder of the Trust Note for application in payment of the same unless and until all obligations under the Trust Note, including principal and accrued interest, are paid in Cash and in full.

S. Preservation of Asbestos-Related Defenses.

In any action commenced against the Reorganized Debtor under Section 4.13 of the Plan or against a Non-Settling Asbestos Insurer under Section 4.14, (a) subject to Section 4.15(b) of the Plan, any payments made by the Asbestos Trust to the Channeled Asbestos Claimant commencing such action shall be taken into account in such action in accordance with rule of law or evidence related to any credit, offset, or reduction of damages allowed by applicable nonbankruptcy law; and (b) nothing pertaining to the Plan, the confirmation of the Plan, the entry of the Confirmation Order, the creation of the Asbestos Trust, and the implementation of the TDP shall be construed as a waiver or admission with respect to any Asbestos-Related Defenses,

and all parties (including the Asbestos Insurers) shall be free to make any contention permitted by applicable nonbankruptcy law with respect to such defenses.

T. Books and Records.

On the Effective Date, the Cooperation Agreement shall become effective, and the Asbestos Records (as defined in the Cooperation Agreement) shall be treated in accordance therewith.

ARTICLE IX.
IMPLEMENTATION OF THE PLAN

A. Substantive Consolidation

1. Confirmation shall constitute approval, pursuant to sections 105(a) and 1123(a)(5) of the Bankruptcy Code, effective upon Consummation, of the substantive consolidation and merger of each of the Debtors and their respective Estates with and into Debtor Duro Dyne National Corp. such that the Reorganized Debtor shall be the surviving Entity on the Effective Date. As a result of such substantive consolidation and merger,

(i) the assets and liabilities of the Debtors will be deemed to be the assets and liabilities of the Reorganized Debtor;

(ii) each and every Claim listed on the Schedules or filed in the Chapter 11 Cases against any Debtor shall be considered filed against the Reorganized Debtor and shall be considered one Claim against and obligation of the Reorganized Debtor on and after the Effective Date;

(iii) all joint obligations of two or more Debtors, and all multiple Claims against such Entities on account of such joint obligations, shall be considered a single Claim against the Reorganized Debtor;

(iv) all guaranties by any of the Debtors of the obligations of any Debtor arising prior to the Effective Date shall be deemed cancelled and eliminated under the Plan so that any Claim against any Debtor and any guaranty executed by any other Debtor and any joint and several liability of any of the Debtors shall be deemed to be one obligation of the Reorganized Debtor; and

(v) all Equity Interests in Duro Dyne Corporation, Duro Dyne West Corp., Duro Dyne Midwest Corp., and Duro Dyne Machinery Corp. shall be cancelled and extinguished on the Effective Date in accordance with Section 3.03(k)(ii); and

(vi) all Intercompany Claims shall be cancelled and extinguished on the Effective Date.

2. Notwithstanding the terms and provisions of Section 5.01(a), such substantive consolidation and merger shall not (other than for purposes related to funding

Distributions under the Plan) affect (i) executory contracts or unexpired leases that were entered into during the Chapter 11 Cases or that have been or will be assumed, assumed and assigned, or rejected; (ii) any agreements entered into by the Reorganized Debtor on or after the Effective Date; and (iii) the Debtors' or the Reorganized Debtor's ability to subordinate or otherwise challenge Claims on an entity-by-entity basis.

B. Corporate Governance.

1. *Amendment of Certificate of Incorporation of the Reorganized Debtor*. The certificate of incorporation of each Reorganized Debtor that is a corporation on the Effective Date shall, as of the Effective Date, be amended in its entirety to read substantially in the form that will be included as Schedule 5.02(a) of the Plan Supplement. Consistent with, but only to the extent required by, section 1123(a)(6) of the Bankruptcy Code, the amended certificates of incorporation of such Reorganized Debtor shall, *inter alia*, prohibit the issuance of non-voting equity securities.

2. *Amendment of Bylaws of the Reorganized Debtor*. The bylaws of the Reorganized Debtor shall be amended as of the Effective Date to read substantially in the form that will be included as Schedule 5.02(b) of the Plan Supplement and, *inter alia*, to effectuate the provisions of the Plan.

3. *Exchange of Equity Interests in Duro Dyne National Corp.* Prior to the Effective Date, each of the three outstanding shares of voting stock in Debtor Duro Dyne National Corp. shall be exchanged for 1,000 shares of voting stock in Debtor Duro Dyne National Corp., so as to result in a total of 3,000 outstanding shares of voting stock in Debtor Duro Dyne National Corp., and the three holders of voting shares in Duro Dyne National Corp. shall each receive certificates evidencing a total of 1,000 shares of such voting stock.

4. *Management of the Reorganized Debtor*. On and after the Effective Date, the business affairs of the Reorganized Debtor will be managed by the Entity or Entities identified on Schedule 5.02(c) of the Plan Supplement.

5. *Effectuating Documents and Further Transactions*. Each of the officers of the Reorganized Debtor is authorized, in accordance with his or her authority under the resolutions of the applicable governing body of such Reorganized Debtor, to execute, deliver, file, or record such contracts, instruments, releases, indentures, and other agreements or documents, and to take such action as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan and the other Plan Documents.

6. *Corporate Action*. All matters provided for under the Plan involving the corporate structure of the Debtors or Reorganized Debtor, or any corporate or limited liability company action to be taken by, or required of the Debtors or Reorganized Debtor, shall be deemed to have occurred and be effective as provided herein, and shall be authorized and approved in all respects without any requirement for further action by or notice to the holders of Equity Interests in, or the directors or managers of, any of the Debtors or the Reorganized Debtor.

C. Supersedeas Bonds and Payment Assurances

1. *Preserved Actions*. All Supersedeas Bond Actions and the rights and Claims asserted or to be asserted therein shall be preserved and shall be prosecuted or defended, as the case may be, by the Reorganized Debtor on and after the Effective Date.

2. *Assumption by the Asbestos Trust*. As of the Effective Date, the Asbestos Trust shall assume, and shall have exclusive liability for, any deficiency portion of a Bonded Asbestos Personal Injury Claim remaining after crediting the proceeds of any supersedeas bond or other payment assurances to which the holder of such Claim is determined by Final Order or agreement of the parties to be entitled. To the extent the Reorganized Debtor successfully prosecutes or defends against a Supersedeas Bond Action resulting in the discharge or release of the relevant supersedeas bond or other payment assurance provided in connection therewith, any such recoveries shall inure to the benefit of such Reorganized Debtor.

3. *Reservation of Rights of Issuers and Insurers of Payment Assurances*. Notwithstanding anything to the contrary contained herein, nothing in the Plan shall be deemed to impair, prejudice, compromise, or otherwise affect any defense or counterclaim asserted by an issuer or insurer of any supersedeas bond or other payment assurance issued on behalf of any of the Debtors, including any defense based on an asserted right of setoff or recoupment, or other defense under applicable nonbankruptcy law. Any right of setoff or recoupment shall be satisfied out of the assets in the possession of the sureties or insurers providing such supersedeas bond or payment assurance.

4. *Compromise and Settlement*. The Reorganized Debtor shall be entitled to compromise or settle any of the Supersedeas Bond Actions; *provided, however*, that any such compromise or settlement shall require the consent of the Asbestos Trust to the extent the compromise or settlement results in a deficiency portion of a Bonded Asbestos Personal Injury Claim after applying the proceeds of any supersedeas bond or equivalent form of payment assurance.

5. *Withholding of Taxes*. The Reorganized Debtor or the Asbestos Trust, as applicable, shall withhold from any assets or property distributed under the Plan any assets or property that must be withheld for foreign, federal, state, or local taxes payable with respect thereto or payable by the Entity entitled to such assets or property to the extent required by applicable law.

6. *Transfer Taxes*. The issuance, transfer, or exchange of any of the securities issued under, or the transfer of any other assets or property pursuant to or in connection with the Plan, or the making or delivery of an instrument of transfer under or in connection with the Plan shall not, pursuant to section 1146 of the Bankruptcy Code, be taxed under any law imposing a stamp tax, transfer tax, or other similar tax.

7. *Recordable Order*. Upon Confirmation, the Confirmation Order shall be deemed to be in recordable form, and shall be accepted by any recording officer for filing and recording purposes without further or additional orders, certifications, or other supporting documents.

8. *Authority of the Debtors*. Effective on the Confirmation Date, the Debtors shall be empowered and authorized to take or cause to be taken, prior to the Effective Date, all actions necessary to enable them to implement their respective obligations under the Plan and the other Plan Documents.

ARTICLE X.
VOTING AND DISTRIBUTIONS UNDER THE PLAN GENERALLY

A. Classes Eligible to Vote.

1. *Deemed Acceptance of Plan by Unimpaired Classes*. Class 1 Priority Non-Tax Claims, Class 2 Secured Claims, Class 3 Employee Benefit Claims, Class 4 Worker Compensation Claims, Class 5 General Unsecured Claims and Class 8 Bonded Claims are Unimpaired under the Plan and are conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, solicitation of votes of holders of Claims in Classes 1, 2, 3, 4, 5 and 8 is not required.

2. *Insider Claims Not Entitled to Vote.* Class 9 Intercompany Claims, Class 10 Related Party Claims, Class 11 Equity Interests in Duro Dyne National Corp., and Class 12 Equity Interests in Duro Dyne Corporation, Duro Dyne West Corp., Duro Dyne Midwest Corp., and Duro Dyne Machinery Corp. are Claims of Insiders and are not entitled to vote on the Plan. Therefore, solicitation of votes of holders of Claims in Classes 9, 10 and 11 is not required.

3. *Only Class 6 Prepetition Defense-Cost Contribution Claims and Class 7 Channeled Asbestos Claims Are Eligible to Vote*. Class 6 Prepetition Defense-Cost Contribution Claims and Class 7 Channeled Asbestos Claims are Impaired under the Plan. Only holders of Class 6 and Class 7 Claims are entitled to vote to accept or reject the Plan. Accordingly, the solicitation of votes of holders of Prepetition Defense-Cost Contribution Claims in Class 6 and Asbestos Claims in Class 7 is required.

B. *Class 6 and 7 Acceptance Requirements.*

Class 6 shall have accepted the Plan if the Plan is accepted by at least two-thirds (2/3) in dollar amount and more than one-half (1/2) in number of the holders of Class 6 Claims actually voting on the Plan. Class 7 shall have accepted the Plan if the Plan is accepted by at least two-thirds (2/3) in dollar amount and more than seventy-five percent (75%) in number of the holders of Class 7 Claims that have actually voted on the Plan. Acceptance of the Plan by Class 7 shall also be determined in accordance with section 524(g)(2)(B)(ii)(IV)(bb) of the Bankruptcy Code and Section 6.04 of the Plan.

C. Voting on Basis of Substantive Consolidation.

Voting on the Plan shall be conducted on a substantively consolidated basis with respect to the Debtors, consistent with Section 5.01 the Plan. If the Bankruptcy Court authorizes the Debtors to substantively consolidate less than all of the Debtors' Estates, (a) the Plan shall be treated as a separate plan of reorganization for each Debtor not substantively consolidated, and (b) the Debtors shall not be required to resolicit votes with respect to the Plan. Notwithstanding

the foregoing, the Debtors reserve the right to seek confirmation of the Plan on an Entity-by-Entity basis.

D. Issuance of Asbestos Permanent Channeling Injunction Pursuant to Section 524(g) of the Bankruptcy Code.

The Bankruptcy Court or the District Court, as applicable, shall be asked to issue the Asbestos Permanent Channeling Injunction if at least seventy-five present (75%) in number of the holders of Class 7 Claims that have voted on the Plan have voted in favor of the Plan in accordance with section 524(g)(2)(B)(ii)(IV)(bb) of the Bankruptcy Code and Section 6.02 of the Plan.

E. Nonconsensual Confirmation.

If any Impaired Class of Claims or Equity Interests, other than Class 7, fails to accept this Plan in accordance with sections 1126 and 1129 of the Bankruptcy Code, the Plan Proponents will request, to the extent consistent with applicable law, that the Bankruptcy Court confirm this Plan in accordance with section 1129(b) of the Bankruptcy Code with respect to such non-accepting Class of Claims or Equity Interests (other than Class 7), and the Plan constitutes a motion for such relief.

F. Distributions Under the Plan.

Whenever any Distribution to be made under the Plan shall be due on a day other than a Business Day, such Distribution shall instead be made, without interest, on the immediately succeeding Business Day, but shall be deemed to have been made on the date due. The Distributions shall be made to the holders of Allowed Claims as of the Record Date and the Debtors and the Reorganized Debtor shall have no obligation to recognize any transfer of a Claim occurring after the Record Date.

1. *Distribution Deadlines*. Any Distribution to be made by the Disbursing Agent pursuant to the Plan shall be deemed to have been timely made if made within twenty-one (21) calendar days after the time therefor specified in the Plan or such other agreements. No interest shall accrue or be paid with respect to any Distribution as a consequence of such Distribution not having been made on the Effective Date.

2. *Distributions with Respect to Allowed Claims*. Subject to Bankruptcy Rule 9010, all Distributions under the Plan to holders of Allowed Claims shall be made by the Disbursing Agent to the holder of each Allowed Claim in such Classes at the address of such holder as noted on the Schedules as of the Record Date, unless the Debtors or, on and after the Effective Date, the Reorganized Debtor have been notified in writing of a change of address, including by the timely filing of a proof of claim by such holder that provides an address for such holder different from the address noted on the Schedules. If any Distribution to any such holder is returned as undeliverable, then no further Distributions to such holder shall be made unless and until the Reorganized Debtor is notified of such holder's then current address, at which time all missed Distributions shall be made to such holder without interest. At the expiration of six (6) calendar months after the date on which an undeliverable Distribution was originally sent, mailed, or otherwise transmitted, such undeliverable Distribution will be deemed unclaimed

property under section 347(b) of the Bankruptcy Code and will revest in the Reorganized Debtor, and any entitlement of a holder of any Claim to the re-vested Distribution shall be extinguished, discharged, and forever barred. Nothing contained in the Plan shall require the Reorganized Debtor or the Disbursing Agent to attempt to locate any holder of an Allowed Claim.

3. *Responsibility for Transfers and Distributions*. The Reorganized Debtor and the Disbursing Agent shall be responsible for Distributions required by the Plan, other than distributions to holders of Class 7 Channeled Asbestos Claims. The Asbestos Trust and only the Asbestos Trust shall be responsible for resolving, liquidating, and paying Class 7 Channeled Asbestos Claims in accordance with the Asbestos Trust Agreement and the TDP, except as provided in Sections 4.13 and 4.14 the Plan.

4. *Manner and Method of Payment Under the Plan*. Unless the Entity entitled to receive a Distribution agrees otherwise, any payment of such Distribution in Cash shall be made by a check drawn from a domestic bank or wire transfer from a domestic bank; *provided*, *however*, that no Cash payment of less than one hundred dollars ($100) shall be made to a holder of an Allowed Claim unless a request therefor is made in writing to the Disbursing Agent.

G. Time Bar to Distributions by Check.

Checks issued by the Reorganized Debtor in respect of Distributions on account of Allowed Claims shall be null and void if not presented for payment within ninety (90) calendar days after the date of issuance the Plan. Requests for reissuance of any check shall be made in writing to the Disbursing Agent by the holder of the Allowed Claim to whom such check originally was issued on or before thirty (30) calendar days after the expiration of the ninety (90) day period following the date of issuance of such check. After the expiration of the thirty (30) day period, all funds held on account of such void check shall be used to satisfy the costs of administering and fully consummating the Plan or become the property of the Reorganized Debtor, and the Claim of any holder to such Distributions shall be extinguished, discharged, and forever barred.

H. Distributions After the Effective Date.

Distributions made after the Effective Date to holders of Claims that are not Allowed Claims as of the Effective Date, but which later become Allowed Claims, shall be deemed to have been made in accordance with the terms and provisions of the Plan.

I. Setoffs.

Pursuant to applicable nonbankruptcy law, and before any Distribution is made on account of any Allowed Claim, the Reorganized Debtor may, but shall not be required to, setoff the claims, rights, and causes of action of any nature that the Reorganized Debtor holds against the holder of such Allowed Claim, other than a Channeled Asbestos Claim, against any Allowed Claims and the Distributions to be made pursuant to the Plan on account the Plan; *provided, however*, that neither the failure to effect such a setoff nor the allowance of any Claim hereunder shall constitute a waiver or release by the Reorganized Debtor of any such claims, rights, and

causes of action that the Reorganized Debtor may possess on and after the Effective Date against such holder.

J. Cancellation of Existing Securities and Agreements.

On the Effective Date, any document, agreement, or instrument evidencing any Claim, other than an Asbestos Claim or any Claim that is Unimpaired, shall be deemed cancelled without further act or action under any applicable agreement, law, regulation, order, or rule, and the obligations of the Debtors under such documents, agreements, or instruments evidencing such Claims and Equity Interests, as the case may be, shall be discharged.

K. Allocation of Plan Distributions Between Principal and Interest.

To the extent that an Allowed Claim entitled to a Distribution under the Plan is comprised of indebtedness and accrued but unpaid interest thereon, such Distribution shall be allocated first to the principal amount of the Claim (as determined for federal income tax purposes) and then, to the extent the consideration exceeds the principal amount of the Claim, to accrued but unpaid interest.

L. Tax Obligations and Reporting Requirements.

Notwithstanding any provision herein, each holder of an Allowed Claim that is to receive a Distribution under the Plan shall have the sole and exclusive responsibility for the satisfaction and payment of any tax obligations imposed by any Governmental Unit, including income, withholding, and other tax obligations, on account of such Distribution. Any Entity issuing any instrument or making any Distribution under the Plan has the right, but not the obligation, to refrain from making a Distribution, until such holder has made arrangements satisfactory to such Entity for payment of any such tax obligations.

ARTICLE XI.
TREATMENT OF DISPUTED, CONTINGENT, OR UNLIQUIDATEDNON-ASBESTOS CLAIMS UNDER THE PLAN

A. Objections to Claims; Prosecution of Disputed Claims.

The Reorganized Debtor shall object to the allowance of Claims (other than Channeled Asbestos Claims) filed with the Bankruptcy Court or with a duly appointed claims agent, as applicable, with respect to which the Reorganized Debtor, disputes, in whole or in part, liability or the amount of the Claim. All objections filed by the Reorganized Debtor as provided herein shall be litigated to Final Order by the Reorganized Debtor, as applicable; *provided*, *however*, that the Reorganized Debtor may compromise, settle, or resolve by any other method any objections to Claims, subject to approval of the Bankruptcy Court. Unless otherwise provided herein or ordered by the Bankruptcy Court, all objections to Claims shall be served and filed on or before the later of (a) one hundred and eighty (180) calendar days after the Effective Date, or (b) such date as may be fixed by the Bankruptcy Court, after notice and hearing, whether fixed before or after the date specified in clause (a) above.

B. Estimation of Individual Claims.

Unless otherwise limited by an order of the Bankruptcy Court, the Reorganized Debtor may at any time request that the Bankruptcy Court estimate for final Distribution purposes any contingent, unliquidated, or disputed Claim (other than Channeled Asbestos Claims) pursuant to section 502(c) of the Bankruptcy Code or other applicable law, regardless of whether any of the Debtors or the Reorganized Debtor previously objected to such Claim or whether the Bankruptcy Court has ruled on such objection, and the Bankruptcy Court will retain jurisdiction to consider any such request at any time, including during the pendency of any appeal relating to an objection to any Claim. Unless otherwise provided in an order of the Bankruptcy Court, in the event that the Bankruptcy Court estimates any contingent, unliquidated, or disputed Claim (other than Channeled Asbestos Claims), the estimated amount shall constitute either the Allowed Amount of such Claim or a maximum limitation on such Claim, as determined by the Bankruptcy Court; *provided, however*, that, if the estimate constitutes the maximum limitation on such Claim, the Reorganized Debtor may elect to pursue supplemental proceedings to object to any ultimate allowance of such Claim; and *provided further* that the foregoing is not intended to limit the rights granted by section 502(j) of the Bankruptcy Code.

C. Cumulative Remedies.

All of the aforementioned Claims objection, motion, estimation, and resolution procedures are cumulative and not necessarily exclusive of one another.

D. No Distributions Pending Allowance or Motion.

Notwithstanding any provision the Plan, if any portion of a Claim is disputed, contingent, or unliquidated, no Distribution provided for hereunder shall be made on account of any portion of such Claim unless and until such disputed, contingent, or unliquidated Claim becomes an Allowed Claim. No interest shall be paid on account of disputed, contingent, or unliquidated Claims that later become Allowed except to the extent that payment of interest is required under section 506(b) of the Bankruptcy Code.

E. Distributions After Allowance.

To the extent a disputed, contingent, or unliquidated Claim ultimately becomes an Allowed Claim, a Distribution shall be made to the holder of such Allowed Claim in accordance with the provisions of the Plan. As soon as reasonably practicable after the date that the order or judgment of the Bankruptcy Court or other applicable court of competent jurisdiction (including any appeal therefrom) allowing any previously disputed, contingent, or unliquidated Claim becomes a Final Order, the Disbursing Agent shall provide to the holder of such Allowed Claim the Distribution to which such holder is entitled hereunder on account of or in exchange for such Allowed Claim.

ARTICLE XII.
TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES

A. General Treatment.

The Debtors shall assume, as of the Effective Date, all executory contracts to which they are a party, respectively, except for (a) the executory contracts specifically listed on Schedule 8.01 of the Plan Supplement; or (b) the executory contracts or unexpired leases specifically addressed herein or pursuant to a Final Order of the Bankruptcy Court entered on or before the Effective Date. The Debtors may, at any time on or before the Effective Date, amend Schedule 8.01 to delete therefrom, or add thereto, any executory contract or unexpired lease. The Debtors shall provide notice of any such amendments to the parties to the executory contract or unexpired lease affected thereby and to parties on any master service list established by the Bankruptcy Court in the Chapter 11 Cases. The fact that any contract or lease is listed in Schedule 8.01 shall not constitute or be construed to constitute an admission that such contract or lease is an executory contract or unexpired lease within the meaning of section 365 of the Bankruptcy Code or that any of the Debtors or any successors in interest to the Debtors (including the Reorganized Debtor) has any liability thereunder. The Plan shall constitute a motion to assume the executory contracts and unexpired leases not listed in Schedule 8.01 and to reject those executory contracts and unexpired leases that are listed on Schedule 8.01. Any and all claims held by a Related Party against the Reorganized Debtor that are based on, arise from, or are attributable to a contract or lease assumed under this Section shall be subject to Section 4.16 and Section 8.06 of the Plan.

B. Assumption of Insurance Policies.

Notwithstanding anything contained in the Plan to the contrary, to the extent any Debtor's insurance policies and any agreements, documents, or instruments relating thereto, including Asbestos Insurance Policies or prepetition Asbestos Insurance Settlements, are executory contracts, such policies, agreements, documents, or instruments shall be treated as executory contracts under the Plan and shall be assumed pursuant to the Plan, effective as of the Effective Date, regardless of whether any such policy, agreement, document, or instrument is listed on Schedule 8.01 of the Plan Supplement. The Plan shall constitute a motion to assume such policies, agreements, documents, and instruments. Nothing contained in Section 8.02 of the Plan shall constitute or be deemed a waiver of any cause of action that the Debtors, the Reorganized Debtor, or the Asbestos Trust may hold against any Entity, including the insurer, under any Asbestos Insurance Policy or prepetition Asbestos Insurance Settlements, or any of the Debtors' policies of insurance or insurance-related agreements.

C. Letters of Credit, Surety Bonds, and Guaranties.

1. *Assumption Under Section 365(a).* Unless otherwise designated by the Plan Proponents in Schedule 8.03 of the Plan Supplement, agreed to in writing by the affected parties, or modified by order of the Bankruptcy Court, the Debtors' obligations under letters of credit, surety bonds, guaranties (which, for purposes of this Section include contingent liabilities arising in connection with assigned executory contracts and unexpired leases), or written indemnity agreements with respect to letters of credit, surety bonds, or guaranties existing as of the Effective Date shall be deemed to be, and shall be treated as though they are, executory

contracts that are assumed under this Plan, effective as of the Effective Date. In addition, the Debtors' obligations under such letters of credit, surety bonds, guaranties, and written indemnity agreements shall be deemed assumed pursuant to section 365(a) of the Bankruptcy Code, effective as of the Effective Date. The Plan shall constitute a motion to assume such letters of credit, surety bonds, guaranties, and written indemnity agreements.

2. *Reservation of Rights*. The Plan Proponents reserve the right, at any time prior to the Effective Date, to amend or modify the list included in Schedule 8.03 of the Plan Supplement to add or remove letters of credit, surety bonds, guaranties, and indemnity agreements with respect to letters of credit, surety bonds, or guaranties existing as of the Effective Date, *provided* that the Plan Proponents shall file a notice with the Bankruptcy Court and serve each affected party with such notice.

D. Cure of Defaults and Survival of Contingent Claims.

Except as may otherwise be agreed to by the applicable parties, on or before the thirtieth (30th) calendar day after the Effective Date, provided the non-Debtor party to any executory contract or unexpired lease that is assumed pursuant to Article VIII of the Plan has filed a proof of claim with respect to a cure amount, the Reorganized Debtor shall cure any and all undisputed defaults under each executory contract or unexpired lease assumed pursuant to this Plan, in accordance with section 365(b) of the Bankruptcy Code. All disputed defaults required to be cured shall be cured either within thirty (30) days of the entry of a Final Order determining the amount, if any, of a Reorganized Debtor's liability with respect thereto, or as may otherwise be agreed to by the applicable parties. Unless a proof of claim was timely filed with respect thereto, all cure amounts and all contingent reimbursement or indemnity claims for prepetition amounts expended by the non-Debtor parties to assumed executory contracts and unexpired leases shall be discharged upon Consummation.

E. Deadline for Filing Rejection Damages Claims.

If the rejection of a contract or lease pursuant to Section 8.01 or Section 8.03 of the Plan results in damages to the non-Debtor party to such contract or lease, any claim for such damages, if not heretofore evidenced by a filed proof of claim, shall forever be barred and shall not be enforceable against the Debtors, or their respective properties, agents, successors, or assigns, unless a proof of claim is filed with the Bankruptcy Court or with a duly appointed claims agent, as applicable, and served upon the Debtors or the Reorganized Debtor on or before thirty (30) calendar days after the later to occur of (a) the Confirmation Date, or (b) the date of entry of an order by the Bankruptcy Court authorizing rejection of such contract or lease.

F. Contracts and Leases with Related Parties.

1. The Reorganized Debtor shall not make any Related Party Payments if there is any arrearage, breach, or default with respect to any debt or obligation of the Reorganized Debtor.

2. Any contract or personal-property lease with a Related Party, including the contracts and leases assumed under Section 8.01 or listed on Schedule 8.06 of the Plan Supplement, shall terminate in accordance with their respective terms, including on the dates

noted on Schedule 8.06 of the Plan Supplement, and shall not be renewed. Any personal property or equipment that is the subject of such contracts or personal-property leases shall, upon the aforesaid termination, be transferred or delivered to the Reorganized Debtor, which shall thereupon assume or acquire ownership of such personal property or equipment, free and clear of any Lien, interest, or other encumbrance.

3. The Reorganized Debtor shall not enter into any contract or personal-property lease (whether an operating lease or a capital lease) with a Related Party that pertains to personal property or equipment, unless such contract or personal-property lease provides that the Reorganized Debtor shall own such personal property or equipment free and clear of any Lien, interest, or other encumbrance after such Related Party has recouped its investment in such personal property or equipment, plus an eight-percent (8%) return.

G. Effect of Confirmation.

Entry of the Confirmation Order shall constitute approval of the (a) rejections, (b) assumptions, or (c) assumptions and assignments, as the case may be, that are provided for in Article VIII of the Plan, in accordance with sections 365 and 1123 of the Bankruptcy Code as of the Effective Date, and a finding by the Bankruptcy Court that each such rejection, assumption, or assumption and assignment is in the best interests of the Debtors, their Estates, and all parties in interest in the Chapter 11 Cases.

ARTICLE XIII.
DISCHARGE, RELEASES, AND INJUNCTIONS

1. *Binding Effect*. The Plan shall be binding upon, and enforceable against, the Debtors and all holders of Claims, Demands, Equity Interests, or other interests (regardless of whether such holders agree to the Plan or whether such Claims, Demands, Equity Interests or other interests are impaired by the Plan), and their respective successors and assigns, including the Reorganized Debtor.

2. *Title to Assets*. Upon the Effective Date, pursuant to sections 1141(b) and (c) of the Bankruptcy Code, all property of the Estates shall vest in the Reorganized Debtor free and clear of all Claims, Liens, encumbrances, charges, and other interests created prior to the Effective Date, except as provided in the Plan and the other Plan Documents. On and after the Effective Date, the Reorganized Debtor may operate its businesses and may use, acquire, and dispose of property free of any restrictions of the Bankruptcy Code or the Bankruptcy Rules in all respects as if there were no pending cases under any chapter or provision of the Bankruptcy Code, except as provided in the Plan.

3. ***Discharge of Claims. In accordance with and not in limitation of sections 524(a) and 1141(d) of the Bankruptcy Code, and except as provided in the Plan, upon the occurrence of the Effective Date, all Claims, including, to the fullest extent permitted by law, Channeled Asbestos Claims, shall be, and shall be deemed to be, discharged in full, and all holders of Claims shall be, to the fullest extent permitted by law, precluded and enjoined from asserting against the Protected Parties, or any of their assets or properties, any other or further Claim based upon any act or omission, transaction, or other activity of any kind or***

nature that occurred prior to the Effective Date, whether or not such holder has filed a proof of claim.

4. ***Discharge Injunction. Except as specifically provided in the Plan or any of the Plan Documents, the discharge set forth in Section 9.03 of the Plan shall also operate, upon the occurrence of the Effective Date, as an injunction pursuant to sections 105(a), 524(a), and 1141(d) of the Bankruptcy Code, prohibiting and enjoining the commencement or continuation of any action, the employment of process, or any act to collect, recover from, or offset (a) any Claim, including, to the fullest extent permitted by law, any Channeled Asbestos Claim, against or interest in any of the Protected Parties by any Entity, and (b) any cause of action, whether known or unknown, against the Protected Parties arising out of, attributable to, or based on any Claim, including, to the fullest extent permitted by law, any Channeled Asbestos Claim, or interest described in clause (a) of Section 9.04 of the Plan.***

5. ***Asbestos Permanent Channeling Injunction. Pursuant to sections 105(a) and 524(g) of the Bankruptcy Code, the Confirmation Order shall provide for the issuance of the following injunction to take effect upon the occurrence of the Effective Date:***

a. ***Scope of Injunction: All Entities that have held or asserted, or hold or assert, or may in the future hold or assert any Channeled Asbestos Claim against one or more of the Protected Parties shall be permanently stayed, restrained, and enjoined from taking any action for the purpose of directly or indirectly collecting, recovering, or receiving payments, satisfaction, or recovery on account of any Channeled Asbestos Claim, including***

(i) ***commencing or continuing in any manner any action or other proceeding of any kind on account of any Channeled Asbestos Claim against any of the Protected Parties, or against the property of any Protected Party on account of any such Channeled Asbestos Claim;***

(ii) ***enforcing, attaching, collecting, or recovering, by any manner or means, any judgment, award, decree, or order against any of the Protected Parties or against the property of any Protected Party on account of any Channeled Asbestos Claim;***

(iii) ***creating, perfecting, or enforcing any Lien of any kind against any Protected Party or the property of any Protected Party on account of any Channeled Asbestos Claim;***

(iv) ***except as otherwise specifically provided in the Plan, asserting or accomplishing any setoff, right of subrogation, indemnity, contribution, or recoupment of any kind against any obligation due any Protected Party or against the property of any Protected Party on account of any Channeled Asbestos Claim; and***

(v) ***taking any act, in any manner, in any place whatsoever, against any of the Protected Parties or their property, that does not conform to,***

or comply with, the provisions of the Plan Documents applicable to a Channeled Asbestos Claim.

b. Reservations: Notwithstanding anything to the contrary above, this Asbestos Permanent Channeling Injunction shall not enjoin:

(i) ***the rights of Entities to the treatment accorded them under Articles II and III of the Plan, as applicable, including the rights of holders of Channeled Asbestos Claims to have such Channeled Asbestos Claims resolved in accordance with the TDP;***

(ii) ***the rights of Entities to assert any Channeled Asbestos Claim against the Asbestos Trust in accordance with the TDP, or any debt, obligation, or liability for payment of Asbestos Trust Expenses against the Asbestos Trust;***

(iii) ***the rights of the Asbestos Trust or, if applicable, the Reorganized Debtor to prosecute any claim or cause of action based on or arising from any of the Asbestos Trust Assets against any Entity that is not a Protected Party;***

(iv) ***any action under Section 4.13 of the Plan against the Reorganized Debtor that strictly conforms to the pleading requirements of Section 4.13; or***

(v) ***any action against any Asbestos Insurer that is neither a Settling Asbestos Insurer nor an Asbestos Insurer protected, at the time such action is brought, by the Asbestos Insurer Injunction.***

6. ***Settling Asbestos Insurer Injunction. In accordance with sections 105(a) and 524(g) of the Bankruptcy Code, upon the occurrence of the Effective Date, all Entities that have held or asserted, that hold or assert, or that may in the future hold or assert any Asbestos Insurance Policy Claim shall be, and hereby are, permanently stayed, restrained, and enjoined from taking any action for the purpose of directly or indirectly collecting, recovering, or receiving payment or recovery on account of any such Asbestos Insurance Policy Claim from or against any Settling Asbestos Insurer, only to the extent that such Settling Asbestos Insurer has been released from any claim under one or more Asbestos Insurance Policies in accordance with one or more Asbestos Insurance Settlements, including:***

a. commencing, conducting, or continuing in any manner any action or other proceeding of any kind (including an arbitration or other form of alternative dispute resolution) against any Settling Asbestos Insurer, or against the property of any Settling Asbestos Insurer, on account of any Asbestos Insurance Policy Claim;

b. enforcing, attaching, levying, collecting, or recovering, by any manner or means, any judgment, award, decree, or other order against any

Settling Asbestos Insurer, or against the property of any Settling Asbestos Insurer, on account of any Asbestos Insurance Policy Claim;

c. creating, perfecting, or enforcing in any manner any Lien of any kind against any Settling Asbestos Insurer, or against the property of any Settling Asbestos Insurer, on account of any Asbestos Insurance Policy Claim;

d. asserting or accomplishing any setoff, right of subrogation, indemnity, contribution, or recoupment of any kind, directly or indirectly, against any obligation due any Settling Asbestos Insurer, or against the property of any Settling Asbestos Insurer, on account of any Asbestos Insurance Policy Claim; and

e. taking any act, in any manner, in any place whatsoever, that does not conform to, or comply with, the provisions of the Plan applicable to any Asbestos Insurance Policy Claim.

7. ***Asbestos Insurer Injunction.***

a. Scope of Injunction. In accordance with section 105(a) of the Bankruptcy Code, in order to carry out the provisions of section 524(g) of the Bankruptcy Code, upon the occurrence of the Effective Date, except as expressly allowed in subsection (b) below, all Entities that have held or asserted, that hold or assert, or that may in the future hold or assert any Asbestos Insurance Policy Claim or Channeled Asbestos Claim shall be, and hereby are, permanently stayed, restrained, and enjoined from taking any action for the purpose of directly or indirectly collecting, recovering, or receiving payment or recovery on account of any such Asbestos Insurance Policy Claim or Channeled Asbestos Claim from or against any Asbestos Insurer, including:

(i) ***commencing, conducting, or continuing in any manner any action or proceeding of any kind (including an arbitration or other form of alternative dispute resolution) against any Asbestos Insurer, or against the property of any Asbestos Insurer, on account of any Asbestos Insurance Policy Claim or Channeled Asbestos Claim;***

(ii) ***enforcing, attaching, levying, collecting, or recovering, by any manner or means, any judgment, award, decree, or other order against any Asbestos Insurer, or against the property of any Asbestos Insurer, on account of any Asbestos Insurance Policy Claim or Channeled Asbestos Claim;***

(iii) ***creating, perfecting, or enforcing in any manner any Lien of any kind against any Asbestos Insurer, or against the property of any Asbestos Insurer, on account of any Asbestos Insurance Policy Claim or Channeled Asbestos Claim;***

(iv) ***asserting or accomplishing any setoff, right of subrogation, indemnity, contribution, or recoupment of any kind, directly or***

indirectly against any obligation due any Asbestos Insurer, or against the property of any Asbestos Insurer, on account of any Asbestos Insurance Policy Claim or Channeled Asbestos Claim; and

(v) ***taking any act, in any manner, in any place whatsoever, that does not conform to, or comply with, the provisions of the Plan applicable to any Asbestos Insurance Policy Claim or Channeled Asbestos Claim.***

b. Reservations. The provisions of this Asbestos Insurer Injunction shall not preclude the Reorganized Debtor or the Asbestos Trust, to the extent either has the right to do so, from pursuing any claim for Asbestos Insurance Coverage or any claim that may exist under any Asbestos Insurance Policy against any Asbestos Insurer. The provisions of this Asbestos Insurer Injunction shall not bar, impair, or affect (i) any Asbestos Insurance Litigation brought by the Asbestos Trust or any Debtor against any Asbestos Insurer, by the Asbestos Trust on behalf of the Reorganized Debtor, or by the Reorganized Debtor on behalf of the Asbestos Trust; (ii) any Asbestos Insurance Rights held or acquired by the Asbestos Trust or the Reorganized Debtor; or (iii) the rights of the Asbestos Trust to tender any Channeled Asbestos Claim or any action commenced under Section 4.13 of the Plan to a Non-Settled Asbestos Insurer for coverage, indemnity, or defense, or otherwise to invoke Asbestos Insurance Coverage with respect to a Non-Settled Asbestos Insurer. Except for the penultimate sentence of section 9.07(b) of the Plan, the provisions of this Asbestos Insurer Injunction are not issued for the benefit of any Asbestos Insurer and no such insurer is a third-party beneficiary of this Asbestos Insurer Injunction. The Asbestos Trust shall have the sole and exclusive authority at any time, upon written notice to any affected Asbestos Insurer, to terminate, or reduce or limit the scope of this Asbestos Insurer Injunction with respect to any Asbestos Insurer, including for the purpose of allowing any Channeled Asbestos Claimant to bring any Asbestos Insurance Policy Claim or Channeled Asbestos Claim against such Asbestos Insurer; provided, however, that the Asbestos Trust may not permit the assertion of any Asbestos Insurance Policy Claim or Channeled Asbestos Claim by a Channeled Asbestos Claimant against a Non-Settling Asbestos Insurer unless and until such Channeled Asbestos Claimant agrees in writing to stipulate to and be bound by the provisions of Section 4.14 of the Plan pertaining to the right of Non-Settling Asbestos Insurers to obtain a dollar-for-dollar reduction of any liability to such Channeled Asbestos Claimant based on the Non-Settling Asbestos Insurer's Asbestos Insurance Policy Claims against any and all Settling Asbestos Insurers that could have been asserted against such Settling Asbestos Insurers but for the Injunctions. For the avoidance of doubt, the provisions of this Asbestos Insurance Injunction shall not impair or affect any claims between or among Non-Settling Asbestos Insurers. Notwithstanding any provision of the Plan to the contrary, including this Asbestos Insurer Injunction, no new equitable contribution rights are created in favor of the Non-Settling Asbestos Insurers.

8. **Term of Existing Injunctions or Stays.** Unless otherwise provided in the Plan, all injunctions or stays issued or rendered in the Chapter 11 Cases, or in any adversary proceeding relating thereto, pursuant to section 105 or section 362 of the Bankruptcy Code, or otherwise, and in existence on the Confirmation Date, shall remain in full force and effect until the Effective Date.

9. **Injunction Against Interference with Plan of Reorganization.** Pursuant to sections 105(a) and 1142 of the Bankruptcy Code, on and after the Confirmation Date, all holders of Claims and Equity Interests, Affiliates, and other parties in interest, along with their respective present or former Agents shall be enjoined from taking any action to interfere with the implementation and Consummation of the Plan, except for actions necessary to attain judicial review.

10. **Exculpation.** None of the Plan Proponents, the members of the Asbestos Claimants Committee, or any of their respective employees, advisors, attorneys, financial advisors, accountants, agents, or other professionals retained with Bankruptcy Court approval, in their capacities as such, shall have or incur any liability to any Entity for any act or omission in connection with or arising out of the Chapter 11 Cases, including the negotiation of the Plan, pursuit of confirmation of the Plan, the Consummation of the Plan, the administration of the Plan, or the property to be distributed under the Plan, except for gross negligence or willful misconduct, and in all respects shall be entitled to rely upon the advice of counsel with respect to their duties and responsibilities under, or in connection with, the Plan.

11. **Settlement and Release of Certain Avoidance Actions and Estate Causes of Action.** Effective upon Consummation, each Debtor and the Reorganized Debtor hereby settle and fully, finally, and forever release, relinquish, and discharge (a) each and every Avoidance Action against a Protected Party; (b) each and every Avoidance Action against any holder of a Channeled Asbestos Claim (satisfied or pending) or any such holder's Agents; and (c) each and every Avoidance action against holders of Class 5 claims; and (d) any and all Estate Causes of Action against any Protected Party, holder of a Channeled Asbestos Claim (satisfied or pending), or any Agent of such holder. Such released Claims and Avoidance Actions shall in no event be asserted against or paid by the Asbestos Trust. The Plan constitutes a motion to approve the settlement of the foregoing Claims and Avoidance Actions pursuant to Bankruptcy Rule 9019(a).

12. **Reservation of Rights.** Except as otherwise specifically provided in the Plan, nothing herein shall constitute or be deemed a waiver of any claim, right, or cause of action that the Debtors, the Reorganized Debtor, or the Asbestos Trust may have against any Entity other than a Protected Party in connection with or arising out of a Channeled Asbestos Claim, and the Injunctions shall not apply to the assertion of any such claim, right, or cause of action by the Debtors, the Reorganized Debtor, or the Asbestos Trust.

ARTICLE XIV.
CONDITIONS PRECEDENT TO CONFIRMATION OF THE PLAN

1. ***Conditions to Confirmation*** The Confirmation Date shall not occur unless and until each of the following conditions have been satisfied or duly waived in accordance with Section 10.03 the Plan:

a. at least two-thirds (2/3) in amount and more than seventy-five percent (75%) in number of the holders of Class 7 Channeled Asbestos Claims actually voting on the Plan have voted to accept the Plan;

b. at least two-thirds (2/3) in amount and more than fifty percent (50%) in number of the holders of Prepetition Defense-Cost Contribution actually voting on the Plan have voted in favor of the Plan or the Bankruptcy Court has determined that the requirements of section 1129(b)(1) of the Bankruptcy Code have been satisfied with respect to Class 6 (Prepetition Defense-Cost Contribution Claims);

c. the Confirmation Order shall be in form and substance acceptable to each of the Plan Proponents and shall have been entered by (i) the District Court or (ii) the Bankruptcy Court and affirmed by the District Court; and

d. the Confirmation Order shall contain the following findings of fact and conclusions of law, and shall approve the following relief, among others:

(i) the Asbestos Permanent Channeling Injunction is issued in accordance with the Plan and section 524(g) of the Bankruptcy Code;

(ii) the Plan Documents comply with section 524(g) of the Bankruptcy Code for the issuance of an irrevocable injunction against Claims and Demands subject to the exclusive subject-matter jurisdiction of the District Court;

(iii) as of the Petition Date, the Debtors have been named as a defendant in personal injury and wrongful death actions seeking recovery for damages allegedly caused by exposure to asbestos or asbestos-containing products;

(iv) the Asbestos Trust, as of the Effective Date, will assume all the liabilities of the Debtors and the Reorganized Debtor for all Channeled Asbestos Claims, except as provided in Sections 4.13 and 4.14 of the Plan;

(v) the Asbestos Trust is to hold, for purposes of section 524(g) of the Bankruptcy Code, a pledge of 50.1% of the voting stock of the Reorganized Debtor and 50.1% of the voting stock of Duro Dyne Canada, Inc.;

(vi) the Debtors (and the Reorganized Debtor in the absence of the Asbestos Permanent Channeling Injunction) are likely to be subject to

substantial future Demands for payment arising out of the same or similar conduct or events that gave rise to the Asbestos Claims that are addressed by the Asbestos Permanent Channeling Injunction;

(vii) the actual amounts, numbers, and timing of the future Demands referenced in *Section 10.01(d)(vi)* above cannot be determined;

(viii) pursuit of the Demands referenced in *Section 10.01(d)(vi)* above outside the procedures described by the Plan is likely to threaten the Plan's purpose to deal equitably with Asbestos Claims and Demands;

(ix) the terms of the Asbestos Permanent Channeling Injunction, including any provisions barring actions against third parties pursuant to section 524(g)(4)(A) of the Bankruptcy Code, are set out in the Plan and the Disclosure Statement;

(x) the Plan establishes in Class 7 (Channeled Asbestos Claims) a separate class of claimants whose Claims are to be addressed by the Asbestos Trust;

(xi) the Legal Representative was appointed as part of the proceedings leading to the issuance of the Asbestos Permanent Channeling Injunction for the purpose of protecting the rights of persons that might subsequently assert unknown Asbestos Claims and Demands that are addressed in the Asbestos Permanent Channeling Injunction and channeled to the Asbestos Trust;

(xii) applying the Asbestos Permanent Channeling Injunction to each Protected Party is fair and equitable with respect to persons that might subsequently assert Demands against each such Protected Party, in light of the benefits provided, or to be provided, to the Asbestos Trust by or on behalf of any such Protected Party;

(xiii) Class 7 (Channeled Asbestos Claims) has voted, by at least seventy-five percent (75%) of those voting on the Plan, in favor of the Plan

(xiv) pursuant to court orders or otherwise, the Asbestos Trust will operate through mechanisms such as structured, periodic, or supplemental payments, pro rata distributions, matrices, or periodic review of estimates of the numbers and values of Asbestos Claims and Demands, or other comparable mechanisms, that provide reasonable assurance that the Asbestos Trust will liquidate, and be in a financial position to pay, Asbestos Claims and Demands that involve similar Claims in substantially the same manner;

(xv) the Settling Asbestos Insurer Injunction is issued in accordance with the Plan and sections 105(a) and 524(g) of the Bankruptcy Code;

(xvi) to carry out the provisions of section 524(g) of the Bankruptcy Code, the Asbestos Insurer Injunction is issued in accordance with section 105(a) of the Bankruptcy Code; and

(xvii) each of the Plan Documents shall be a valid and binding instrument, in full force and effect, and enforceable in accordance with its terms, as of the Effective Date; and

b. the agreement governing the Senior Lending Facility and all documents related thereto shall be in form and substance acceptable to the Asbestos Claimants Committee and the Legal Representative, and the Asbestos Claimants Committee and the Legal Representative shall have registered such acceptance in writing.

2. ***Conditions Precedent to Effective Date of the Plan.*** The Effective Date shall not occur and the Plan shall not be consummated unless and until each of the following conditions has been satisfied or duly waived in accordance with Section 10.03 of the Plan:

a. the Confirmation Order shall have been entered and shall have become a Final Order;

b. the Bankruptcy Court or the District Court, as required, shall have entered or affirmed the Asbestos Permanent Channeling Injunction (which may be included in the Confirmation Order), which shall contain terms satisfactory to the Plan Proponents;

c. the Asbestos Trust Agreement shall have been fully executed, and the Asbestos Trust shall have been established;

d. the Asbestos Trust shall have received full payment of the Debtors' Contribution in accordance with Section 4.08(a).

e. the Asbestos Trust shall have received full payment of the Hinden Contribution in accordance with Section 4.08(b).

f. he Asbestos Trust shall have received full payment of the Asbestos Insurance Settlement Proceeds in accordance with Section 4.08(c).

g. the Cooperation Agreement shall have been fully executed and be held in escrow, to be released therefrom and delivered to each of the parties thereto upon Consummation;

h. the Note Issuance Agreement shall have been fully executed and be held in escrow, to be released therefrom and promptly delivered to each of the parties thereto upon Consummation;

i. the Trust Note shall have been duly executed and be held in escrow, to be released therefrom and promptly delivered to the Asbestos Trust upon Consummation;

j. the Pledge and Security Agreement shall have been fully executed and be held in escrow, to be released therefrom and promptly delivered to each of the parties thereto upon Consummation;

k. the three outstanding shares of voting stock in Duro Dyne National Corp. shall have been exchanged for 3,000 outstanding shares of voting stock in Duro Dyne National Corp. and delivered to the holders of such voting stock in accordance with Section 5.02(c).

l. certificates representing 50.1% of the Duro Dyne Canada Stock, together with stock power executed in blank, shall have been issued and be held in escrow, to be released therefrom and promptly delivered to the Asbestos Trust upon Consummation;

m. certificates representing 50.1% of the Reorganized Duro Dyne Stock, together with stock power executed in blank, shall have been issued and be held in escrow, to be released therefrom and promptly delivered to the Asbestos Trust upon Consummation;

n. the Bay Shore Mortgage shall have been duly executed and be held in escrow, to be released therefrom and promptly delivered to the Asbestos Trust upon Consummation;

o. the Fairfield Mortgage shall have been duly executed and be held in escrow, to be released therefrom and promptly delivered to the Asbestos Trust upon Consummation;

p. the agreement governing the Senior Lending Facility shall have been duly executed and delivered, and the financing contemplated under the Senior Lending Facility shall be available to the Reorganized Debtor in an amount that will provide the Reorganized Debtor with sufficient Cash, when combined with other available sources, to make all payments due under the Plan as of the Effective Date and to provide sufficient working capital to fund the operation of the Reorganized Debtor;

q. the Debtors shall have delivered to the Plan Proponents a copy of any loan commitment and any pre-closing approvals received from the Senior Lender within two business days of receipt of same;

r. the Debtors shall have delivered a copy of any pre-closing Borrowing Base Report (as defined in the Loan and Security Agreement between the Reorganized Debtor and Senior Lender) and other pre-closing documents required by Senior Lender to the Plan Proponents at the same time such documents are delivered to the Senior Lender;

s. all other agreements and instruments that are exhibits to the Plan or included in the Plan Supplement that require execution shall have been fully executed and held in escrow, to be released therefrom and promptly delivered to the applicable parties upon Consummation;

t. such other actions and documents as the Plan Proponents deem necessary to implement the Plan shall have been effected or executed; and

u. all conditions to closing set forth in any of the Plan Documents shall have been fulfilled to the reasonable satisfaction of the Plan Proponents.

3. ***Completed Delivery of the Asbestos Trust Assets***. For the avoidance of doubt, notwithstanding any term or provision to the contrary in the Plan or the other Plan Documents, the Effective Date shall not occur, and the discharge, injunctions, exculpations, and releases set forth in Article IX of the Plan or the Confirmation Order, shall not become effective or enforceable unless and until the Asbestos Trust Assets are transferred or delivered, and the Debtors' Contribution and the Hinden Contribution are paid in full to the Asbestos Trust, as provided in Section 4.08, and all other conditions precedent to the Effective Date set forth in Section 10.02 are satisfied or waived.

4. ***Waiver of Conditions Precedent.*** To the extent practicable and legally permissible, each of the conditions precedent in Section 10.01 or Section 10.02 may be waived, in whole or in part, by the Plan Proponents, acting jointly. Any such waiver of a condition precedent may be effected at any time in a writing executed by, or on behalf of, each of the Plan Proponents. If any Plan Proponent desires to waive a condition precedent to facilitate Confirmation or Consummation of the Plan, the other Plan Proponents shall confer promptly with it as to whether or not the suggested waiver should be given, in recognition that time is of the essence.

ARTICLE XV.
RETENTION OF JURISDICTION

1. **Retention of Jurisdiction**. The Bankruptcy Court shall retain the jurisdiction it has over any matter arising under the Bankruptcy Code, arising in or related to the Chapter 11 Cases or the Plan, including the following:

a. to interpret, enforce, and administer the terms of the Plan, the other Plan Documents (including all annexes, schedules, and exhibits thereto), and the Confirmation Order;

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

c. to enter such orders as may be necessary or appropriate to implement or consummate the Plan and all contracts, instruments, releases, and other agreements or documents created in connection with the Plan; *provided,*

however, that nothing in the Plan Documents shall detract from or contravene any jurisdictional or other provisions therein, including Sections 4.13 and 4.14 of the Plan, that permit or require legal actions or proceedings to be brought in another court;

d. to determine any and all motions, adversary proceedings, applications, and contested or litigated matters that may be pending on the Effective Date or that, pursuant to the Plan, may be instituted by the Reorganized Debtor, the Asbestos Claimants Committee, the Legal Representative, or the Asbestos Trust, after the Effective Date, including any claims to recover assets for the benefit of the Estates or the holders of Channeled Asbestos Claims, except for matters waived or released under the Plan;

e. to ensure that Distributions to holders of Allowed Claims (other than Channeled Asbestos Claims) are accomplished as provided herein;

f. to hear and determine any timely objections to Administrative Claims or to proofs of Claim (other than Channeled Asbestos Claims), both before and after the Confirmation Date, including any objections to the classification of any Claim (other than Channeled Asbestos Claims), and to allow, disallow, determine, designate, liquidate, classify, estimate, or establish the priority of or the secured or unsecured status of, any Claim (other than Channeled Asbestos Claims), in whole or in part;

g. to enter and implement such orders as may be appropriate in the event the Confirmation Order is for any reason stayed, revoked, modified, reversed, or vacated;

h. to issue such orders in aid of execution of the Plan, to the extent authorized by section 1142 of the Bankruptcy Code;

i. o consider any modifications of the Plan, to cure any defect or omission, or reconcile any inconsistency in any order of the Bankruptcy Court, including the Confirmation Order;

j. to hear and determine all applications for allowance and payment of compensation and reimbursement of expenses of professionals under sections 330 and 331 of the Bankruptcy Code, and any other fees and expenses authorized to be paid or reimbursed under the Plan, except as provided in Section 13.03 the Plan;

k. to hear and determine disputes arising in connection with or relating to the Plan or the interpretation, implementation, or enforcement of the Plan or the extent of any Entity's obligations incurred in connection with or released under the Plan;

l. to issue or enforce injunctions, enter or implement other orders, or take such other actions as may be necessary or appropriate to restrain interference

by any Entity with Consummation or enforcement of the Plan or Confirmation Order;

m. to recover all assets of the Debtors and property of the Estates, wherever located;

n. to resolve any disputed Claims;

o. to determine the scope of any discharge of any Debtor under the Plan or the Bankruptcy Code;

p. to determine any other matters that may arise in connection with or are related to the Plan, the Disclosure Statement, the Confirmation Order, or any contract, instrument, agreement, or document created in connection with the Plan or the Disclosure Statement, including any of the Plan Documents;

q. to the extent that the Bankruptcy Court approval is required, to consider and act on the compromise and settlement of any Claim (excluding any Channeled Asbestos Claim) or cause of action by or against any of the Estates;

r. to hear and determine any other matters that may be set forth in the Plan, the Confirmation Order, or any of the Injunctions, or that may arise in connection with the Plan, the Confirmation Order, or any of the Injunctions;

s. to hear and determine any proceeding that involves the validity, application, construction, or enforceability of any of the Injunctions, or that may arise in connection with the Plan, the Confirmation Order, or any of the Injunctions;

t. to hear and determine matters concerning federal, state, and local taxes in accordance with sections 346, 505, and 1146 of the Bankruptcy Code, including the expedited determination of tax under section 505(b) of the Bankruptcy Code;

u. to enter a final decree closing the Chapter 11 Cases; and

v. to hear and determine all objections to the termination of the Asbestos Trust.

2. ***Non-Core Proceedings.*** To the extent any of the foregoing matters described in Section 11.01 of the Plan does not qualify as a core proceeding under 28 U.S.C. § 157(b), or to the extent the Bankruptcy Court is otherwise not permitted to render dispositive orders or judgments in any such matters, the reference to the "Bankruptcy Court" in Section 11.01 the Plan shall be deemed to be replaced by the "District Court."

3. ***Other Proceedings.*** Except as provided in Section 4.13 and Section 4.14 of the Plan, (a) the resolution and payment of Channeled Asbestos Claims, and the forum in which such resolution and payment will be determined, will be governed exclusively by and in

accordance with the Asbestos Trust Agreement or the TDP; and (b) the Bankruptcy Court and the District Court shall have concurrent rather than exclusive jurisdiction with respect to disputes relating to the Debtors' rights to insurance with respect to Worker Compensation Claims.

ARTICLE XVI.
RISK FACTORS

Holders of Claims and Equity Interests should read and consider carefully the risk factors set forth below, as well as the other information set forth in this Disclosure Statement and the documents delivered together herewith, referred to or incorporated by reference herein, before voting to accept or reject the Plan. Although these risk factors are many, these factors should not be regarded as constituting the only risks present in connection with the Debtors' business or the Plan and their implementation.

A. Bankruptcy Considerations.

1. Failure to Receive Requisite Accepting Votes

In order for the Plan to be accepted, it must be accepted at least two-thirds (2/3) in dollar amount and more than one-half (1/2) in number of the holders of Class 6 Claims actually voting on the Plan, and by at least two-thirds (2/3 in dollar amount and seventy-five percent (75%) in number of the holders of Class 7 Claims that have voted on the Plan. If the requisite votes are not received from holders of Class 6 to accept the Plan, the Debtors may seek to confirm the Plan pursuant to section 1129(b) of the Bankruptcy Code. If sufficient votes are not received from holders of Class 6 Claims or Class 7 Claims, the Debtors may also seek to liquidate Debtors' bankruptcy estates in accordance with chapter 7 of the Bankruptcy Code. There can be no assurance that the terms of a liquidation under chapter 7 of the Bankruptcy Code would be similar to or as favorable to holders of Claims and Equity Interests as those proposed in the Plan. The Debtors believe that the financial results would not be as favorable to such holders in a proceeding under chapter 7 of the Bankruptcy Code. Significantly, the projected dividend payable to the holders of Allowed Claims under the Plan would be substantially diminished by virtue of weight of administrative expense claims against the estates. In addition, the effectiveness of the Plan is conditioned on closing an exit financing facility with Bank of America in order to fund the Debtors' payment to the Asbestos Trust and for working capital which would not be available in a chapter 7. Effectiveness of the Plan is also conditioned on the Hinden Family Members and Hinden Family Entities making a cash contribution to the Asbestos Trust, the Reorganized Debtor executing and delivering the Trust Note to the Asbestos Trust and affiliates of the Debtors executing and delivering mortgages on certain real estate to secure the Trust Note. None of these accommodations would be available in a chapter 7 liquidation.

2. Risk of Non-Confirmation of the Plan.

Although the Debtors believe that the Plan satisfies all legal requirements necessary for confirmation by the Bankruptcy Court, there can be no assurance that the Bankruptcy Court will confirm the Plan as proposed. There can also be no assurance that modifications of the Plan will not be required for confirmation or that such modifications would not necessitate a solicitation of votes to accept or reject the Plan. If the Plan is not confirmed and consummated, there can be no

assurance that the Chapter 11 Cases will continue rather than be converted to a chapter 7 liquidation. The Bankruptcy Court, which sits as a court of equity, may exercise substantial discretion with respect to the affairs of the Debtors during the Chapter 11 Cases. Section 1129 of the Bankruptcy Code sets forth the requirements for confirmation of a plan and requires, among other things, that the value of distributions to dissenting creditors and shareholders not be less than the value of distributions such creditors and shareholders would receive if the Debtors were liquidated under chapter 7 of the Bankruptcy Code. Although the Debtors believe that the Plan will meet such tests, there can be no assurance that the Bankruptcy Court will reach the same conclusion.

Furthermore, although the Debtors believe that the Effective Date will occur soon after the Confirmation Date, there can be no assurance as to such timing. In addition, the Debtors could experience material adverse changes in their liquidity as a result of such delay. Moreover, the occurrence of the Effective Date is conditioned on the satisfaction (or waiver) of the conditions precedent specified herein, and there can be no assurance that such conditions will be satisfied or waived. In the event such conditions precedent have not been satisfied or waived (to the extent possible hereunder), then the Confirmation Order may be vacated, no Distributions will be made pursuant to the Plan, and the Debtors and all holders of Claims and Equity Interests will be restored to the *status quo ante* as of the day immediately preceding the Confirmation Date as though the Confirmation Date had never occurred.

3. The Debtors may object to the amount or classification of a Claim.

Except as otherwise provided in the Plan, the Debtors reserve the right to object to the amount or classification of any Claim under the Plan (except Channeled Asbestos Claims, which will be channeled and resolved by the Asbestos Trust.). The estimates set forth in this Disclosure Statement cannot be relied on by any holder of a Claim where such Claim is subject to an objection. Any holder of a Claim that is subject to an objection thus may not receive their expected share of the estimated distributions described in this Disclosure Statement.

4. Risk of Additional or Larger Claims.

The Disclosure Statement and its attached exhibits necessarily include estimates, including forecasts of future events. These estimates include, but are not limited to, estimates of future income and expenses, estimates as to the total amount of Claims that will be asserted against the Debtors and the outcome of Disputed Claims. The Debtors believe that the estimates presented are reasonable and appropriate under the circumstances. Nevertheless, there is a risk that unforeseen future events may cause one or more of these estimates to be materially inaccurate. Among the potential risks is additional Administrative Expense Claims may be asserted, that Disputed Claims may be resolved at higher amounts than expected or that the resolution of such Claims may require the expenditure of unanticipated professional fees. If one or more of these estimates proves to be inaccurate, the amount of funds available for Distribution pursuant to the Plan may be reduced.

B. Business Considerations

As a result of the consummation of the Plan and the transactions contemplated thereby, the financial condition and results of operations of the Reorganized Debtor from and after the Effective Date may not be comparable to the financial condition or results of operations reflected in the Debtors' historical financial statements.

C. Risks Related to Financial Information

The financial information is based on the Debtors' books and records and, unless otherwise stated, no audit was performed. This Disclosure Statement contains various projections concerning the financial results of the Reorganized Debtor; operations that are, by their nature, forward looking, and which projections are necessarily based on certain assumptions and estimates. Should any or all of these assumptions or estimates ultimately prove to be incorrect, the actual future experiences of the Reorganized Debtor may turn out to be different from the financial projections. Specifically, the projected financial results contained in this Disclosure Statement reflect numerous assumptions concerning the anticipated future performance of Reorganized Debtor, some of which may not materialize, including, without limitation, assumptions concerning: (a) the timing of Confirmation and Consummation of the Plan in accordance with their terms; (b) Reorganized Debtor's ability to maintain or increase revenues and gross margins, control future operating expenses or make necessary capital expenditures; (c) general business and economic conditions; (d) overall industry performance and trends; and (e) the Debtors' ability to maintain the loyalty of their customers.

The distribution projections and other information contained herein and attached hereto are estimates only. Therefore, any analyses, estimates or recovery projections may or may not turn out to be accurate. In addition, unanticipated events and circumstances occurring after the date the Plan may materially affect the actual financial results of the Reorganized Debtor's operations. These variations may be material and may adversely affect the ability of the Reorganized Debtor to make payments with respect to its indebtedness. Because the actual results achieved may vary from projected results, perhaps significantly, the projections should not be relied upon as a guaranty or other assurance of the actual results that will occur.

The contents of this Disclosure Statement should not be construed as legal, business or tax advice to any person. Each holder of a Claim or an Equity Interest should consult his or her own legal counsel and accountant with regard to any legal, tax and other matters concerning his or her Claim or Interest. This Disclosure Statement may not be relied upon for any purpose other than to determine how to vote on the Plan or whether to object to Confirmation of the Plan.

The information and statements contained in this Disclosure Statement will neither (a) constitute an admission of any fact or liability by any Entity (including, without limitation, any Debtor) nor (b) be deemed evidence of the tax or other legal effects of the Plan on the Debtors, the Reorganized Debtors, holders of Allowed Claims, Equity Interests or any other parties in interest.

No reliance should be placed on the fact that a particular litigation claim or projected objection to a particular Claim or Equity Interest is, or is not, identified in this

Disclosure Statement. The Debtors or the Reorganized Debtor may seek to investigate, File and prosecute Claims and Interests and may object to Claims after the Confirmation or Effective Date of the Plan irrespective of whether the Disclosure Statement identifies such Claims or objections to Claims.

Counsel to and other advisors retained by the Debtors have relied upon information provided by the Debtors in connection with the preparation of this Disclosure Statement. Although counsel and other advisors retained by the Debtors have performed certain limited due diligence in connection with the preparation of this Disclosure Statement, they have not verified independently the information contained herein.

No representations concerning or relating to the Debtors, the Chapter 11 Cases or the Plan are authorized by the Bankruptcy Court or the Bankruptcy Code, other than as set forth in this Disclosure Statement. Any representations or inducements made to secure a creditor's acceptance or rejection of the Plan that are other than as contained in, or included with, this Disclosure Statement, should not be relied upon by the creditor in arriving at his or her decision. Creditors should promptly report unauthorized representations or inducements to counsel to the Debtors and the Office of the United States Trustee for the District of New Jersey.

D. No Duty to Update Disclosures

The Debtors have no duty to update the information contained in the Plan as of the date the Plan, unless otherwise specified herein, or unless the Debtors are required to do so pursuant to an Order of the Bankruptcy Court. Delivery of the Plan after the date of the Plan does not imply that the information contained herein has remained unchanged.

E. Alternatives to Confirmation and Consummation of the Plan

1. Alternate Plan

If the Plan is not confirmed, the Debtors or any other party in interest (if, pursuant to section 1121 of the Bankruptcy Code, the Debtors have not filed a plan within the time period prescribed under the Bankruptcy Code) could attempt to formulate and propose a different plan. Such a plan likely would result in additional costs, including, among other things, additional professional fees or potential asserted substantial contribution claims, all of which would likely constitute Administrative Expense Claims (subject to allowance). The additional costs may be so significant that one or more parties in interest could request that the Chapter 11 Cases be converted to chapter 7 of the Bankruptcy Code or dismissed. As discussed below, the Debtors believe holders of Claims will receive more under the Plan than they would under chapter 7 or if the Chapter 11 Cases were dismissed. Accordingly, the Debtors believe that the Plan enables creditors to realize the best return under the circumstances.

2. Chapter 7 Liquidation

If a plan pursuant to chapter 11 of the Bankruptcy Code is not confirmed by the Bankruptcy Court, the Chapter 11 Cases may be converted to liquidation cases under Chapter 7 of the Bankruptcy Code in which a trustee would be elected or appointed, pursuant to applicable provisions of Chapter 7 of the Bankruptcy Code, to liquidate the assets of the Debtors for

distribution in accordance with the priorities established by the Bankruptcy Code. The Debtors believe that liquidation under Chapter 7 of the Bankruptcy Code of the Debtors' assets would result in substantial diminution in the value to be realized by holders of Claims as compared to distributions contemplated under the Plan. This is so because the Asbestos Claims against the Debtors could exceed the value of the Debtors' assets. Under the terms of the Plan, however, there will be substantially more assets available to pay claimants than there would be if there was no Plan and the Company was forced to pay Claims solely from its own assets. This is because the Hinden Family Entities and Hinden Family Members are contributing substantial assets to the Asbestos Trust as part of the Plan on behalf of themselves and other Protected Parties, in exchange for the protections provided to these parties under the Plan, which would not be contributed otherwise. Moreover, without the settlements and distribution procedures contained in the Plan and the Trust Distribution Procedures, there likely would be years of costly and time-consuming litigation which would further drain and any available assets.

ARTICLE XVII.
FEASIBILITY OF THE PLAN

As a condition to Confirmation, section 1129(a)(11) of the Bankruptcy Code requires that the Debtors show that confirmation is not likely to be followed by the liquidation of the Debtors or the need for further financial reorganization, unless such liquidation or reorganization is a component of the Plan. Based on the financial projections annexed hereto as **Exhibit B**, the Debtors believe that the Plan is feasible because, among other things, (i) the Debtors will be able to satisfy all of their obligations under the Plan, (ii) the Debtors' revenue from continuing operations will be sufficient to satisfy all ordinary course business expenses as such expenses come due, and (iii) Reorganized Debtor will be profitable and well capitalized as a result of the Senior Lending Facility and channeling of Asbestos Claims and Demands to the Asbestos Trust.

ALTHOUGH EVERY EFFORT WAS MADE TO BE ACCURATE, THE PROJECTIONS WERE NOT PREPARED WITH A VIEW TOWARD COMPLIANCE WITH THE GUIDELINES ESTABLISHED BY THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTS OR IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPALS IN THE UNITED STATES, THE FINANCIAL ACCOUNTING STANDARDS BOARD, OR THE RULES AND REGULATIONS OF THE SECURITIES AND EXCHANGE COMMISSION REGARDING PROJECTIONS. FURTHERMORE, NEITHER THE DEBTORS' ACCOUNTANTS, NOR ANY OTHER ACCOUNTANTS, HAVE COMPILED, EXAMINED, OR PERFORMED ANY PROCEDURES WITH RESPECT TO THE PROJECTIONS CONTAINED HEREIN, NOR HAVE THEY EXPRESSED ANY OPINION OR ANY OTHER FORM OF ASSURANCE ON SUCH INFORMATION OR ITS ACHIEVABILITY, AND ASSUME NO RESPONSIBILITY FOR, AND DISCLAIM ANY ASSOCIATION WITH, THE PROSPECTIVE FINANCIAL INFORMATION. WHILE PRESENTED WITH NUMERICAL SPECIFICITY, THE PROJECTIONS ARE BASED ON A VARIETY OF ASSUMPTIONS, WHICH MAY NOT BE REALIZED, AND ARE SUBJECT TO SIGNIFICANT BUSINESS, ECONOMIC AND COMPETITIVE UNCERTAINTIES AND CONTINGENCIES, WHICH ARE BEYOND THE CONTROL OF THE DEBTORS. CONSEQUENTLY, THE PROJECTIONS SHOULD NOT BE REGARDED AS A REPRESENTATION OR WARRANTY BY ANY OF THE DEBTORS, OR ANY OTHER PERSON, THAT THE PROJECTIONS WILL BE REALIZED. ACTUAL RESULTS MAY

VARY MATERIALLY FROM THOSE PRESENTED IN THE PROJECTIONS. HOLDERS OF CLAIMS MUST MAKE THEIR OWN DETERMINATION AS TO THE REASONABLENESS OF SUCH ASSUMPTIONS AND THE RELIABILITY OF THE PROJECTIONS IN REACHING THEIR DETERMINATIONS OF WHETHER TO ACCEPT OR REJECT THE PLAN. THE DEBTORS' FINANCIAL ADVISORS HAVE NOT EXPRESSED AN OPINION ON OR MADE A REPRESENTATION REGARDING THE ACHIEVABILITY OF THE FINANCIAL PROJECTIONS.

ARTICLE XVIII.
BEST INTERESTS TEST

Often called the "best interests of creditors" test, section 1129(a)(7) of the Bankruptcy Code requires that a Bankruptcy Court find, as a condition to confirmation of a chapter 11 plan, that the plan provides, with respect to each impaired class, that each holder of a claim or an interest in such class either (i) has accepted the plan or (ii) will receive or retain under the plan property of a value that is not less than the amount that such holder would receive or retain if the debtor liquidated under chapter 7 on the Effective Date. To make these findings, the Bankruptcy Court must: (a) estimate the cash liquidation proceeds that a chapter 7 trustee would generate if the Chapter 11 Case was converted to a chapter 7 case on the Effective Date and the assets of the Debtors' Estates were liquidated; (b) determine the liquidation distribution that each non-accepting holder of a Claim or an Interest would receive from such liquidation proceeds under the priority scheme dictated in chapter 7; and (c) compare the holder's liquidation distribution to the distribution under the Plan that the holder would receive if the Plan were confirmed and consummated.

A. The Liquidation Analysis

Amounts that holders of Claims in Impaired Classes would receive in a hypothetical chapter 7 liquidation are discussed in the liquidation analysis of the Debtors prepared by the Debtors' management with the assistance of their advisors (the "Liquidation Analysis"), which is attached hereto as **Exhibit B**.

As described in the Liquidation Analysis, the Debtors developed the Liquidation Analysis for the Debtors based on the unaudited book values as of August 31, 2018, unless otherwise noted in the Liquidation Analysis. The recoveries may change based on further refinements of Allowed Claims, as the Debtors' claim objection and reconciliation process continues.

As described in the Liquidation Analysis, underlying the analysis are a number of estimates and assumptions that, although developed and considered reasonable by the Debtors' management and advisors, are inherently subject to significant economic and competitive uncertainties and contingencies beyond the control of the Debtors and their management. The Liquidation Analysis is based on assumptions with regard to liquidation decisions that are subject to change. Accordingly, the values reflected in the Liquidation Analysis might not be realized if the Debtors were, in fact, to undergo a liquidation.

This Liquidation Analysis is solely for the purposes of (i) providing "adequate information" under section 1125 of the Bankruptcy Code to enable the holders of Claims and

Interests entitled to vote under the Plan to make an informed judgment about the Plan and (ii) providing the Bankruptcy Court with appropriate support for the satisfaction of the "Best Interests Test" pursuant to section 1129(a)(7) of the Bankruptcy Code, and should not be used or relied upon for any other purpose, including the purchase or sale of securities of, or Claims or Interests in, the Debtors or any of their Affiliates.

Events and circumstances occurring subsequent to the date on which the Liquidation Analysis was prepared may be different from those assumed, or, alternatively, may have been unanticipated, and thus the occurrence of these events may affect financial results in a materially adverse or materially beneficial manner. The Debtors and the Combined Company do not intend to and do not undertake any obligation to update or otherwise revise the Liquidation Analysis to reflect events or circumstances existing or arising after the date the Liquidation Analysis is initially filed or to reflect the occurrence of unanticipated events. Therefore, the Liquidation Analysis may not be relied upon as a guarantee or other assurance of the actual results that will occur.

In deciding whether to vote to accept or reject the Plan, holders of Claims must make their own determinations as to the reasonableness of any assumptions underlying the Liquidation Analysis and the reliability of the Liquidation Analysis.

In this case, the Debtors' liquidation value would consist primarily of existing Non-Trust sources, i.e., the unencumbered and unrestricted Cash held by the Debtors at the time of the conversion to a chapter 7 liquidation and the proceeds resulting from the sale of the Debtors' remaining unencumbered assets and properties by a chapter 7 trustee. The gross Cash available for distribution would be reduced by the costs and expenses of the chapter 7 liquidation and any additional Administrative Claims that might arise as a result of the chapter 7 cases. Costs and expenses incurred as a result of the chapter 7 liquidation would further include, among other things, the fees payable to a trustee in bankruptcy and the fees payable to attorneys and other professionals engaged by such trustee. Additional Administrative Claims could arise by reason of the breach or rejection of obligations incurred and leases and executory contracts assumed or entered into by the Debtors during the pendency of the Chapter 11 Cases. Such Administrative Claims and Other Administrative Claims that might arise in a liquidation case or result from the pending Chapter 11 Cases, such as compensation for attorneys, financial advisors and accountants, would be paid in full from the liquidation proceeds before the balance of those proceeds would be made available to pay prepetition claims.

To determine if the Plan is in the best interests of each Impaired Class, the present value of the distributions from the proceeds of a liquidation of the Debtors' unencumbered assets and properties, after subtracting the estimated amounts attributable to the costs, expenses and Administrative Claims associated with a chapter 7 liquidation, must be compared with the value offered to such Impaired Classes under the Plan. If the hypothetical liquidation distribution to holders of Claims or Interests in any Impaired Class is greater than the distributions to be received by such parties under the Plan, then the Plan is not in the best interests of the holders of Claims or Interests in such Impaired Class.

B. Application of the Best Interests Test

The Debtors believe that the funding of the Asbestos Trust to be established by the Plan, the contributions to be made by the Company, the terms of the Channeling Injunction, the issues relating to insurance coverage, the indemnification provisions and the ,continued operation of the Debtors as a going concern satisfies the Best Interests Test for the Impaired Classes. Notwithstanding the difficulties in quantifying recoveries to holders of Claims and Interests with precision, the Debtors believe that, based on the Liquidation Analysis, the Plan meets the Best Interests Test. As the Plan and the Liquidation Analysis indicate, confirmation of the Plan will provide each holder of an Allowed Claim in an Impaired Class with a greater recovery than the value of any distributions if the Chapter 11 Cases were converted to cases under chapter 7 of the Bankruptcy Code.

Although the Debtors believe that the Plan meets the "best interests test" of section 1129(a)(7) of the Bankruptcy Code, there can be no assurance that the Bankruptcy Court will determine that the Plan meets this test.

ARTICLE XIX.
TAX CONSEQUENCES

CIRCULAR 230 DISCLAIMER

To ensure compliance with requirements imposed by the Internal Revenue Service (the "IRS"), the Debtors inform all creditors that any U.S. federal tax advice contained in this communication (including any attachments) is not intended or written to be used, and cannot be used, for the purpose of (i) avoiding tax-related penalties under the Internal Revenue Code or (ii) promoting, marketing or recommending to another party any transaction or tax-related matter(s) addressed herein

Confirmation may have federal income tax consequences for the Debtors and holders of Claims or Equity Interests. The Debtors have not obtained and do not intend to request a ruling from the Internal Revenue Service, nor have the Debtors obtained an opinion of counsel with respect to any tax matters. Any federal income tax matters raised by Confirmation of the Plan are governed by the Internal Revenue Code and the regulations promulgated thereunder. The following is intended to be a summary only and not a substitute for careful tax planning with a tax professional. The federal, state and local tax consequences of the Plan may be complex in some circumstances and, in some cases, uncertain. Accordingly, each holder of a Claim or Interest is strongly urged to consult with his or her own tax advisor regarding the federal, state, local and foreign tax consequences of the Plan.

A. Compliance with Tax Requirements.

In connection with the Plan, the Debtors will comply with all withholding and reporting requirements imposed by Federal, State, local or foreign taxing authorities. Under section 1146(a) of the Bankruptcy Code and applicable New Jersey State law, the issuance, transfer, or exchange of a security, or the making or delivery of an instrument of transfer under the Plan will not be taxed under any law imposing a stamp tax or similar tax. Upon request, Claim holders must provide the Reorganized Debtors with a tax identification number or similar information.

B. Tax Consequences to the Debtors.

The Debtors may not recognize income as a result of the discharge of debt pursuant to the Plan because section 108 of the Internal Revenue Code provides that taxpayers in bankruptcy proceedings do not recognize income from the discharge of debt. However, a taxpayer is required to reduce its "tax attributes" by the amount of the debt discharged. Tax attributes are reduced in the following order: (i) net operating losses; (ii) general business credits; (iii) capital loss carryovers; (iv) basis in assets; and (v) foreign tax credits.

C. Tax Consequences to Holders of Claims or Equity Interests.

The confirmation and consummation of the Plan may have tax consequences to holders of Claims and Equity Interests. The Debtors do not offer an opinion as to any federal, state, local or other tax consequences to holders of Claims and Equity Interests as a result of the confirmation of the Plan. All holders of Claims and Equity Interests are urged to consult with their own tax advisors to ascertain the federal, state, local and foreign tax consequences of the Plan. The Plan is not intended, and should not be construed, as legal or tax advice to any Creditor, Interest holder, or any other party in interest.

DISCLAIMER

Holders of Claims or Interests should not rely on this Disclosure Statement with respect to the tax consequences of the Plan. Creditors should consult with their own tax counsel or advisor. The discussion of tax consequences in this Disclosure Statement is not intended as a complete discussion or analysis of all tax consequences of the Plan.

ARTICLE XX.
MISCELLANEOUS PROVISIONS

1. *Expedited Tax Determination*. The Reorganized Debtor may request an expedited determination of taxes under section 505(b) of the Bankruptcy Code for all returns filed for, or on behalf of, the Debtors for any and all taxable periods ending after the Petition Date through, and including, the Effective Date.

2. *Exemption from Registration.* Pursuant to sections 1145(a),(c) and (d) of the Bankruptcy Code, the issuance of any securities pursuant to the Plan shall be exempt from registration pursuant to section 5 of the Securities Act of 1933, as amended, and all other applicable nonbankruptcy laws and regulations.

3. *Statutory Committee and Legal Representative.* Except as provided below, the Asbestos Claimants Committee and the Legal Representative shall continue in existence until the Effective Date.

a. Except as provided below, on and after the Effective Date, the rights, duties, and responsibilities of the Legal Representative shall be as set forth in the Asbestos Trust Agreement.

b. On and after the Effective Date, the Asbestos Claimants Committee and the Legal Representative shall continue in existence and

shall have post-Effective Date standing and capacity (i) to complete matters, if any, including litigation, appeals, or negotiations pending as of the Effective Date that are not released pursuant to the Plan; (ii) to grant or withhold, in their sole discretion, any consent contemplated or required under the Plan; (iii) to object to or defend any Professional Claims; (iv) to oppose any appeals of the Confirmation Order; and (v) to prepare and prosecute applications for the payment of fees and reimbursement of expenses of their respective professionals.

c. In all events, the Asbestos Claimants Committee's professionals, and the Legal Representative and his professionals, shall have the right to seek, and shall be entitled to, reasonable fees and reimbursement of expenses pursuant to sections 330 and 331 of the Bankruptcy Code for services rendered, including those services arising from or connected with any matter authorized or described in Section 13.04(c) of the Plan. The Debtors shall pay such reasonable fees and expenses incurred through the Effective Date, in accordance with the fee and expense procedures set forth in the Bankruptcy Code and Bankruptcy Rules or otherwise promulgated during the Chapter 11 Cases. The Reorganized Debtor shall pay such reasonable fees and expenses relating to any post-Effective Date activities authorized or described in Section 13.04(c) of the Plan without the necessity of approval by the Bankruptcy Court.

d. Upon (i) the completion of all matters authorized and described in Section 13.04(c) the Plan and (ii) the irrevocable and indefeasible payment in full by the Reorganized Debtor of all Allowed Professional Claims, the Asbestos Claimants Committee shall be dissolved, and the members thereof shall be released and discharged of and from all further authority, duties, responsibilities, liabilities, and obligations related to, or arising from, the Chapter 11 Cases. Upon dissolution of the Asbestos Claimants Committee, the Trust Advisory Committee shall succeed to, and exclusively hold, the attorney-client privilege and any other privilege held by the Asbestos Claimants Committee and shall enjoy the work product protections that were applicable or available to the Asbestos Claimants Committee before its dissolution.

4. ***Effective Date Actions Simultaneous.*** Unless the Plan or the Confirmation Order provides otherwise, actions required to be taken on the Effective Date shall take place and be deemed to have occurred simultaneously, and no such action shall be deemed to have occurred prior to the taking of any other such action. Actions required to be taken after the Effective Date or as soon thereafter as is reasonably practicable shall be deemed to have been taken on the Effective Date.

5. ***Substantial Consummation.*** On the Effective Date, the Plan shall be deemed to be substantially consummated under sections 1101 and 1127(b) of the Bankruptcy Code.

6. ***Sections 1125 and 1126 of the Bankruptcy Code.*** As of and subject to the occurrence of the Confirmation Date: (a) the Plan Proponents shall be deemed to have solicited acceptance of the Plan in good faith and in compliance with the applicable provisions of the Bankruptcy Code, including sections 1125(a) and (e) of the Bankruptcy Code, and any applicable nonbankruptcy law, rule, or regulation governing the adequacy of disclosure in connection with solicitation; and (b) the Reorganized Debtor and the Plan Proponents and each of their respective members, attorneys, advisors, and agents shall be deemed to have participated in good faith and in compliance with the applicable provisions of the Bankruptcy Code in the offer and issuance of any securities under the Plan, and therefore are not, and on account of such offer, issuance, and solicitation will not be, liable at any time for any violation of any applicable law, rule, or regulation governing the solicitation of acceptances or rejections of the Plan or the offer and issuance of any securities under the Plan.

7. ***Deemed Acts.*** Whenever an act or event is expressed under the Plan to have been deemed done or to have occurred, it shall be deemed to have been done or to have occurred without any further act by any party, by virtue of the Plan and the Confirmation Order.

8. ***Binding Effect.*** The Plan shall be binding upon and inure to the benefit of the Plan Proponents, the Debtors, the holders of Claims, Demands (to the fullest extent permitted by law), and interests, and their respective successors and assigns, including the Reorganized Debtor.

9. ***Exhibits/Schedules.*** All exhibits and schedules to the Plan, including the Plan Supplement, are incorporated into and are part of the Plan as if set forth in full herein.

10. ***Entire Agreement.*** On the Effective Date, the Plan, the other Plan Documents, and the Confirmation Order shall supersede all previous and contemporaneous negotiations, promises, covenants, agreements, understandings, and representations on such subjects, all of which have become merged and integrated into the Plan.

11. ***Reservation of Rights.*** If the Plan is not confirmed by a Final Order, or if the Plan is confirmed and does not become effective, the rights of all parties in interest in the Chapter 11 Cases are and shall be reserved in full. Any concessions or settlements reflected herein, if any, are made for purposes of the Plan only, and if the Plan does not become effective, no party in interest in the Chapter 11 Cases shall be bound or deemed prejudiced by any such concession or settlement. Moreover, if the Plan does not become effective, no party in interest in the Chapter 11 Cases shall be bound or prejudiced by any representation, written or oral, made by any party in connection with the Plan or the negotiation or prosecution of the Plan, including the representations made in the Plan, the Disclosure Statement, the other Plan Documents, or the Confirmation Order.

12. ***Further Assurances.*** The Debtors, the Reorganized Debtor, the Protected Parties, the Asbestos Trust, all Entities receiving Distributions under the Plan, and all other parties in interest shall, and shall be authorized to, from time to time, prepare, execute, and deliver any agreements or documents and take any other action consistent with the terms of the Plan as may be necessary to effectuate the provisions and intent of the Plan, with each such Entity to bear its own costs incurred after the Effective Date in connection therewith.

13. ***Further Authorizations.*** Prior to the Effective Date, the Plan Proponents may seek such orders, judgments, injunctions, and rulings that they, by unanimous agreement, deem necessary to carry out further the intentions and purposes of, and to give full effect to the provisions of, the Plan or any of the other Plan Documents, and any costs incurred in connection therewith shall be borne by the Debtors' Estates. On and after the Effective Date, the Reorganized Debtor and the Asbestos Trust may seek such orders, judgments, injunctions, and rulings that any of them deem necessary to carry out further the intentions and purposes of, and to give full effect to the provisions of, the Plan or any of the other Plan Documents, with each such Entity to bear its own costs in connection therewith.

14. ***Notices and Deliveries.*** Any notice, request, or other communication required or permitted to be given under the Plan shall be in writing and deemed to have been properly given (a) when delivered in person or when sent by electronic mail and electronic confirmation of error-free receipt is received, or (b) three (3) days after being sent by certified or registered United States mail, return receipt requested, postage prepaid, and addressed to the Entity at the address listed in Schedule 13.14 of the Plan Supplement. Any Entity may change its address for notices by giving notice of such change to the other Entities in the manner set forth in Section 13.14 of the Plan.

15. ***Asbestos Trust Annual Report.*** Notwithstanding the closing of the Chapter 11 Cases under section 350 of the Bankruptcy Code, the Clerk of the Bankruptcy Court shall accept for filing the Asbestos Trust's annual report without the requirement that any party in interest file a request to reopen the case.

16. ***Notices.*** All notices, requests or demands for payments provided for in the Plan will be in writing and will be deemed to have been given when personally delivered by hand or deposited in any general or branch post office of the United States Postal Service. Notices, requests and demands for payments will be addressed and sent postage pre-paid or delivered to the following:

To the Debtors and Reorganized Debtors:

Lowenstein Sandler LLP
One Lowenstein Drive
Roseland, NJ 07068
Kenneth A. Rosen, Esq.
Jeffrey Prol, Esq. and
krosen@lowenstein.com
jprol@lowenstein.com

To the Asbestos Claimants' Committee:

Counsel to the Legal Representative

To the Office of the United States Trustee:

Office of the United States Trustee
for the District of New Jersey
One Newark Center
1085 Raymond Boulevard, Suite 2100,
Newark, NJ 07102
Attention_____, Esq.
_____@usdoj.gov

17. ***Plan Controls Disclosure Statement.*** Notwithstanding anything to the contrary contained herein or in the Disclosure Statement, in the event and to the extent that any provision of the Plan is inconsistent with any provision of the Disclosure Statement, the provisions of the Plan will control and take precedence.

18. ***Rules of Interpretation; Computation of Time.*** For purposes of the Plan, (a) any reference in the Plan to a contract, instrument, release, indenture, or other agreement or document as being in a particular form or containing particular terms and conditions means that such document will be substantially in such form or substantially on such terms and conditions, (b) any reference in the Plan to an existing document, schedule or exhibit filed or to be filed means such document or exhibit as it may have been or may be amended, modified, or supplemented, (c) unless otherwise specified, all references in the Plan to Sections, Articles, Schedules and Exhibits, if any, are references to Sections, Articles, Schedules and Exhibits of or to the Plan, (d) the words "herein" and "hereto" refer to the Plan in its entirety rather than to a particular portion of the Plan, (e) captions and headings to Articles and Sections are inserted for convenience of reference only and are not intended to be a part of or to affect the interpretation of the Plan, and (f) the rules of construction set forth in Section 102 of the Bankruptcy Code and in the Bankruptcy Rules will apply. In computing any period of time prescribed or allowed by the Plan, unless otherwise specifically designated herein, the provisions of Bankruptcy Rule 9006(a) will apply.

19. ***Filing of Additional Documents.*** Prior to the Effective Date, the Debtors may File with the Bankruptcy Court such agreements or other documents as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan that are not inconsistent with the terms of the Plan. On or after the Effective Date, the Debtors and/or the Reorganized Debtors may file with the Bankruptcy Court such agreements or other documents as may be necessary or appropriate to effectuate the terms and conditions of the Plan.

20. ***Direction to a Party.*** From and after the Effective Date, the Debtors may apply to the Bankruptcy Court for the entry of an order directing any Person to execute or deliver or to join in the execution or delivery of any instrument or document reasonably necessary or reasonably appropriate to effect a transfer of properties dealt with by the Plan, and to perform any other act (including the satisfaction of any lien or security interest) that is reasonably necessary or reasonably appropriate for the consummation of the Plan.

21. ***Successors and Assigns.*** The rights, duties and obligations of any Person named or referred to in the Plan, including all Creditors, will be binding on, and will inure to the benefit of, the successors and assigns of such Person.

22. ***Waiver of Subordination.*** Notwithstanding any provision of the Plan to the contrary, all holders of Claims will be deemed to have waived any and all contractual subordination rights which they may have with respect to the distributions made pursuant to the Plan, and the Confirmation Order will permanently enjoin, effective as of the Effective Date, all holders of Claims from enforcing or attempting to enforce any such rights against any Person receiving distributions under the Plan.

23. ***Post-Effective Date Professional Fees.*** The reasonable fees and actual and necessary expenses incurred after the Effective Date by professionals for the Debtors will be paid by the Debtors or Reorganized Debtors upon the submission of an invoice to the Debtors or Reorganized Debtors without the need for further notice to any Person or approval by the Bankruptcy Court.

24. ***Governing Law.*** Unless a rule of law or procedure is supplied by federal law (including the Bankruptcy Code and the Bankruptcy Rules) or unless otherwise specifically stated, the laws of the State of New York, without giving effect to the principles of conflict of laws, shall govern the rights, obligations, construction, and implementation of the Plan, any agreements, documents, instruments, or contracts executed or entered into in connection with the Plan (except as otherwise set forth in those agreements, in which case the governing law of such agreement shall control).U

25. ***No Admissions.*** Notwithstanding anything herein to the contrary, nothing contained in the *Plan* will be deemed as an admission by any Entity with respect to any matter set forth herein.

ARTICLE XXI.
RECOMMENDATION

THE DEBTORS RECOMMEND THAT CREDITORS VOTE TO "ACCEPT" THE PLAN. THE DEBTORS BELIEVE THAT CONFIRMATION OF THE PLAN IS PREFERABLE TO ANY OF THE ALTERNATIVES DESCRIBED ABOVE AND THAT THE PLAN IS DESIGNED TO PROVIDE GREATER RECOVERIES THAN THOSE AVAILABLE IN ANY OTHER FORM OF LIQUIDATION. ANY OTHER ALTERNATIVE WOULD CAUSE SIGNIFICANT DELAY AND UNCERTAINTY, AS WELL AS ADDITIONAL ADMINISTRATIVE COSTS.

Dated: September 7, 2018

Respectfully submitted,

LOWENSTEIN SANDLER LLP

By: */s/ Jeffrey D. Prol*
Kenneth A. Rosen, Esq.
Jeffrey Prol, Esq.
One Lowenstein Drive
Roseland, New Jersey 07068
(973) 597-2500 (Telephone)
krosen@lowenstein.com
jprol@lowenstein.com

Counsel to the Debtors and Debtors-in-Possession

EXHIBIT A

DEBTORS' PRE-PACKAGED PLAN OF REORGANIZATION

EXHIBIT A

SEE SEPARATELY FILED PRENEGOTIATED PLAN OF REORGANIZATION FOR DURO DYNE NATIONAL CORP., ET AL., UNDER CHAPTER 11 OF THE UNITED STATES BANKRUPTCY CODE

EXHIBIT B

FINANCIAL PROJECTIONS AND LIQUIDATION ANALYSIS

EXHIBIT __

LIQUIDATION ANALYSIS

The Debtors prepared this Liquidation Analysis in connection with the Disclosure Statement for the purpose of evaluating whether the Plan meets the "best interest of creditors" test of section 1129(a)(7) of the Bankruptcy Code. The Debtor believes that the Plan meets this test and that the members of each impaired class of Claims and Interests that have not voted to accept the Plan or that are deemed to have rejected the Plan will receive under the Plan at least as much as they would if the Debtor was liquidated under chapter 7 of the Bankruptcy Code.

In determining whether the best interests of creditors test has been met, the first step is to estimate the amount of proceeds that would be realized if the Debtor was liquidated in accordance with chapter 7 of the Bankruptcy Code. The second step is to reduce the available proceeds by (i) the various costs and expenses of liquidation, including the statutory fees of the chapter 7 trustee and the fees and expenses of the trustee's professionals, (ii) the amount of any Secured Claims, and (iii) the amount of such additional administrative expenses and priority claims that may exist or result from the termination of the Chapter 11 Case and liquidation under chapter 7 of the Bankruptcy Code. After these various reductions, any remaining funds would be allocated to holders of Claims and Interests in strict priority in accordance with section 726 of the Bankruptcy Code.

Conversion to chapter 7 would substantially impact the costs and efficiency of administering the Asbestos Claims compared to the Asbestos Trust proposed in the Plan. Chapter 7 of the Bankruptcy Code contains no provision for establishing a trust or other efficient means to resolve the Asbestos Claims. Under chapter 7, the Asbestos Claims would need to be resolved through litigation, and the trustee would need to engage litigation counsel to defend and liquidate those claims. This differs significantly from the Plan, which proposes to establish the Asbestos Trust to resolve such claims through the Asbestos Trust Distribution Procedures. Since personal injury tort claims cannot be resolved in the Bankruptcy Court, the Asbestos Claims would have to be litigated in one or more other courts. The resulting litigation to resolve the various Asbestos Claims is likely to be more costly and time-consuming than the Asbestos Trust to be established under the Plan.

In all likelihood, conversion to chapter 7 would result in a considerably longer process for resolving all of the Asbestos Claims and in substantially less funds being available to distribute to creditors after paying for (i) litigation counsel to defend the Asbestos Claims, (ii) insurance coverage professionals to monetize the Asbestos Insurance Rights, (iii) the chapter 7 trustee's statutory fees and expenses, and (iv) other chapter 7 costs of administration. Based upon the foregoing, the Debtor believes that the Plan offers more value to holders of Asbestos Claims than would result from a liquidation under chapter 7 of the Bankruptcy Code.

Disclaimer

The information herein is furnished solely in connection with acceptance or rejection of the Plan. Each claimant should consult with his, her, or its own legal, business, financial, and tax advisors with respect to any matters contained herein and should not consider the contents of the enclosed information, or any prior or subsequent communications from, or information provided by the Debtors or any of its representatives or advisors, as legal, business, financial, or tax advice.

Estimating recoveries in a chapter 7 liquidation is an uncertain process due to the number of unknown variables and is necessarily speculative. Thus, this Liquidation Analysis relies upon the use of estimates and assumptions that, although considered reasonable by the Debtors, are inherently subject to significant uncertainties and contingencies beyond the Debtors' control.

The analysis contained herein is based on information from the Debtors and was developed with the assistance of the Debtors' advisors. The information provided by the Debtor has not been subjected to an examination in accordance with generally accepted auditing standards, and no opinion is expressed on the fairness of the Debtors' data. The Debtors' advisors have not independently verified the accuracy of the data provided and assume no responsibility for the accuracy or correctness of the enclosed analyses and the financial and other data upon which the enclosed presentation is based. The Debtors and their advisors expressly disclaim any representations or warranties as to the accuracy or completeness of the Debtors' books and records and the enclosed information and do not make and expressly disclaim any representations, warranties, or guarantees of any kind with respect to the value or nature of the assets.

Estimates of liquidation value are presented for informational purposes only and merely reflect the estimated liquidation value of the Debtors' assets if certain conditions and assumptions can be achieved. No representations are being made that such conditions or assumptions can be achieved. It should be noted that the estimated liquidation valuation is calculated using various assumptions, which may be beyond the control of the Debtors and are inherently subject to uncertainty. No assurance can be given that such assumptions will prove to have been correct.

DURO DYNE CORPORATION
BEST INTEREST OF CREDITORS TEST
VALUES AS OF AUGUST 31, 2018 AND DECEMBER 31, 2018

As set forth in detail in the schedules that follow, under the proposed Prenegotiated Chapter 11 Plan of Reorganization, holders of General Unsecured Claims would be paid in full, and $26 million (plus Debtors' Asbestos Insurance Coverage) will be contributed to the Asbestos Trust for the benefit of holders of Channeled Asbestos Claims. In a Chapter 7 liquidation, $15.8 million would be available to be distributed to both General Unsecured Creditors (with claims totaling aproximately $11.5 million) and holders of Channeled Asbestos Claims.

	Notes	Chapter 11 Plan	Chapter 7 Liquidation
Total Sources:			
Non-Trust	[1]	$ 37,050,285	$ 20,843,729
Trust	[2]	26,000,000	-
Total Sources		**63,050,285**	**20,843,729**
Uses:			
Post-Petition Accounts Payable (Administrative Liabilities)	[3]	8,258,977	-
Payment of General Unsecured Claims in Ordinary Course	[4]	7,375,000	-
Pension Funding Obligation	[5]	3,000,000	-
SMART Local 210 Pension Withdrawal Liability	[6]	-	-
SMART Local 170 Pension Withdrawal Liability	[7]	350,000	-
4Site Subordinated Secured Note	[8]	1,155,167	-
Professional Fees	[9]	1,630,000	-
Chapter 11 Trustee Fees	[10]	245,000	-
Chapter 7 Trustee and counsel	[11]	-	1,148,562
Total Uses		**22,014,144**	**1,148,562**
Total Available for Distribution to Non-Trust Creditors		**15,036,141**	**19,695,167**
Available for Distribution to Trust Creditors	[12]	26,000,000	-
Total Available for Distribution to Creditors		**$ 41,036,141**	**$ 19,695,167**

Plan Class	Plan Recovery	Chapter 7 Recovery
Administrative Expense Claims	100%	100%
Professional Fee Claims	100%	100%
Priority Non-Tax Claims (Class 1)	100%	100%
Secured Claims (Class 2)	100%	100%
Employee Benefit Claims (Class 3)	100%	TBD
Worker's Compensation Claims (Class 4)	100%	100%
General Unsecured Claims (Class 5)	100%	TBD
Prepetition Defense-Cost Contribution Claims (Class 6)	TBD	TBD
Channeled Asbestos Claims (Class 7)	TBD	TBD
Bonded Claims (Class 8)	100%	100%
Intercompany Claims (Class 9)	0%	0%
Related Party Claims (Class 10)	0%	0%
Equity Interests in Duro Dyne National Corp. (Class 11)	0%	0%
Equity Interests in Duro Dyne Corp, West, Midwest, Machinery (Class 12)	0%	0%

Notes:
[1] See Chapter 11 Sources of Cash and Chapter 7 Sources of Cash appendices
[2] See Chapter 11 Sources of Cash appendix
[3] Estimated liabilities as of December 31, 2018
[4] Estimated liabilities as of August 31, 2018
[5] Related to Duro Dyne Pension Plan
[6] Any allowed amount will be paid in full
[7] Total estimated withdrawal liability
[8] Existing senior secured debt will be subordinated to new secured exit financing and trust note
[9] Estimated accrued and unpaid professional fees as of Effective Date, prior to offset against retainers
[10] Estimated fees based on projected disbursements during Chapter 11 proceedings.
[11] Includes trustee fees and $500K for counsel
[12] Not including insurance recoveries

DURO DYNE CORPORATION
BEST INTEREST OF CREDITORS TEST
CHAPTER 7
SOURCES OF CASH
VALUES AS OF AUGUST 31, 2018

	Notes	Ending Balance ($)	% Recovery	Recovery Amount
Chapter 7 Sources:				
Cash		$4,639,119	100%	$4,639,119
Accounts Receivable, Net	[1]	8,621,542	80%	6,909,388
Inventory	[2]	16,915,641	43%	7,290,641
Prepaid Expenses and other Assets	[3]	973,127	45%	437,907
Property & Equipment at Cost, Net	[4]	997,340	13%	125,474
Security Deposits and Other Assets	[5]	6,544	0%	-
Liquidation of Canadian Subsidiary	[6]	1,441,200	100%	1,441,200
Causes of Action	[7]	Unknown	Unknown	Unknown
Total Chapter 7 Sources		**33,594,513**	**62.0%**	**20,843,729**
Uses:				
Chapter 7 Trustee and counsel	[8]			1,148,562
Total Uses				**1,148,562**
Available for Distribution to Creditors				**19,695,167**
503(b)9 Administrative Claims	[9]			2,550,000
Secured Claims	[9]			1,155,167
Available for Distribution to Priority Claims				**15,990,000**
Priority Non-Tax Claims	[9]			147,499
Priority Tax Claims	[9]			92,652
Priority Employee Benefits Claims	[10]			1,350,000
Available for Distribution to General Unsecured Claims				**15,749,849**
Unsecured Trade Debt	[11]			7,375,000
Rejection Damages	[12]			1,152,000
Employee Benefit Claims	[13]			3,000,000
Asbestos Liability				-
Total GUC and Employee Benefit Claims				11,527,000

[1] Assumes retention of existing staff to handle collections effort; 90% recovery of domestic AR and 20% of foreign AR
[2] Based on NOLV analysis prepared by Tiger Group dated October 20, 2017
[3] Recoverable assets are primarily professional fee retainers
[4] Based on recoveries in the Fixed Asset Schedule Exhibit
[5] Assumes these assets will be offset against respective claims
[6] See liquidation analysis Canadian subsidiary.
[7] Causes of action may include preferences, fraudulent conveyances or other actions; related recoveries are unknown
[8] Includes trustee fees and $500K for counsel
[9] Based on Schedules
[10] Includes SMART Local 170 liability and SMART Local 210 withdrawal liability
[11] Based on Schedules
[12] Includes rejection of real estate leases in Bay Shore NY and Fairfield OH

DURO DYNE CORPORATION
BEST INTEREST OF CREDITORS TEST
SOURCES OF CASH PER PLAN OF REORGANIZATION
AS OF DECEMBER 31, 2018

Chapter 11 Plan Sources:	**Notes**	**Amount ($)**
Non-Trust Class		
Accrued and unpaid professional fees		$1,630,000
US Trustee Fees		245,000
Payment of unsecured claims in ordinary course		7,375,000
Payment of priority non-tax claims		130,166
Payment of priority tax claims		109,985
Payment of administrative claims in ordinary course		14,695,990
Remaining administrative liabilities as of confirmation		8,258,977
Reinstatement of secured note		1,155,167
Local 210 withdrawal liability obligation		-
Reinstatement of defined pension plan obligation		3,000,000
California pension withdrawal liability obligation		350,000
Cash contribution for other claims		100,000
		37,050,285
Trust Class		
Hinden Family Cash Contribution		3,000,000
Net Cash Proceeds from Exit Financing		7,500,000
Trust Note		13,500,000
Earn Out	[1]	2,000,000
Total Trust Class Sources		26,000,000
Total Chapter 11 Plan Sources		**$ 63,050,285**

[1] The Earn Out is contingent upon the achievement of certain financial targets as described in the Plan of Reorganization

DURO DYNE CORPORATION
BEST INTEREST OF CREDITORS TEST
CHAPTER 7
LIQUIDATION OF CANADIAN SUBSIDIARY
VALUES AS OF JULY 31, 2018
In $US [1]

	Notes	Ending Balance ($)	% Recovery	Recovery Amount
Chapter 7 Sources:				
Cash		$838,707	100%	$838,707
Accounts Receivable, Net	[2]	655,202	79%	517,609
Inventory	[3]	1,747,319	43%	753,095
Prepaid Expenses and other Assets	[4]	134,458	20%	26,892
Property & Equipment at Cost, Net	[5]	79,248	13%	9,970
Total Chapter 7 Sources		**3,454,934**	**62.1%**	**2,146,272**
Uses:				
Trade Payables				308,567
Taxes Payable				19,732
Other Accrued Liabilities				126,774
Professsional fee to conduct liquidation				250,000
Total Uses				**705,073**
Net Proceeds				**$1,441,200**

FX Rate
0.77

[1] Based on exchange rate of $0.77 / $C.
[2] Assumes retention of existing staff to handle collections effort
[3] Recovery rate based on NOLV analysis prepared by Tiger Group dated October 20, 2017
[4] Primarily prepaid taxes to be applied against net income
[5] Based on recoveries in the Fixed Asset Schedule Exhibit

Appendix II - Chapter 7
Fixed Asset Recoveries

DURO DYNE CORPORATION
BEST INTEREST OF CREDITORS TEST
CHAPTER 7
FIXED ASSET RECOVERY CALCULATIONS
BASED ON FIXED ASSETS AS OF AUGUST 31, 2018

Fixed Asset Category		Gross PP&E	Accumulated Depreciation	Net PP&E	Estimated Recovery	Recovery Amount
Machinery & Equipment		$980,157.5	($523,997.5)	$456,160.0	25%	$114,039.99
Tools & Dies		243,908.85	(150,739.00)	93,169.85	20%	$18,633.97
Vehicles		36,955.16	(36,403.00)	552.16	200%	$1,104.32
Leasehold Improvements		2,128,415.77	(1,676,124.00)	452,291.77	0%	$0.00
Computer		43,863.12	(30,890.00)	12,973.12	0%	$0.00
Capital Lease		7,135,245.62	(7,135,245.62)	0.00	0%	$0.00
Facility Improvements		106,000.00	(57,796.00)	48,204.00	0%	$0.00
Total Gross PP&E		10,674,545.98				
ACCUM DEP MACHINERY & EQUIPMEN	MACH	(523,997.49)				
ACCUM DEP TOOLS & DIES	TOOLS	(150,739.00)				
ACCUM DEP VEHICLES	VEHICI	(36,403.00)				
ACCUM DEP LEASEHOLD IMPROVEMEN	LEASEI	(1,676,124.00)				
ACCUMULATED DEPREC. Computer	COMP	(30,890.00)				
ACCUM DEP CAPITAL LEASE	CAPIT/	(7,135,245.62)				
ACCUM DEPREC-FACILITY IMPROVEM	FACILI	(57,796.00)				
Total Net PP&E		11,737,896.85				
Total		**$10,674,546.0**	**($9,611,195.1)**	**$1,063,350.9**	**13%**	**$133,778.28**

Exhibit 14

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

In re:	)	Chapter 11
	)	
THE BUDD COMPANY, INC.,[1]	)	Case No. 14-11873
	)	
Debtor.	)	Honorable Jack B. Schmetterer

DECLARATION OF BRIAN BASTIEN,
PRESIDENT AND CHIEF EXECUTIVE OFFICER FOR THE DEBTOR,
IN SUPPORT OF FIRST DAY PLEADINGS

I, Brian Bastien, hereby declare under penalty of perjury under the laws of the United States, pursuant to 28 U.S.C. §1746, that the following is true and correct (the "Declaration"):

1. I am the President, Treasurer, Assistant Secretary, and Chief Executive Officer for The Budd Company, Inc. ("Budd", or the "Debtor"), a Michigan corporation headquartered in Chicago, Illinois. I am one of three members of the Board of Directors (the "Board") of the Debtor. I am generally familiar with the Debtor's assets, business and financial affairs, and books and records.

2. Except as otherwise indicated, all facts set forth herein are based upon: (a) my personal knowledge; (b) information learned from my review of relevant documents; or (c) information supplied to me by other members of the Debtor's management, the Debtor's advisors, the Debtor's professionals, or advisors, employees, or professionals of certain of the Debtor's affiliates. I am authorized to submit this Declaration on behalf of the Debtor, and, if called upon to testify, I could and would testify competently to the facts set forth herein.

3. The Debtor has a long history of manufacturing related to the automobile and other industries. However, the Debtor ceased all manufacturing activity in 2006, divested itself

[1] The last four digits of the Debtor's federal tax identification number are 3060.

of its last operating subsidiary in 2012, and no longer generates revenue (directly or indirectly) from manufacturing or other operations.

4. The Debtor has no employees, and its ordinary course of business currently consists of satisfying legacy and other liabilities. The Debtor has approximately $384 million in cash, is current on all of its current liabilities, and pays its obligations as they come due.

5. Although the Debtor has some environmental and asbestos related liabilities, the vast majority of the Debtor's creditors are its former employees, and the vast majority of the Debtor's liabilities (by dollar amount) arise from medical, pension, and other post-retirement obligations owed to its former employees. Net of applicable insurance (discussed below), Budd had, as of September 30, 2013, approximately $1.2 billion in book-value liabilities on its books, consisting substantially of the following:

Type of Liability	*Approximate Number of Creditors*	*Approximate Amount of Liabilities*
Retiree Pension / SERP	10,000[2]	$211 million
Retiree Medical and OPEB	5,900	$933 million
Product Liability / Asbestos	356	$23 million (net of insurance)
Environmental	10	$8 million
Workers Compensation[3]	66	$4.5 million

6. The Debtor commenced this case (the "Chapter 11 Case") to liquidate in a manner that will provide its stakeholders with transparency, serve the best interests of its creditors, and provide fair and equitable treatment to all of its creditors. The Debtor commenced this Chapter

[2] This includes approximately 8,000 retirees currently receiving pension payments, the remainder of which are vested, but not yet receiving payments.

[3] As described below, ThyssenKrupp North America, Inc. ("TKNA"), an Affiliate, recently assumed all of the Debtor's workers' compensation liabilities under the Prepetition Agreement (as defined below).

11 Case principally because it realized that its significant cash assets likely will be insufficient to satisfy its long-term liabilities, the vast majority of which are owed to its retirees.

7. A principal benefit of the Debtor liquidating in chapter 11 is the treatment afforded to retirees by chapter 11. As described below: (a) the Company is seeking appointment of a Retirees Committee (as defined below) to represent the interest of its retirees; (b) the Company expects that it will pay the costs of the Retirees Committee, pursuant to order of the Court; and (c) the Company will continue to pay benefits to its retirees as required by Section 1114 of the Bankruptcy Code until order of the Court to the contrary.

8. The Debtor believes that all unsecured creditors (including retirees) will significantly benefit from a settlement agreement (the "Settlement Agreement") that the Debtor negotiated with its Affiliates (used herein as defined in the Settlement Agreement) prior to the Petition Date (defined below), and of which the Debtor currently is seeking approval of this Court. The Settlement Agreement provides for, among other things, the Debtor's Affiliates to assume all of the Debtor's pension plan liabilities. The Settlement Agreement is attached as an exhibit to the Settlement Motion (defined below), and the Settlement Agreement (and its expected benefits to the Debtor's estate) are described in greater detail in both: (a) the Settlement Motion; and (b) the declaration of Mr. Charles Moore, Chief Restructuring Officer (the "CRO") of the Debtor, attached to the Settlement Motion.

9. The CRO estimates that the Settlement Agreement, if approved by the Court, will result in significant benefit to unsecured creditors, perhaps increasing unsecured creditor recoveries in this case by up to 50%. As described in the Settlement Motion, the Settlement Agreement provides for the Debtor's Affiliates (in addition to assuming the Debtor's pension plan liabilities) to pay the Debtor $10.3 million and release the Debtor of claims that the independent CRO believes are worth tens of millions of dollars.

10. To enable the Debtor to commence the tasks relating to the administration of this Chapter 11 Case, to facilitate creditor participation in the Chapter 11 Case, and to maximize recoveries on account of the Debtor's assets, the Debtor has requested various types of relief in "first day" pleadings and applications (each, a "First Day Pleading") described below.[4] I am familiar with the contents of each First Day Pleading (including the exhibits and schedules thereto) and I believe that the relief sought in each First Day Pleading best serves the Debtor's estate and the interests of its creditors.

I. Commencement of the Chapter 11 Case

11. On the date hereof (the "Petition Date"), the Debtor filed a voluntary petition for relief under chapter 11 of title 11 of the United States Code (11 U.S.C. §§ 101 *et seq.*, the "Bankruptcy Code"), commencing the Chapter 11 Case.

II. Budd's Corporate History and Relationship with its Affiliates

12. In 1978, ThyssenKrupp AG ("TKAG") acquired Budd. Budd currently is a wholly owned subsidiary of ThyssenKrupp North America, Inc. ("TKNA"), which is a direct subsidiary of TKAG. Thus, Budd is a member of the global TKAG group. The TKAG group operates in almost 80 countries, employs over 150,000 people world-wide, and generates sales of approximately $50 billion annually. TKNA and its approximately 37 subsidiaries located in the United States generate annual revenue of over $7 billion.

13. As a member of the TKAG group, Budd has a number of operational ties to Affiliates. Historically, three primary agreements governed the operational relationships between Budd and its Affiliates:

[4] Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the relevant First Day Pleading.

a. The Special Services Agreement dated as of March 31, 2007, by and between ThyssenKrupp USA, Inc. ("TK USA", predecessor to TKNA) and Budd (the "Services Agreement"), and as amended and restated on or about March 26, 2014 in connection with the Prepetition Agreement (the "Amended Services Agreement");

b. The Revolving Credit and Short-Term Borrowing Agreement dated as of September 1, 2007, by and between ThyssenKrupp Finance USA, Inc. ("TK Finance") and Budd (the "Cash Management Agreement"); and

c. The Tax Sharing Agreement made and effective as of October 1, 2004, by and among Budd and certain Affiliates (the "Tax Sharing Agreement"), and as amended as to Budd on or about March 26, 2014 in connection with the Prepetition Agreement (the "Amended Tax Sharing Agreement").

14. Budd and the Affiliates also have consolidated operational responsibility for certain of their pension obligations. Budd sponsors the following pension plans:

a. The Budd-UAW Consolidated Retirement Benefit Plan (the "UAW Plan");

b. The Budd Company Pension Plan for Executive and Administrative Employees (the "E&A Plan", and together with the UAW Plan, the "ERISA Pension Plans"); and

c. a supplemental non-ERISA[5] pension plan, The Budd Company Supplemental Pension Plan (the "SERP" and, together with the ERISA Pension Plans, the "Pension Plans").

15. The assets for the ERISA Pension Plans are held in a master trust, with trust assets on deposit at Bank of New York Mellon. The ERISA Pension Plans hold an allocable interest in the assets of the master trust. Budd and certain of the Affiliates, including TKNA, are members of the same controlled group for determining liability under ERISA. As a result, if the ERISA Pension Plans are terminated, those Affiliates would become jointly and severally liable for underfunding of the ERISA Pension Plans. Controlled group liability would not apply to the non-ERISA qualified SERP in the event of its termination.

[5] The Employee Retirement Income Security Act of 1974 (ERISA), 29 U.S.C.A. § 1001 et seq. (1974).

16. In 2006, Budd sold and/or closed substantially all of its operations, including by: (a) selling its subsidiary, ThyssenKrupp Stahl (aluminum foundries) to Speyside Equity, LLC; (b) selling its plastics materials manufacturing and molding operations to Continental Structural Plastics Inc.; (c) selling its North American automotive body and chassis operations to Martinrea International Inc.; and (d) closing its Detroit plant.

17. In 2012, Budd sold stock of its sole remaining operating facility, the Waupaca foundry operations, to KPS Capital Partners LP. In connection with and after the sale of the Waupaca facility, Budd reviewed its books and analyzed its financial ability to satisfy its legacy liabilities. It was this review that led to Budd's Investigation (discussed below) and, ultimately, commencement of the Chapter 11 Case.

III. Commencement of the Investigation

18. To determine the most effective method of completing Budd's controlled liquidation, in the Spring of 2013, the Board: (a) determined an investigation was an appropriate exercise of its fiduciary duties; and (b) commenced an independent investigation (the "Investigation") into claims and causes of action between Budd, on the one hand, and the Affiliates, on the other hand (the "Affiliate Claims"). To avoid any actual or potential conflict of interest, or even the perception of a possible conflict of interest, the Board put into place a number of measures to ensure the independence and integrity of the Investigation.

19. In May 2013, the Board tasked Mr. Moore as CRO to head the Investigation, and authorized the utilization of Conway MacKenzie Management Services, LLC ("Conway") as crisis manager to assist the CRO in the Investigation. The Board authorized the retention of Dickinson Wright PLLC ("Dickinson") as independent special counsel for purposes of assisting the CRO to conduct the Investigation. Neither Conway, Mr. Moore, nor Dickinson has a meaningful relationship with any Affiliate, other than by virtue of their work for Budd.

20. Budd also instituted significant governance changes. On May 22, 2013, Budd appointed Charles Sweet as independent director to the Board (the "Independent Director"). Mr. Sweet had no previous connections with Budd or any Affiliate. The Board also issued a unanimous resolution requiring the approval and consent of the Independent Director to: (a) negotiate, settle, compromise, or otherwise resolve any claim or cause of action between Budd, on the one hand, and the Affiliates, on the other; (b) commence the prosecution of any cause of action against the Affiliates; or (c) waive the attorney-client privilege with respect to any cause of action against the Affiliates.

21. The CRO commenced the Investigation in or around May 2013. The Investigation led the CRO to negotiate the Settlement Agreement and a related Prepetition Agreement (used herein as defined in the Settlement Motion), which the CRO recommended that the Board approve.

22. On May 26, 2013, the Board (including with the affirmative approval and consent of the Independent Director): (a) approved the Settlement Agreement and the Prepetition Agreement, which was negotiated and executed in connection with the Settlement Agreement; and (b) authorized and directed that the Prepetition Agreement be executed and performed.

23. The Prepetition Agreement became effective on May 26, 2014 and has been consummated. Between March 26th and the Petition Date, I coordinated Budd's receipt of approximately $384 million of cash from TK Finance, as required by the Prepetition Agreement.

24. The scope and results of the Investigation, as well as the benefits of the Prepetition Agreement and the Settlement Agreement, are described in great detail in the Settlement Motion and the CRO declaration attached thereto.

IV. The Debtor's Current Operations

25. Largely because it does not engage in manufacturing operations, the Debtor currently has no employees. The Debtor is directed by its Board, which currently consists of: (a) me; (b) Heinz Hense, an employee of the TK group who is based in Germany; and (c) Charles Sweet, the Independent Director. In addition to my role at Budd, I currently am employed by Component Technologies, which is an Affiliate.

26. Because the Debtor has no employees, to conduct its day to day operations it relies upon: (a) employees of Affiliates working under the Amended Services Agreement; and (b) a variety of ordinary course professionals and vendors.

27. The individuals who provide services to the Debtor pursuant to the Amended Services Agreement have significant operational and historical knowledge of the Debtor, including as to the Debtor's legacy and other liabilities. If the Debtor did not receive services under the Amended Services Agreement, I would have to hire multiple employees or retain multiple different professionals or professional services in order to operate the Debtor in the ordinary course of business, and to administer this Chapter 11 Case.

28. The professionals, vendors, and service providers that the Debtor uses in the ordinary course of its business consist substantially of the following: (a) Towers Watson, who provides actuarial services to the Debtor; (b) Benefits Outsourcing Solutions, who administers certain of the Debtor's retiree benefits; (c) Blue Cross Blue Shield of Michigan, who administers retiree medical benefits to the Debtor's retirees; (d) Unicare Life and Health Insurance Company, who administers life, dental, vision, and hearing retiree benefits; (e) CVS Caremark, who provides prescription benefits services to the Debtor's retirees; (f) Silverscript Insurance Company, who provides retiree prescription drug plans; (g) the law firm of Stevenson Keppelman and Associates, who represents the Debtor with respect to pension, ERISA, and other

issues; (h) the law firm Montgomery, McCracken, Walker & Rhoades, who represents the Debtor with respect to its environmental claims and remediation obligations; (i) the law firm Butzel Long, a Professional Corporation, that represents the Debtor in asbestos related lawsuits and coordinates the Debtor's asbestos litigation strategy and its asbestos attorneys nationwide; and (j) a variety of law firms across the country who represent the Debtor in asbestos related lawsuits.

29. Prior to TKNA assuming the Debtor's workers' compensation claims, the Debtor used Gallagher Bassett Services, Inc. to administer its workers' compensation obligations.

30. The Debtor generally spends between $4 million and $5 million per month on retiree benefits and payment to the vendors, professionals, and benefits providers described above. Other than contribution payments required under or in connection with the Pension Plans, these payments constitute materially all of Budd's ordinary course expenditures.

V. The Debtor's Assets

31. As of the Petition Date, substantially all of the Debtor's material assets consist of: (a) approximately $384 million cash; (b) a long term tax attribute recorded on the Debtor's balance sheet (the "Tax Attribute"), which I believe has no actual value; (c) interests in insurance policies, including substantial insurance policies to cover asbestos liability claims; and (d) the Debtor's interests in the Settlement Agreement.

32. A substantial portion of the Debtor's ordinary course expenditures are payment of retiree benefits, and thus are deductible under applicable provisions of the Internal Revenue Code (the "Tax Code"). In the past, when the Debtor generated income from operations, the Debtor was able to deduct from its otherwise taxable income portions of payments made on account of retiree benefits, and thus recognize value on account of the Tax Attribute (as it existed at any point in time). At some points in the past, even if the Debtor did not have income from

operations against which losses could be offset, Affiliates were able to use the Debtor's tax attributes under the Tax Sharing Agreement, and would pay Budd in cash on account of their use of the Debtor's tax attributes. Under current facts and circumstances (*i.e.*, because (a) the Debtor no longer generates a meaningful amount of taxable income, (b) the Debtor will not in the future generate a meaningful amount of taxable income, (c) the amount of losses already available to Affiliates that would have to be exhausted before Affiliates could attempt to recognize value on account of the Tax Attribute, and (d) by operation of the Tax Sharing Agreement) the Tax Attribute has little or no actual value to the Debtor. The Tax Sharing Agreement is discussed in the Settlement Motion.

33. The value of the Settlement Agreement is described in great detail in the Settlement Motion.

VI. The Debtor's Liabiities

34. As summarized in the chart above, the Debtor has approximately $1.2 billion of known liabilities.

35. The Debtor currently provides health care and other benefits (the "Retiree Benefits") to approximately 5,900 of its retired employees and/or their respective spouses, surviving spouses, domestic partners, and dependents (collectively, the "Retirees") pursuant to certain ERISA qualified welfare plans. The actuarial value of liabilities associated with the Budd Retire Benefits is approximately $933 million, as set forth in greater detail below and in the Retirees Committee Motion (defined below).

36. Approximately 10,000 former employees are vested to participate in the Pension Plans. Budd is current on all of its funding obligations under the Pension Plans. However, as of February 28, 2014: (a) the book value of the ERISA Pension Plans' underfunding was approximately $197 million (on a going concern basis); and (b) the Debtor had an estimated

book-value liability under the SERP of approximately $12 million. Each month, the Debtor pays approximately $95,000 in benefits under the SERP. The Debtor's next minimum funding contribution payment under the ERISA Pension Plans is due July 15, 2014 in the amount of approximately $3.9 million. As described in detail in the Settlement Motion, TKNA will assume all of the Debtor's sponsorship, administrative, and payment obligations under the Pension Plans if the Settlement Agreement is approved and becomes effective.

37. As a result of its historic manufacturing operations, the Debtor has known (and perhaps unknown) environmental liabilities: (a) arising under the federal Superfund law ("CERCLA") and/or under various state and local environmental laws and regulations (possibly including common law); and (b) arising under and/or memorialized by consent decrees, cost sharing agreements, consent orders, settlement agreements, and other documents executed by or otherwise binding upon the Debtor. The Debtor is not currently engaged in any manufacturing activities, does not own or lease any real property, and believes that it is current on all of its known environmental liability obligations. Accordingly, the Debtor believes that all of its environmental liabilities are contingent, unliquidated, and/or disputed.

38. As of the Petition Date, the Debtor was a defendant in approximately 356 actions pending before state and federal district courts asserting claims based upon asbestos-related diseases or conditions. In the ordinary course of business, new asbestos-related suits are filed against Budd. The Debtor has interests in myriad insurance policies, some dating back decades,[6] that provide varying levels of coverage against asbestos-related claims, and uses its cash assets and insurance interests to both: (a) aggressively defend itself from asbestos-related suits; and (b) pay asbestos-related judgments and settlements. Historically, (a) a significant majority of the

[6] Most of these liabilities are related to a rail car division of Budd sold in 1985.

asbestos-related lawsuits filed against the Debtor have been withdrawn, dismissed, or otherwise resulted in no liability for the Debtor; and (b) the remaining have been resolved for a relatively small amount.

39. The Debtor has now and may in the future incur obligations to former employees that were injured in the course of employment for the Debtor (whether liquidated, known, unknown, or otherwise, collectively "Workers Compensation Claims"). As of March 1, 2014, Workers Compensation Claims known to Budd consisted of approximately 66 claims arising under laws of the States of Kentucky, Michigan, Ohio, Pennsylvania, and Tennessee having a book-value liability of approximately $4.5 million. Amounts drawn under the letters of credit could have been offset against Budd's cash, under the terms of the Cash Management Agreement. Under the Prepetition Agreement, TKNA: (a) on account of the Workers' Compensation Claims, reduced by $4.5 million the Short Term Borrowings (cash) remitted to Budd and, in connection therewith; (b) assumed all Workers Compensation Claims; (c) agreed to make all payments due on account of Workers Compensation Claims in the ordinary course of its business; and (d) agreed to indemnify and hold harmless Budd, its officers, directors, agents, professionals, and legal representatives to the fullest extent permitted by law from and against any losses, claims, damages, obligations, penalties, judgments, awards, fees (including legal fees), costs, disbursements or liabilities relating to or arising out of Workers Compensation Claims.

VII. Events Leading to Commencement of the Chapter 11 Case and Purpose for Filing

40. Shortly after approval of the Settlement Agreement and execution and performance of the Prepetition Agreement, the Board determined that the best interests of the Debtor's creditors would be served by the Debtor commencing the Chapter 11 Case to, among other things: (a) prosecute the Settlement Motion; (b) file the Retirees Committee Motion in

order to negotiate with retiree representatives regarding modification of certain retiree obligations; and (c) subsequently seek to negotiate and confirm a chapter 11 plan to provide fair and equitable treatment to all of the Debtor's creditors.

41. The Debtor will continue to honor without interruption obligations to its Retirees in accordance with section 1114 of the Bankruptcy Code, and at this time does not expect to modify those obligations prior to the effective date of a chapter 11 plan. The Debtor believes that this is a favorable outcome for Retirees, who will continue to receive benefits uninterrupted while a Retirees Committee (expenses of which Budd expects to pay in accordance with any orders of the Court) negotiates on their behalf. By commencing the Chapter 11 Case now, while the Debtor has approximately $384 million in cash, the Debtor hopes to provide Retirees and other creditors with significant cash distributions on account of their allowable claims. Among other things, this will allow Retirees to use that cash (or any other form of consideration they may receive under a chapter 11 plan) to make informed decisions about their health care and retirement.

42. It is for this reason that the Debtor believed it prudent, if not essential, to commence this Chapter 11 Case now. The Debtor anticipates that the structure and transparency of the Chapter 11 Case will provide a forum to achieve equitable and expedient resolutions of all of its outstanding issues.

43. The Debtor hopes and expects that discussions regarding a consensual chapter 11 plan will proceed productively and in good faith so that a chapter 11 plan that fairly and equitably treats all creditors can be confirmed.

VIII. Retirees Committee Motion

44. Concurrently with the Petition, the Debtor filed the *Debtor's Motion For Entry of an Order: (1) Directing the United States Trustee to Appoint a Retirees Committee; and (2) Approving Retirees Committee Selection Procedures* (the "Retirees Committee Motion").

45. For purposes of the Retires Committee Motion, the Retirees are categorized into two groups: (a) former employees, or their respective spouses, surviving spouses, domestic partners, and dependents (the "UAW Retirees"), who worked in an employment unit covered by a collective bargaining agreement ("CBA") and/or a plant closing agreement between the Debtor and the International Union, United Automobile, Aerospace and Agricultural Implement Workers of America and its Local Unions ("UAW"); and (b) former full-time management and other salaried individuals who did not work in an employment unit covered by a CBA between the Debtor and the UAW, and their respective spouses, surviving spouses, domestic partners, and dependents (the "Non-Union Retirees").

46. As of the Petition Date: (a) approximately 4,691, or approximately 80%, of the Retirees were UAW Retirees; and (b) the actuarial value of the Retiree Benefits owed to the UAW Retirees was approximately $830.5 million.

47. Pursuant to certain CBAs and national insurance plans (together, the "National Insurance Plans") which are attached as exhibits to, and explicitly incorporated by reference within, each respective national collective bargaining agreement (together, the "National Agreements"), the UAW Retirees receive the following benefits: (a) medical, prescription-drug, dental, vision, and hearing benefits; and (b) life insurance, which constitute welfare benefits under ERISA.

48. The National Agreements, along with each corresponding National Insurance Plan, were negotiated so as to continue in effect for periods ranging from three to five years.

Around the expiration of each National Agreement, the terms and conditions of the subsequent National Agreement were re-negotiated. This process continued until 2001, when the Debtor and UAW entered into the last National Agreement, which was given an expiration date of October 28, 2005. All of Budd's CBAs have expired by their own terms.

49. As of the Petition Date: (a) approximately 1,209, or approximately 20%, of the Retirees were Non-Union Retirees; and (b) the actuarial value of the Retiree Benefits owed to Non-Union Retirees was approximately $101.5 million.[7] The Non-Union Retirees life insurance, as well as medical, prescription-drug, dental, vision, and hearing benefits pursuant to benefits plans that constitute welfare plans under ERISA

50. The Debtor strongly believes that it is in the best interests of the Debtor's estate, the Retirees, and judicial economy that the Debtor engage in discussions regarding modification of Retiree Benefits with authorized representatives of both UAW Retirees and Non-Union Retirees (if not together, then on parallel tracks). Moreover, the Debtor believes there is no reason to delay these discussions, which should begin as soon as practicable, and that there is potential prejudice to Retirees if discussions are significantly delayed.

51. I believe that the Selection Procedures are useful and appropriate.

IX. Motion to Approve Settlement Agreement

52. Concurrently with the Petition, the Debtor filed the *Debtor's Motion to Approve Affiliate Settlement Agreement Pursuant to Section 105 of the Bankruptcy Code and Rule 9019 of the Federal Rules of Bankruptcy Procedure* (the "Settlement Motion").

53. The Settlement Agreement is one of two agreements memorializing a global settlement (the "Settlement") between Budd, on the one hand, and TKNA, on behalf of TKNA

[7] The actuarial value of the Retiree Benefits owed to the Non-Union Retirees is based on the Towers Watson Valuation Report.

and the other Affiliates, on the other hand. Budd and the Affiliates also are party to the Prepetition Agreement, which is the second agreement memorializing the Settlement.

54. The Settlement was negotiated on behalf of Budd by the CRO and approved by the Board, including by the affirmative vote of the Independent Director. The Settlement Agreement and the Prepetition Agreement were negotiated and executed at the same time and in connection with each other, and provide Budd and its estate with significant value.

X. Cash Management Motion

55. Concurrently with the Petition, the Debtor filed the *Debtor's Motion for Entry of Interim and Final Orders Authorizing Maintenance of Existing Bank Accounts, Continued Use of Existing Business Forms, Continued Use of Existing Cash Management System and For Related Relief* (the "Cash Management Motion").

56. As of the Petition Date, the Debtor's centralized cash management system (the "Cash Management System") consists of: (a) an investment account (the "Investment Account") at Fidelity Brokerage Services, LLC, opened in advance of the Petition Date in anticipation of the Debtor's receipt of its cash under the Prepetition Agreement and its chapter 11 filing, (b) a concentration account (the "Concentration Account") at Citibank, N.A. ("Citibank") and (c) three disbursing accounts, as identified on **Exhibit A** to the Cash Management Motion (the "Disbursing Accounts" and, collectively, with the Investment Account and the Concentration Account, the "Bank Accounts"), at Citibank and J.P. Morgan Chase Bank, N.A.

57. The Investment Account is invested in certain mutual funds that, in turn, invest principally in: (a) short-term U.S. Treasury securities; (b) U.S.-dollar-denominated money market securities of domestic and foreign issuers rated in the highest category by at least two nationally recognized rating services; or (c) U.S. Government securities and repurchase

agreements for those securities. As needed to satisfy the Debtor's obligations, the Debtor intends to move cash from the Investment Account to the Concentration Account.

58. From the Concentration Account, cash is disbursed through either: (a) one dedicated account for Unicare Life and Health Insurance Company, one of the Debtor's benefits administrators, from which payments are made on account of the Debtor's retiree obligations; or (b) a general accounts payable account from which the Debtor pays its vendors and makes other payments to benefits administrators, ultimately for the benefit of the Retirees.

59. The Cash Management System is set forth in the cash flow diagram attached to the Cash Management Motion as **Exhibit B**.

60. As of the Petition Date, the Debtor had very few, if any, outstanding checks. Strict enforcement of the UST's requirements that the Bank Accounts be closed and new postpetition accounts opened would cause undue disruption to the Debtor's operations, namely the continued payment of the Debtor's retiree medical obligations, which the Debtor is obligated to continue to make pursuant to section 1114(e) of the Bankruptcy Code.

61. The Debtor maintains current and accurate accounting records of daily cash transactions and submits that maintenance of its Cash Management System will prevent undue disruption to the Debtor's operations, while protecting the Debtor's cash for the benefit of its estate.

62. The Concentration Account and the Disbursing Accounts are maintained at financial institutions that are authorized depositories in this jurisdiction. Moreover, the cash in the Investment Account is invested only in extremely low-risk investments.

XI. Application to Retain Proskauer

63. The Debtor has filed the *Debtor's Application for Entry of Order Authorizing and Approving Retention of Proskauer Rose LLP as Chapter 11 Counsel*. The Debtor selected

Proskauer because its attorneys have extensive experience, knowledge and resources in the area of debtors' and creditors' rights and the restructuring and liquidation of large, complex companies under the Bankruptcy Code. Proskauer is well suited to represent the Debtor in its Chapter 11 Case.

64. Proskauer has vast experience in bankruptcy and restructuring matters. Proskauer has the ability to commit substantial resources to legal problems on an urgent basis. The Debtor, therefore, believes that Proskauer is well qualified to represent the Debtor in this Chapter 11 Case.

65. Moreover, Proskauer's prepetition representation of the Debtor has given it extensive knowledge of the Debtor's assets and liabilities. Proskauer's attorneys and other professionals have become intimately familiar with the complex factual and legal issues that will have to be addressed in the Debtor's Chapter 11 Case. The retention of Proskauer, with its knowledge of and experience with the Debtor, its assets and obligations, will assist in the efficient administration of the estate, thereby minimizing the expense to the estate.

66. Proskauer provided the Debtor with a Budget setting forth the aggregate fees and expenses it expects to incur, and a general Staffing Plan setting forth some of the tasks it anticipates undertaking and the Proskauer professionals primarily responsible for those tasks, during the ninety-day period following the Petition Date. Proskauer's Budget and Staffing Plan has been approved by the Debtor.

67. The Debtor understands and has agreed that Proskauer will apply to the Court for allowance of compensation and reimbursement of expenses in accordance with sections 330 and 331 of the Bankruptcy Code, the Bankruptcy Rules, the Local Rules and any further orders of the Court for all professional services performed and expenses incurred after the Petition Date.

68. The Debtor has reviewed and approved Proskauer's standard rate structure and determined that it is appropriate and is not significantly different from: (a) the rates that Proskauer charges for other non-bankruptcy representations; or (b) the rates of other comparably-skilled professionals. The Debtor believes that Proskauer's rates and policies stated in the Marwil Declaration are reasonable.

69. To the best of the Debtor's knowledge: (a) Proskauer is a "disinterested person" within the meaning of section 101(14) of the Bankruptcy Code, as required by section 327(a) of the Bankruptcy Code and does not hold or represent any interest adverse to the Debtor's estate; and (b) Proskauer has no connection to the Debtor, its creditors or related parties, except as may be disclosed in the Marwil Declaration.

70. The Debtor believes that for all the reasons stated above and in the Marwil Declaration, the retention of Proskauer as counsel is warranted and satisfies Bankruptcy Rule 2014(a).

71. The Debtor believes that the employment of Proskauer is in the best interests of the Debtor and its estate and desires to employ Proskauer, effective as of the Petition Date, with compensation to be approved upon application to this Court. Were the Debtor required to engage counsel other than Proskauer in connection with this Chapter 11 Case, the Debtor, its estate and all parties in interest would be unduly prejudiced by the time and expense necessarily attendant to such counsel's familiarization with the intricacies of the Debtor's circumstances and financial affairs.

XII. Application to Retain Dickinson Wright

72. The Debtor has filed the *Debtor's Application for Entry of Order Authorizing and Approving Retention of Dickinson Wright PLLC as Special Counsel*.

73. Prior to the Petition Date, the Debtor retained Dickinson as counsel to provide advice and assistance in connection with the Investigation and the evaluation, analysis and negotiation of a resolution of Affiliate Claims. Dickinson's continued retention will be required to: (a) obtain Court approval of the Settlement; (b) respond to inquiries and discovery requests from parties in interest regarding the Investigation and the terms of the Settlement; and (c) further prosecute and defend against Affiliate Claims, if necessary.

74. The Debtor has determined that it is necessary to retain special counsel to represent the Debtor in connection with the Settlement and the Affiliate Claims to ensure the appearance of independence of the Investigation.

75. The Debtor believes that retaining Dickinson is reasonable and necessary for the Debtor to pursue approval of the Settlement and to discharge its responsibilities to its estate and creditors.

76. The Debtor originally selected Dickinson because its attorneys have expertise, experience and knowledge in the field of litigation, including bankruptcy-related litigation, as well as other areas of the law where the Debtor may need legal services relating to the Settlement and the Affiliate Claims. The Debtor believes that Dickinson is well qualified to represent it with respect to the Settlement and Affiliate Claims, especially in light of the fact that Dickinson was prepetition counsel responsible for assisting the Debtor's chief restructuring officer in conducting the Investigation and negotiating the Settlement. Dickinson has performed substantial work on this matter and is highly knowledgeable regarding the Affiliate Claims, the Investigation, the Settlement, and the Debtor's litigation strategy.

77. Rather than resulting in any extra expense to the Debtor's estate, the retention of Dickinson as special counsel for the limited purpose of pursuing approval of the Settlement (including responding to inquiries and discovery requests from parties in interest regarding the

Investigation and the terms of the Settlement) and further prosecuting and defending against Affiliate Claims, if necessary, will promote the effective and economical representation of the Debtor in this Chapter 11 Case. It would be wasteful if the Debtor were to terminate its engagement of Dickinson and retain a new firm to handle these matters. Dickinson will coordinate its efforts to ensure that the legal services it provides to the Debtor are not duplicative of services being provided by Proskauer.

78. The Debtor understands that Dickinson intends to apply for compensation for professional services rendered in connection with this Chapter 11 Case, subject to the Court's approval and in compliance with applicable provisions of the Bankruptcy Code, Bankruptcy Rules, the Local Rules, any order of this Court governing professional compensation and further orders of this Court. Dickinson shall submit with its fee applications detailed daily time entries for each individual in one-tenth (.10) of an hour increments explaining the services provided, as well as a categorized summary of all disbursements and expenses for which Dickinson is seeking reimbursement.

79. To the best of the Debtor's knowledge, and except as disclosed in the Sylwestrzak Declaration, Dickinson does not hold or represent any interests adverse to the Debtor's estate as it relates to the work for which it is being engaged. Dickinson's employment is necessary and in the best interests of the Debtor and the Debtor's estate.

XIII. Motion to Approve Agreement With Conway MacKenzie

80. The Debtor has filed the *Debtor's Motion for Approval of Agreement With Conway MacKenzie Management Services, LLC to Provide the Services of Charles M. Moore as Chief Restructuring Officer and Other Support Personnel* (the "Conway Motion").

81. Conway is a leading advisory services firm with extensive experience in chapter 11 cases and assisting clients in negotiations with lenders, debt holders, creditors, chapter 11

committees and other constituencies. Conway's and Mr. Moore's prepetition service to the Debtor has given it and him extensive knowledge of the Debtor's assets and liabilities. Mr. Moore has become intimately familiar with the complex issues that will have to be addressed in the Debtor's Chapter 11 Case. Mr. Moore is well-qualified to serve as CRO of the Debtor in this Chapter 11 Case.

82. The Debtor understands that the hourly rates set forth in the Conway Motion are subject to periodic adjustments to reflect economic and other conditions.

83. The Debtor does not believe that Conway is a "professional" whose retention is subject to approval under section 327 of the Bankruptcy Code.

84. The terms and conditions of the Engagement Letter were negotiated by the Debtor and Conway at arm's-length and in good faith.

85. The Debtor submits that the employment of Conway is a sound exercise of its business judgment and satisfies section 363 of the Bankruptcy Code as Conway services are necessary and essential to the compromise or prosecution and recovery of causes of action that constitute significant assets of the Debtor.

XIV. Application to Retain Epiq as Claims Agent

86. The Debtor has filed the *Debtor's Application for Order Authorizing and Approving the Retention of Epiq Bankruptcy Solutions, LLC as Noticing, Claims and Balloting Agent for the Court*.

87. The Debtor has thousands of creditors, holding claims against the Debtor in excess of $1 billion. Given the size of the Debtor's creditor body, it will be more efficient and less burdensome on the Clerk of the Court to have Epiq undertake the tasks associated with noticing the Debtor's creditors and parties in interest and processing proofs of claim that may be filed. The process of receiving, docketing, maintaining, photocopying and transmitting proofs of

claim and related notices in this case can be effectively served by engaging an independent third party to act as agent for the Court. Moreover, the Debtor requires a balloting and voting agent to assist the Debtor with the solicitation and voting in respect of any chapter 11 plan.

88. Epiq is one of the nation's leading providers of noticing, claims administration and balloting services in large and complex chapter 11 cases. Epiq specializes in claims and balloting agent and noticing services, and has a proprietary claims management system in which claims are effectively managed for the Clerk of the Court. The Debtor has selected Epiq as its claims, balloting and noticing agent because of the firm's experience in serving in such capacity in chapter 11 cases of this size and the reasonableness of its fees. The Debtor believes that Epiq is both well-qualified and uniquely able to serve as the claims, balloting and noticing agent in this Chapter 11 Case. In short, engaging Epiq to serve designated notices, manage the plan balloting process and manage claims files and maintain the claims register will expedite service of Bankruptcy Code Rule 2002 notices, streamline the claims administration process and permit the Debtor to focus its efforts on confirming a chapter 11 plan.

89. Epiq will perform the balloting agent and claims management function of its employment at the direction of the Debtor, and the noticing agent function at the direction of the Clerk of the Court.

90. Epiq has represented to the Debtor, among other things, that:

a. Epiq will not consider itself employed by the United States Government and shall not seek any compensation from the United States Government in its capacity as the Claims Agent in this Chapter 11 Case;

b. by accepting appointment in this Chapter 11 Case, Epiq waives any rights to receive compensation from the United States Government;

c. in its capacity as the Claims Agent in this Chapter 11 Case, Epiq will not be an agent of the United States and will not act on behalf of the United States;

d. in its capacity as the Claims Agent in this Chapter 11 Case, Epiq will not misrepresent any fact to any person; and

e. Epiq will not employ any past or present employees of the Debtor in connection with its work as the Claims Agent in this Chapter 11 Case.

91. Epiq has further represented to the Debtor that the officers and employees of Epiq do not have any connection with, or any interest adverse to, the Debtor's estate or creditors, except as set forth herein and in the Schneider Declaration.

92. The Debtor firmly believes that Epiq is appropriately qualified to serve in the capacity as claims, noticing and balloting agent.

93. The terms of Epiq's compensation under the Services Agreement stem from a competitive process in which the Debtor interviewed and received quotes from multiple potential notice and claims agents. During this process, the Debtor negotiated price and cost reductions with Epiq.

94. The Debtor submits that the retention of Epiq will inure to the benefit of the Debtor, its estate and all parties in interest by expediting the claims docketing and reconciliation process, as well as the plan solicitation process, by permitting them to be conducted in a cost-effective manner by a firm with proven abilities in providing such services.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on March 31, 2014

Brian Bastien

Exhibit 15

THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	:	Chapter 11
REICHHOLD HOLDINGS US, INC., *et al.*,	:	Case No. 14-12237 (MFW)
Debtors.[1]	:	Jointly Administered

SECOND AMENDED DISCLOSURE STATEMENT WITH RESPECT TO PLAN OF LIQUIDATION PURSUANT TO CHAPTER 11 OF THE BANKRUPTCY CODE PROPOSED BY THE DEBTORS

COLE SCHOTZ P.C.
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[1] The Debtors in these cases, along with the last four digits of each Debtor's federal tax identification number, are: Reichhold Holdings US, Inc. (5768), Reichhold Liquidation, Inc. (f/k/a Reichhold, Inc.) (4826), Canadyne Corporation (7999), and Canadyne-Georgia Corporation (7170). The street address for the Debtors is 1035 Swabia Ct., Durham, North Carolina 27703.

DISCLAIMER[2]

THE INFORMATION SET FORTH IN THIS DISCLOSURE STATEMENT IS INCLUDED FOR PURPOSES OF SOLICITING ACCEPTANCES OF THE PLAN OF LIQUIDATION PURSUANT TO CHAPTER 11 OF THE BANKRUPTCY CODE PROPOSED BY THE DEBTORS AND MAY NOT BE RELIED UPON FOR ANY PURPOSE OTHER THAN TO DETERMINE HOW TO VOTE ON THE PLAN. NO PERSON MAY PROVIDE ANY INFORMATION OR MAKE ANY REPRESENTATIONS REGARDING THE PLAN OR THE SOLICITATION OF ACCEPTANCES OF THE PLAN, OTHER THAN THE INFORMATION AND REPRESENTATIONS CONTAINED IN THIS DISCLOSURE STATEMENT.

ALL HOLDERS OF CLAIMS AND INTERESTS ARE ADVISED AND ENCOURAGED TO READ THIS DISCLOSURE STATEMENT AND THE PLAN IN THEIR ENTIRETIES BEFORE VOTING TO ACCEPT OR REJECT THE PLAN. PLAN SUMMARIES AND STATEMENTS MADE IN THIS DISCLOSURE STATEMENT WITH RESPECT TO THE PLAN ARE QUALIFIED IN THEIR ENTIRETIES BY REFERENCE TO THE PLAN, THE EXHIBITS ATTACHED TO THE PLAN AND ANY PLAN SUPPLEMENT(S). THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT ARE MADE ONLY AS OF THE DATE HEREOF AND THERE CAN BE NO ASSURANCE THAT THE STATEMENTS CONTAINED HEREIN WILL BE CORRECT ANY TIME AFTER THE DATE HEREOF.

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

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

[2] Terms used in this Disclaimer that are not otherwise defined shall have the meanings ascribed to such terms elsewhere in the Disclosure Statement.

LEGAL EFFECTS OF THE PLAN AS IT RELATES TO HOLDERS OF CLAIMS AGAINST, OR INTERESTS IN, THE DEBTORS.

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ARTICLE 1

INTRODUCTION

A. Purpose of the Disclosure Statement

On September 30, 2014 (the "Petition Date"), Reichhold Holdings US, Inc., Reichhold Liquidation, Inc. (f/k/a Reichhold, Inc.), Canadyne Corporation and Canadyne-Georgia Corporation (together, the "Debtors") filed voluntary petitions for relief (together, the "Chapter 11 Cases") under chapter 11 of title 11 of the United States Code, 11 U.S.C. §§ 101-1532 (the "Bankruptcy Code"), in the United States Bankruptcy Court for the District of Delaware (the "Court").

The Debtors have filed the Plan Of Liquidation Pursuant To Chapter 11 Of The Bankruptcy Code Proposed By The Debtors (including all exhibits thereto, and as may be amended, altered, modified or supplemented from time to time, the "Plan") with the Court. A copy of the Plan is attached hereto as Exhibit A.

Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Plan; provided, however, that any capitalized term used herein that is not defined herein or in the Plan, but is defined in the Bankruptcy Code or the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules") will have the meaning ascribed to that term in the Bankruptcy Code or the Bankruptcy Rules, as applicable.

The Debtors submit this disclosure statement (as may be amended, altered, modified or supplemented from time to time, the "Disclosure Statement") pursuant to section 1125 of the Bankruptcy Code to Holders of Claims against the Debtors in connection with (i) the solicitation of acceptances of the Plan and (ii) the hearing to consider confirmation of the Plan.

The purpose of this Disclosure Statement is to describe the Plan and its provisions and to provide certain information, as required under section 1125 of the Bankruptcy Code, to creditors who will have the right to vote on the Plan so they can make informed decisions in doing so. Creditors entitled to vote to accept or reject the Plan will receive a Ballot (as defined herein) together with this Disclosure Statement to enable them to vote on the Plan.

This Disclosure Statement includes, among other things, information pertaining to the Debtors' prepetition business operations and financial history and the events leading to the filing of the Chapter 11 Cases. This Disclosure Statement also contains information regarding significant events that have occurred during the Chapter 11 Cases. In addition, an overview of the Plan is included, which overview sets forth certain terms and provisions of the Plan, the effects of confirmation of the Plan, certain risk factors associated with the Plan, and the manner in which distributions will be made under the Plan. This Disclosure Statement also discusses the confirmation process and the procedures for voting, which procedures must be followed by the Holders of Claims entitled to vote under the Plan for their votes to be counted.

B. Disclosure Statement Enclosures

Accompanying this Disclosure Statement are:

1. **Order Approving the Disclosure Statement**. A copy of the Court's order (without exhibits) (the "Solicitation Procedures Order") approving this Disclosure Statement and, among other things, establishing procedures for voting on the Plan, setting the deadline for objecting to the Plan and scheduling the Confirmation Hearing.

2. **Ballot**. A ballot (the "Ballot") for voting to accept or reject the Plan, if you are the record Holder of a Claim in a Class entitled to vote on the Plan (each, a "Voting Class").

3. **Notice**. A notice setting forth: (i) the deadline for casting Ballots either accepting or rejecting the Plan; (ii) the deadline for filing objections to confirmation of the Plan; and (iii) the date, time and location of the Confirmation Hearing (the "Notice").

4. Committee Support Letter. A letter from the Committee, recommending that creditors in a Voting Class vote to accept the Plan.

C. Final Approval of the Disclosure Statement and Confirmation of the Plan

1. Requirements. The requirements for confirmation of the Plan are set forth in section 1129 of the Bankruptcy Code. The requirements for what must be included in the Disclosure Statement are set forth in section 1125 of the Bankruptcy Code.

2. Approval of the Plan and Confirmation Hearing. To confirm the Plan, the Court must hold a hearing to determine whether the Plan meets the requirements of section 1129 of the Bankruptcy Code.

3. Effect of Confirmation. Except as otherwise provided in the Plan or in the order confirming the Plan (the "Confirmation Order"), confirmation will affect the distribution of the Debtors' remaining assets. Confirmation serves to make the Plan binding upon the Debtors and all Creditors, Interest Holders and other parties in interest, regardless of whether they cast a Ballot to accept or reject the Plan.

4. Only Impaired Classes Vote. Pursuant to the provisions of the Bankruptcy Code, only classes of claims or interests that are "impaired" under a plan may vote to accept or reject such plan. Generally, a claim or interest is impaired under a plan if the holder's legal, equitable or contractual rights are changed under such plan. In addition, if the holders of claims or interests in an impaired class do not receive or retain any property under a plan on account of such claims or interests, such impaired class is deemed to have rejected such plan under section 1126(g) of the Bankruptcy Code and, therefore, such holders do not need to vote on such plan.

Under the Plan, Holders of Claims in Classes 1 (Secured Claims) and 2 (Priority Non-Tax Claims) are Unimpaired and therefore deemed to accept the Plan.

Under the Plan, Holders of Claims in Classes 3 (General Unsecured Claims) and 4 (Convenience Claims) are Impaired and are entitled to vote on the Plan.

Under the Plan, Holders of Claims and Interests in Classes 5 (Intercompany Claims) and 6 (Interests) are deemed to reject the Plan and are not entitled to vote on the Plan.

ACCORDINGLY, A BALLOT FOR ACCEPTANCE OR REJECTION OF THE PLAN IS BEING PROVIDED ONLY TO HOLDERS OF CLAIMS IN CLASSES 3 AND 4.

D. Treatment and Classification of Claims and Interests; Impairment

The categories of Claims and Interests listed below classify Claims and Interests for all purposes, including voting, confirmation and distribution pursuant to the Plan and pursuant to sections 1122 and 1123(a)(1) of the Bankruptcy Code. For a summary of the treatment of each Class of Claims and Interests, see Article IV, "Summary of Plan," below.

Class Description	Estimated Amount of Allowed Claims (Approximate Amounts)	Status	Proposed Treatment
Administrative Claims Estimated Recovery: 100%	$506,000 to $2.7 million	Unclassified	On or as soon as reasonably practicable after the later of (i) the Initial Distribution Date or (ii) the date such Administrative Claim becomes an Allowed Administrative Claim, a Holder of an Allowed Administrative Claim (other than a Professional) shall receive, in full satisfaction, settlement, release and discharge of, and in exchange for, such Allowed Administrative Claim, (a) Cash equal to the unpaid portion of the Face Amount of such Allowed Administrative Claim or (b) such other treatment as to which such Holder and the Debtors or the Liquidating Trustee, as applicable, shall have agreed upon in writing.

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Class Description	Estimated Amount of Allowed Claims (Approximate Amounts)	Status	Proposed Treatment
Priority Tax Claims Estimated Recovery: 100%	$91,000 to $341,000	Unclassified	On or as soon as reasonably practicable after the later of (i) the Initial Distribution Date or (ii) the date such Priority Tax Claim becomes an Allowed Priority Tax Claim, a Holder of an Allowed Priority Tax Claim will receive, in full satisfaction, settlement, release and discharge of, and in exchange for, such Allowed Priority Tax Claim, (a) Cash equal to the unpaid portion of the Face Amount of such Allowed Priority Tax Claim or (b) such other treatment as to which such Holder and the Debtors or the Liquidating Trustee, as applicable, have agreed upon in writing.
Class 1: Secured Claims Estimated Recovery: 100%	$264,000 to $276,000	Unimpaired	On or as soon as reasonably practicable after the later of (i) the Initial Distribution Date or (ii) the date such Secured Claim becomes an Allowed Secured Claim, a Holder of an Allowed Secured Claim will receive, in full satisfaction, settlement, release and discharge of, and in exchange for, such Allowed Secured Claim, (a) Cash from the Debtors equal to the value of such Allowed Secured Claim, (b) a return of the Holder's Collateral securing the Secured Claim, (c) such treatment required under section 1124(2) of the Bankruptcy Code for such Claim to be rendered Unimpaired or (d) such other treatment as to which such Holder and the Debtors or the Liquidating Trustee, as applicable, have agreed upon in writing.

Class Description	Estimated Amount of Allowed Claims (Approximate Amounts)	Status	Proposed Treatment
Class 2: Priority Non-Tax Claims Estimated Recovery: 100%	$3,600 to $229,000	Unimpaired	On or as soon as reasonably practicable after the later of (i) the Initial Distribution Date or (ii) the date such Priority Non-Tax Claim becomes an Allowed Priority Non-Tax Claim, a Holder of an Allowed Priority Non-Tax Claim will receive, in full satisfaction, settlement, release and discharge of, and in exchange for, such Allowed Priority Non-Tax Claim, (a) Cash equal to the unpaid portion of the Face Amount of such Allowed Priority Non-Tax Claim or (b) such other treatment as to which such Holder and the Debtors or the Liquidating Trustee, as applicable, have agreed upon in writing.
Class 3: General Unsecured Claims Estimated Recovery: less than 5%	$384,972,000 to $459,972,000	Impaired	On the Effective Date, each Holder of an Allowed General Unsecured Claim that is not an Insured Claim will receive, in full satisfaction, settlement, release and discharge of, and in exchange for, such Allowed General Unsecured Claim, its Pro Rata share of the Liquidating Trust Interests.
Class 4: Convenience Claims Estimated Recovery: 5%	$907,000 to $1 million	Impaired	On or as soon as reasonably practicable after the later of (i) the Initial Distribution Date or (ii) the date on which a Class 4 Convenience Claim becomes an Allowed Claim, each Holder of an Allowed Convenience Claim will receive Cash in the amount of 5% of the amount of its Allowed Convenience Class Claim.
Class 5: Intercompany Claims Estimated Recovery: 0%	$57 million	Impaired	On the Effective Date, all Intercompany Claims will be eliminated and the Holders of Intercompany Claims will not be entitled to, and will not receive or retain, any property or interest in property on account of such Claims.

Class Description	Estimated Amount of Allowed Claims (Approximate Amounts)	Status	Proposed Treatment
Class 6: Interests Estimated Recovery: 0%	N/A	Impaired	On the Effective Date, all Interests will be cancelled and each Holder thereof will not be entitled to, and will not receive or retain, any property or interest in property under the Plan on account of such Interests.

For certain Classes of Claims, the actual amounts of Allowed Claims could materially exceed or could be materially less than the estimated amount set forth in the table above. The Debtors are continuing to analyze the Claims in the Chapter 11 Cases and all objections to Claims have not yet been filed or fully litigated. Estimated Claim amounts for each Class are based upon the Debtors' review of their books and records and certain Proofs of Claim, and include estimates of a number of Claims that are contingent, disputed and/or unliquidated. Accordingly, there can be no assurances of the exact amount of the Allowed Claims at this time. Estimated percentage recoveries have been calculated based upon a number of assumptions, including the estimated amount of Allowed Claims in each Class.

E. Voting Procedures and Voting Deadline

If you are entitled to vote to accept or reject the Plan, a Ballot is enclosed for the purpose of voting on the Plan. To ensure 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, and (iii) sign and return the Ballot(s) in the envelope provided.

TO BE COUNTED, EXCEPT AS SET FORTH BELOW, YOUR BALLOT WITH YOUR ORIGINAL SIGNATURE INDICATING YOUR ACCEPTANCE OR REJECTION OF THE PLAN MUST BE RECEIVED NO LATER THAN **4:00 P.M. (EASTERN TIME) ON JANUARY 4, 2016** (THE "VOTING DEADLINE").

The following Ballots will not be counted or considered for any purpose in determining whether the Plan has been accepted or rejected:

(i) any Ballot or Master Ballot received after the Voting Deadline (unless extended by the Debtors);

(ii) any Ballot or Master Ballot that is illegible or contains insufficient information to permit the identification of the claimant;

(iii) any Ballot cast by a person or entity that does not hold a Claim in a Class that is entitled to vote to accept or reject the Plan;

(iv) any Ballot cast for a Claim scheduled as contingent, unliquidated or disputed or as zero;

(v) any Ballot cast for a filed Claim to which the Debtors have objected to, and for which no Rule 3018(a) Motion has been filed by the Rule 3018(a) Motion Deadline (as such terms are defined in the Solicitation Procedures Order);

(vi) any Ballot that indicates neither an acceptance nor a rejection, or indicates both an acceptance and a rejection, of the Plan;

(vii) any Ballot (other than a Master Ballot) that casts part of its vote in the same Class to accept the Plan and part to reject the Plan;

(viii) any form of Ballot or Master Ballot other than the official form sent by the Voting Agent, or a copy thereof;

(ix) any Ballot received that the Voting Agent cannot match to an existing database record;

(x) any Ballot or Master Ballot that does not contain an original signature; or

(xi) any Ballot or Master Ballot that is submitted by facsimile, email or by other electronic means, unless otherwise authorized by the Debtors, in their discretion, upon consultation with the Committee.

In order for the Plan to be accepted by an Impaired Class of Claims, a majority in number and two-thirds in dollar amount of the Claims voting in such Class must vote to accept the Plan. At least one Voting Class, excluding the votes of insiders, must actually vote to accept the Plan.

YOU ARE URGED TO COMPLETE, DATE, SIGN AND PROMPTLY MAIL THE BALLOT ENCLOSED WITH THE NOTICE. PLEASE BE SURE TO COMPLETE THE BALLOT PROPERLY AND LEGIBLY, AND IDENTIFY THE EXACT AMOUNT OF YOUR CLAIM AND THE NAME OF THE CREDITOR. IF YOU ARE A HOLDER OF A CLAIM ENTITLED TO VOTE ON THE PLAN AND YOU DID NOT RECEIVE A BALLOT, YOU RECEIVED A DAMAGED BALLOT OR YOU LOST YOUR BALLOT, OR IF YOU HAVE ANY QUESTIONS CONCERNING THE DISCLOSURE STATEMENT, THE PLAN OR PROCEDURES FOR VOTING ON THE PLAN, PLEASE CONTACT THE VOTING AGENT LOGAN & COMPANY, INC. AT RI@LOGANANDCO.COM OR 973-509-3190. THE VOTING AGENT IS NOT AUTHORIZED TO AND WILL NOT PROVIDE LEGAL ADVICE.

F. Confirmation Hearing

The Court has scheduled a hearing to consider confirmation of the Plan for January 13, 2016 at 2:00 p.m. (Eastern time) in the United States Bankruptcy Court for the District of Delaware, 824 North Market Street, 5th Floor, Courtroom No. 4, Wilmington, Delaware 19801 (the "Confirmation Hearing"). The Court has directed that objections, if any, to confirmation of the Plan be filed and served on or before January 6, 2016 at 4:00 p.m. (Eastern time) in the manner described in the Notice accompanying this Disclosure Statement. The Confirmation hearing may be adjourned from time to time by way of announcement of such continuance in open Court or otherwise, without further notice to parties in interest.

THE DEBTORS AND COMMITTEE URGE ALL HOLDERS OF CLAIMS ENTITLED TO VOTE ON THE PLAN TO VOTE TO ACCEPT THE PLAN.

THE COMMITTEE HAS ALSO PREPARED A LETTER IN SUPPORT OF CONFIRMATION OF THE PLAN, WHICH LETTER IS INCLUDED IN THE SOLICITATION PACKAGES. CREDITORS SHOULD REVIEW THE COMMITTEE'S LETTER IN CONNECTION WITH EVALUATING THE PLAN.

ARTICLE II

GENERAL INFORMATION REGARDING THE DEBTORS

A. The Debtors' Formation

The Debtors include the following four entities: (a) Reichhold Holdings US, Inc. ("Holdings"), a Delaware corporation; (b) Reichhold Liquidation, Inc. (f/k/a Reichhold, Inc.) ("Reichhold" or "Reichhold, Inc."), a Delaware corporation, which is wholly owned by Holdings;[1] (c) Canadyne Corporation ("Canadyne"), a Delaware corporation, which is wholly owned by Reichhold Liquidation, Inc. (f/k/a Reichhold, Inc.); and (d) Canadyne-Georgia Corporation ("CGC"), a Georgia corporation, which is wholly owned by Canadyne. Reichhold, Inc. is the only entity among the four Debtors that had active operations. Holdings is strictly a holding company. Canadyne and CGC are inactive entities.

As of the Petition Date, the Debtors were part of the privately-held international "Reichhold" family of companies (the "Reichhold Companies") owned, directly or indirectly, by non-Debtor Reichhold Industries, Inc. ("Reichhold Industries"). The Reichhold Companies include operations in North America, Europe, Latin America, South America, the Middle East and Asia. The Debtors-Reichhold conducted the Reichhold Companies' United States operations.

Holdings is a wholly owned subsidiary of Reichhold Corporate Holdings II B.V., a Dutch entity, which is in turn a wholly owned subsidiary of Reichhold Industries. Reichhold Industries is wholly owned by Kestrel I Acquisition Corp. ("Kestrel"), a Delaware corporation. Kestrel is privately held. None of the foregoing entities are debtors in these cases.

B. The Debtors' Business and Employees

As of the Petition Date, the Reichhold Companies were leading global suppliers of intermediate products for the composites and coatings industry with operations in North America, South America, Europe, the Middle East and Asia. They served a diversified range of end users and market segments through two main business segments – composites and coatings. The Reichhold Companies had 19 manufacturing sites in 13 countries and served more than 2,000 customers in over 85 countries through their world-wide network of production facilities. The Reichhold Companies owned significant technology and know-how which was shared among the Reichhold Companies for use in their worldwide operations. As of June 30, 2014, the Reichhold Companies had consolidated assets of $538 million and consolidated liabilities of $631 million. In 2013, the Reichhold Companies generated $1,084 million in net revenues. The Reichhold Companies generated $1,081 million in net revenues for the year 2014.

[1] Reichhold, Inc. has changed its name to Reichhold Liquidation, Inc.

As of the Petition Date, the Debtors were the premier supplier of unsaturated polyester resins ("UPR") used to fabricate composites and advanced composite products. The composites business marketed four broad product groups: UPR, vinyl ester resin, gelcoats and bonding paste. These products are used in such applications as marine manufacturing, tub and shower components, energy windmill blades, solid surface applications, large diameter water pipe manufacturing, automotive manufacturing and advanced composites/prepregs. The Debtors (and a Canadian non-debtor affiliate) produced 219 million pounds of composites in 2013 and held a 17% market share. In 2013, the composites segment generated $772 million of revenue, 71% percent of the companies' total revenue. Consolidated UPR represented 62% of the Reichhold Companies' total revenue.

The Debtors' coatings business manufactured a comprehensive range of products. A pioneer in the coatings industry since 1927, the Debtors' expertise was in waterborne chemistries such as acrylics, alkyds, epoxies, polyesters and polyurethanes and in powder coatings and printing resins. The Debtors' more than 3,000 products were typically sold to a broad base of customers primarily for industrial purposes, used in thousands of applications such as consumer goods, architectural products, industrial maintenance, printing, marine applications, automotive coatings and construction. The Debtors (and a Canadian non-debtor affiliate) produced 203 million pounds of coatings in 2013 and held a 30% market share in alkyds. In 2013, the Debtors' coatings segment generated $312 million and was responsible for 29% of the Reichhold Companies' total revenue.

C. The Debtors' Corporate Headquarters

As of the Petition Date, the Debtors conducted their business from the world headquarters of the Reichhold Companies located in Durham, North Carolina, in office space leased by Debtor Reichhold, Inc. That office space also housed the Debtors' North American technology center and laboratory. In addition, the Debtors had operations in owned manufacturing facilities located in Azusa, California (composites); Houston, Texas (composites and coatings); Jacksonville, Florida (composites); Morris, Illinois (composites and coatings); Pensacola, Florida (coatings and composites); and Valley Park, Missouri (coatings).

D. The Debtors' Employees

As of the Petition Date, the Debtors employed approximately 379 employees in their business operations. Of those employees, approximately 47% (176) were hourly employees and approximately 53% (203) were salaried employees. Approximately 23% (89) of the Debtors' hourly employees are covered by collective bargaining agreements. The Debtors' workforce of employees was augmented by services received from approximately ten (10) independent contractors who devoted all or the substantial portion of their working time to providing services to the Debtors. As of the date of this Disclosure Statement, the Debtors do not have any employees as a result of the sale of substantially all of their assets as more fully described in Section III.2.

E. The Debtors' Corporate and Capital Structure

The Debtors were borrowers, guarantors and/or obligors under various credit agreements, notes and financial arrangements. As of the Petition Date, the Debtors' secured and unsecured debt obligations totaled approximately $287.3 million (exclusive of the guarantee obligations under the Senior Secured Notes described below).

1. Secured Debt

As of the Petition Date, the Debtors had aggregate outstanding secured debt totaling approximately $64.3 million (exclusive of the Senior Secured Notes) in connection with various loans, notes and equipment financings, as described in more detail below.

a. Senior Credit Facility With Oaktree

Debtor Reichhold, Inc. and non-debtor affiliate Reichhold Industries Limited ("RIL"), an Ontario, Canada corporation continued into British Colombia, were borrowers (the "Borrowers") under a Credit Agreement dated October 7, 2005, as subsequently amended, (the "Credit Agreement") among various lenders thereunder (the "Prior Lenders") and Bank of America, N.A. ("BofA") as administrative agent and a Prior Lender and Wells Fargo Bank, National Association ("Wells Fargo") as Documentation Agent and a Prior Lender. Pursuant to the Credit Agreement, the Prior Lenders made available to the Borrowers a maximum amount of $85 million on a revolving basis (the "Revolving Loan").

In the early months of 2014, it became apparent that availability under the Revolving Loan was becoming insufficient to supply the Borrowers with the liquidity necessary to continue financing their operations. As a result, the Borrowers entered into discussions with OCM Reichhold Holdings, Ltd., an affiliate of Oaktree Capital Management, L.P. ("Oaktree"), to provide a new credit facility. On or about May 20, 2014, BofA and Wells Fargo in their respective capacities as Prior Lenders under the Credit Agreement assigned the Credit Agreement and all rights and interests thereunder to Oaktree, as the new sole lender under that agreement (the "Assignment"). BofA, however, agreed to continue as administrative agent.

In connection with the Assignment, the Borrowers and BofA entered into a Fifteenth Amendment to Credit Agreement dated May 20, 2014 (the "Amendment"). Pursuant to the Amendment, the Revolving Loan was replaced with term loans and a delayed draw term loan in the aggregate amount of $70 million as follows (collectively, the "Term Loans"): (a) a term loan in the aggregate principal amount of $8,345,353.79 to RIL, the proceeds of which were used to repay RIL's outstanding balance on the Revolving Loan; (b) a term loan in the aggregate principal amount of $29,265,221.07 to Debtor Reichhold, Inc., the proceeds of which were used to repay Reichhold, Inc.'s outstanding balance on the Revolving Loan; (c) a delayed draw term loan commitment to Debtor Reichhold, Inc. in the original principal amount of $5,000,000; and (d) additional term loans to Debtor Reichhold, Inc. in the aggregate principal amount of $27,389,425.14, of which $13,743,950.76 was used to cash collateralize outstanding letters of credit. The Term Loans were scheduled to mature on October 31, 2014.

The Borrowers' obligations under the Credit Agreement, as amended by the Amendment, were secured by a security interest in substantially all of the Borrowers' assets other than the

equity interests held by Holdings. Additionally, in consideration for the Term Loans and subject to the terms set forth in the Amendment, non-Debtor Reichhold Industries, the parent of the Borrowers, agreed not to sell any of its assets, including equity in its subsidiaries.

As of the Petition Date, the amount outstanding to Oaktree under the Credit Agreement was approximately $73 million, of which $64.3 million was owed by Debtor Reichhold, Inc. and $8.7 million was owed by non-Debtor RIL. As set forth herein, Oaktree was repaid by the DIP Loans (defined herein).

b. **Senior Secured Notes**

On May 8, 2012, non-debtor Reichhold Industries issued $206,578,066 of 9%/11% Senior Secured Notes (the "Senior Secured Notes") due 2017 pursuant to an indenture (the "Senior Secured Indenture") under which Wells Fargo served as trustee and collateral agent.[2] Reichhold Industries' obligations under the Senior Secured Notes and Senior Secured Indenture were guaranteed by Holdings and Reichhold, Inc. (together with Reichhold Industries, the "Issuers"). The Senior Secured Notes were secured by a pledge of, among other things, Reichhold Corporate Holdings II B.V.'s interest in Holdings and Holdings' interest in Reichhold, Inc.[3] To secure its obligations under the Senior Secured Notes, Reichhold Industries also pledged 65% of the voting shares (and 100% of the non-voting shares) its holds in its wholly-owned direct, non-Debtor subsidiary, Reichhold Holdings Luxembourg, S.a.r.l. ("RHL"). Because RHL is the ultimate holding company of all of the non-Debtor affiliates that operate outside of North America, and given the fact that the non-voting shares that had been pledged carried with them a significant portion of the economic value of RHL, the Debtors believed the holders of the Senior Secured Notes were the primary beneficiary of the Reichhold Companies' non-U.S. operations.

The Senior Secured Notes were issued following an exchange offer whereby the Senior Secured Notes were exchanged for the Senior Unsecured Notes.[4] The Senior Secured Notes accrued cash interest at 9% and payment-in-kind interest ("PIK Interest") at 11%, with payments due annually on November 1 and May 1. Under the Senior Secured Indenture, the Issuers were permitted to add interest payments to the principal amount outstanding at the PIK Interest rate through May 1, 2014.

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[2] Third Avenue Management ("Third Avenue"), JP Morgan ("JPM") and Black Diamond were the largest holders of the Senior Secured Notes.

[3] Reichhold, Inc. is a guarantor of the Senior Secured Notes. Reichhold, Inc., however, did not pledge any assets to secure that guarantee.

[4] On August 15, 2006, Reichhold Industries issued $195 million of 9% Senior Notes (the "Senior Unsecured Notes") due in August of 2014 pursuant to a first amended indenture. As a result of an exchange offer undertaken by Reichhold Industries in May of 2012, approximately 99% of the Senior Unsecured Notes were replaced with the Senior Secured Notes. Holders of approximately 1% of the Senior Unsecured Notes did not agree to exchange their Senior Unsecured Notes for the Senior Secured Notes. As of the Petition Date, however, there were no amounts due and owing to the holders of the Senior Unsecured Notes.

As of the Petition Date, principal in the amount of approximately $255 million was outstanding under the Senior Secured Notes. As of the date this Disclosure Statement, approximately $159 million remained outstanding under the Senior Secured Notes as a result of the Exchange (described below in Section 111.D.1).

c. **Equipment Financing**

The Debtors were also party to several equipment leases and purchase agreements for equipment that they financed. The total secured obligations related to that equipment was only $3,000 as of the Petition Date. Based upon the Debtors' books and records and the assumption and assignment of equipment leases during the cases, the Debtors do not believe there are any valid outstanding equipment financing claims.

d. **Other Secured Debt**

The Debtors had various mechanics' lien claims filed against them. As of the date of this disclosure statement, the Debtors estimate there is approximately $276,000 of such other secured debt outstanding.

2. **Unsecured Debt**

As of the date of this Disclosure Statement, the Debtors estimate there is approximately $384,972,000 to $459,972,000 of aggregate outstanding unsecured debt including, among others, environmental obligations, unfunded pension and other postretirement obligations and the outstanding obligations under the guarantee of the Senior Secured Notes.

a. **Intercompany Debt with Non-Debtor Affiliates**

Reichhold, Inc. had received inter-company transfers in the form of loans evidenced by notes from its foreign affiliates in order to address the Debtors' liquidity shortfall (discussed below). Those inter-company loans were recorded by intercompany notes that were issued monthly and payable the next month. As of the Petition Date, Reichhold, Inc. had borrowed approximately $103.7 million from foreign affiliates through inter-company loans. Of this amount, $93.9 million was owed to an affiliate in the Netherlands and $9.8 million was owed to RIL. As of the date of this Disclosure Statement, there is no remaining intercompany debt with the non-debtor affiliates as a result of the Intercompany Release (as defined and explained more fully in Section 111.D.2).

F. Summary of Events Leading to the Chapter 11 Filings

1. Declining Revenue, Operating Losses the Tightening of Trade Terms with Key Vendors and Shortage of Cash

In recent years, prior to the Petition Date, the Debtors generated large net losses and experienced negative cash flows. In addition to the Debtors' significant debt service levels, the Debtors spent substantial amounts to fund pension and other postretirement obligations and to pay for environmental remediation matters. During 2012 and 2013, respectively, the Debtors contributed $12.7 million and $10.0 million to their pension and other postretirement benefit

plans. The Debtors also spent $8.6 million in 2013 for environmental matters. The Debtors incurred significant costs for legal and financial advisors to assist with their financial restructuring efforts.

Since 2010, the Debtors' significant cash needs had been satisfied primarily from intercompany loans received from their foreign affiliates. During 2011, the cash generated by the Debtors' foreign affiliates was reduced due to their investment in a plant in China and economic conditions in Europe and the Middle East. The use of PIK interest after the 2012 bond exchange (described above) reduced the cash requirements for the Reichhold Companies and improved operating results, supporting additional intercompany loans from the Debtors' foreign affiliates. That trend, however, did not continue into 2013, as a result of both a negative impact from the US coatings operations and a significant decline in the profitability of the Debtors' foreign affiliates, especially Brazil. In December of 2013, in order to provide additional funding for the Debtors and additional liquidity for the foreign affiliates, certain of the Debtors' European, Asian and South American affiliates (the "GAC Credit Parties") and GA Capital LLC ("GAC") entered into a new credit facility (the "GAC Facility"). The Reichhold Companies' affiliates in the United States (including the Debtors), Canada, India, China and Turkey ("Non-GAC Credit Parties") were not participants in the GAC Facility. The GAC Facility allowed up to $18 million, plus a portion of excess cash flow generated by the GAC Credit Parties to be calculated semi-annually, of intercompany loans or investments made by the GAC Credit Parties to any Non-GAC Credit Parties. Of the initial $18 million allowance for intercompany loans and investments, $11 million had been loaned to the Debtors and $6.1 million had been loaned to or invested in other Non-GAC Credit Parties as of the Petition Date. On September 26, 2014, the allowance for such intercompany loans and investments was increased by $5.8 million due to the semi-annual excess cash flow calculation. As of the Petition Date, the unused allowance for intercompany loans or investments by the GAC Credit Parties was $6.7 million.

On April 17, 2014, the credit rating agency Standard and Poor's ("S&P") downgraded Reichhold Industries' credit rating from B- to CCC, and thereafter issued a further downgrade on July 28, 2014 to CCC-. The credit downgrades had a significant impact on the Debtors' liquidity as they lost a total of approximately $10 million of liquidity due to reduced credit limits and the tightening of trade terms from many of their vendors.

By September 2014, the Debtors were fully drawn under the Oaktree facility and facing severe liquidity problems.

2. **Unsustainable Legacy Liabilities**

The Debtors were heirs to an 85+ year history of involvement in the specialty chemicals industry and carry with them exceedingly burdensome liabilities related to that legacy. As of June 30, 2014, the Debtors' unfunded pension and retirement liability exceeded $71 million, and reserves on account of environmental liabilities were approximately $32 million. These obligations persisted, notwithstanding the fact that the Debtors' revenues had declined precipitously while their profits have evaporated and cash has become scarce.

3. **Efforts to Address Financial Constraints**

In response to the financial challenges discussed above, the Reichhold Companies' management team initiated a number of actions to improve the performance of the company. In particular, the Debtors addressed numerous operational changes including, but not limited to, reducing facilities such as the permanent closure of the Newark, New Jersey facility as well as restructuring of contracts. Additionally, the Reichhold Companies took steps to improve the performance of the non-Debtor affiliates which, in turn, enabled them to loan more money to the Debtors. Lastly, the Debtors took steps to improve their cash position by, among other things, exchanging the Senior Unsecured Notes for the Senior Secured Notes which had a PIK interest feature. Unfortunately, those efforts proved insufficient to overcome the financial obstacles facing the Debtors.

4. **Exploration of Strategic Alternatives**

After completing the exchange offer in May 2012, the Reichhold Companies devoted significant time and resources to exploring strategic alternatives to maximize value for the benefit of all stakeholders. Those alternatives included, but were not limited to, a potential sale of the entire company and a transaction with one of the industry players that would consolidate the composite industry. Neither of those options, however, materialized.

As of the Petition Date, the Debtors did not have sufficient liquidity to operate their businesses and could not fund the administration of these Chapter 11 Cases without the need for debtor-in-possession financing. Toward that end, before the Petition Date, the Debtors retained CDG Group to, among other things, critically examine the Debtors' business operations and funding requirements. In or about April 2014, given the Debtors' operating losses and reduced liquidity, the Debtors and their advisors contacted 4 potential lenders and received one financing proposal from a prospective lender in anticipation of a potential Chapter 11 filing. As set forth above, in May 2014, however, the Debtors secured the Oaktree Term Loans, alleviating the need for a DIP loan at that time.

Subsequently, however, due to further liquidity constraints and limited available cash, the Debtors and their advisors renewed their efforts to secure a DIP loan. They contacted and solicited DIP financing proposals from seven prospective lenders including their existing lenders and bondholders, traditional lenders and non-traditional lenders. The Debtors and their advisors explored two types of financing structures with the prospective lenders – funding for the Reichhold Companies' United States operations only and a global financing solution for the Reichhold Companies' United States and rest of world businesses. The Debtors ultimately received four proposals for DIP financing. None of the prospective lenders were willing to provide a DIP facility secured only by the Debtors' collateral. Instead, all four of the proposals required security from the Reichhold Companies rest of world businesses to fund the cash needs of the Debtors.

After careful review and extensive negotiation of the DIP financing proposals, the Debtors' Board of Directors determined in its business judgment that the proposal from Third Avenue, JP Morgan and Black Diamond represented the best option for the Debtors and their businesses (the "DIP Loan"). As described below, the DIP Loan provided for a comprehensive

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transaction that allowed the Reichhold Companies' to emerge with continuing business operations, a delevered balance sheet and significantly enhanced financial conditions, across the Debtors' worldwide operations. Additionally, the DIP Loan provided for a stalking horse bid for the Reichhold Companies' U.S. operations (as further discussed below) thereby ensuring a clear path towards emergence while providing the liquidity needed to run a marketing process and encourage overbidding to increase value for the Debtors' estates.

5. **Appointment of Independent Board Members**

Before the Petition Date, three (3) independent directors were appointed to the Debtors' board. In view of management's (some of who are also directors) informal agreement with the Stalking Horse Purchaser, CDG and counsel reported directly to the independent directors regarding negotiations and approval of the Stalking Horse Agreement and in connection with the overall sale process.

6. **Use of Chapter 11 Process**

Given the Debtors' severe liquidity constraints, these Chapter 11 Cases were commenced to maximize value for the benefit of all stakeholders. The Debtors believed that the comprehensive transaction that underlies the commencement of these Chapter 11 Cases (including, perhaps most notably, the access to necessary debtor-in-possession financing and the willingness of the holders of the Senior Secured Notes to serve as a stalking horse bidder and establish a floor price for the U.S. operations, which led to a robust auction with participation by other bidders) was a transaction that would benefit all stakeholders. The Debtors, thus, believed these Chapter 11 filings and the pursuit of a sale process involving substantially all of the Debtors' assets under section 363 was in the best interest of the Debtors' creditors and other stakeholders. As the holders of the Senior Secured Notes were the winning bidder in the 363 sale, as described below, the Reichhold Companies will be kept together, which the Debtors believed would maximize recoveries for all creditors as well as saving the jobs of many employees.

ARTICLE III

THE CHAPTER 11 CASES

A. Commencement of the Chapter 11 Cases

As set forth above, on the Petition Date the Debtors filed voluntary petitions for relief under Chapter 11 of the Bankruptcy Code in the Court. By order dated October 2, 2014 [Docket No. 44], the Debtors' cases are being jointly administered for procedural purposes only. No trustee or examiner has been appointed in the Chapter 11 Cases.

After the Petition Date and through the sale of substantially all of their assets, the Debtors continued to operate their businesses and manage their properties as debtors and debtors-in-possession.

B. "First Day" Motions and Related Applications

On the Petition Date, the Debtors filed a number of "first-day" motions and applications designed to ease the Debtors' transition into Chapter 11, maximize their assets and minimize the effects of the commencement of the Chapter 11 Cases.[5] On October 2, 2014, the Court entered orders providing various "first-day" relief, including:

(a) authorizing the Debtors to pay certain prepetition taxes and related obligations [Docket No. 46];

(b) authorizing the Debtors to pay prepetition insurance obligations and maintain postpetition insurance coverage [Docket No. 47];

(c) authorizing the Debtors to honor certain prepetition obligations to customers and continue customer programs [Docket No. 48];

(d) authorizing the Debtors to pay certain prepetition shipping, warehousing and related claims [Docket No. 50];

(e) authorizing the Debtors to pay prepetition employee compensation, benefits, expense reimbursements and related obligations; and continue certain employee benefit programs in the ordinary course [Docket No. 51];

(f) authorizing the Debtors to continue use of their existing cash management system and bank accounts, checks and business forms and deposit practices; continue intercompany transactions; and accord superpriority status to postpetition intercompany claims between Debtors and administrative expense status to postpetition intercompany claims between Debtors and non-Debtor affiliates [Docket No. 53];

(g) establishing procedures for resolving objections by utility companies and prohibiting utility companies from altering, refusing or discontinuing service (final order entered October 28, 2014) [Docket No. 189]; and

(h) authorizing the Debtors to obtain debtor-in-possession financing, use cash collateral and grant superpriority claims (final order entered December 4, 2014) [Docket No. 310].

C. Retention of Professionals and Appointment of the Committee

1. Retention of Debtors' Professionals

By Orders entered October 23, 2014, the Debtors were authorized to retain (i) Cole Schotz P.C. as their bankruptcy counsel [Docket No. 169], (ii) Dickstein Shapiro LLP as their special insurance counsel [Docket No. 166], and (iii) Hunton & Williams LLP as their special

[5] In addition to the "first-day" motions, the Debtors filed certain other motions that are described more fully herein.

environmental counsel [Docket No. 168]. By Order entered November 19, 2014, the Debtors were authorized to retain CDG Group, LLC as their financial advisor and investment banker [Docket No. 238].

The Debtors also were authorized to retain certain professionals utilized by the Debtors in the ordinary course of business prior to the Petition Date (amended order entered December 23, 2014) [Docket No. 368].

2. **Retention of Claims and Noticing Agent and Administrative Agent**

By order entered on October 2, 2014 [Docket No. 45], the Court authorized the Debtors to retain Logan & Company, Inc. ("Logan" or the "Voting Agent") as their claims and noticing agent in the Chapter 11 Cases. By order entered October 23, 2014 [Docket No. 167], the Court also authorized the Debtors to retain Logan as their administrative agent in the Chapter 11 Cases.

3. **Appointment of Committee and Retention of Committee Professionals**

On October 14, 2014, the Office of the United States Trustee for the District of Delaware (the "U.S. Trustee") appointed an Official Committee of Unsecured Creditors in the Chapter 11 Cases (the "Committee") pursuant to section 1102(a) of the Bankruptcy Code [Docket No. 81]. The members of the Committee are: (i) Pension Benefit Guaranty Corporation, (ii) Stepan Company, (iii) Americas Styrenics, (iv) Evonik Corporation, (v) United Steelworkers, (vi) Alnor Oil Company, Inc. and (vii) Estate of Anna R. Hartgrave. By letter dated August 12, 2015, Americas Styrenics resigned from the Committee [Docket No. 976]. By Orders entered November 13, 2014, the Committee was authorized to retain (i) Hahn & Hessen LLP as its counsel [Docket No. 233], and (ii) Blank Rome LLP ("Blank Rome") as its co-counsel [Docket No. 234]. By Order entered on November 21, 2014, the Committee was authorized to retain Capstone Advisory Group, LLC as its financial advisor [Docket No. 261]. By Order entered on August 3, 2015, Berkeley Research Group, LLC replaced Capstone Advisory Group, LLC as the Committee's financial advisor [Docket No. 949].

4. **Appointment of Retiree Committee**

The Debtors historically offered their employees the ability to participate in a self-funded retiree medical program (the "Retiree Medical Program") pursuant to which the Debtors would pay a portion of the cost of the employee's medical care during the entirety of the employee's retirement, and a retiree life insurance program (the "Retiree Life Insurance Program" and, together with the Retiree Medical Program, the "Retiree Welfare Programs") pursuant to which the Debtors would pay the premiums associated with the employee's life insurance following the employee's retirement from the Debtors. On January 30, 2015, the Debtors filed a motion for an order directing the U.S. Trustee to appoint a retiree committee consisting of non-union retirees who are currently receiving benefits under the Retiree Welfare Programs (the "Retiree Committee Motion") [Docket No. 537]. On February 23, 2015, the Court approved the Retiree Committee Motion [Docket No. 588]. On April 1, 2015, the Office of the United States Trustee appointed the Official Committee of Non-Union Retired Employees (the "Retiree Committee") [Docket No. 665]. The Retiree Committee's three members are as follows: (i) Ian L. Potter, (ii) John R. Young and (iii) Andrew A. Katai. By Order entered May 28, 2015, the Retiree

Committee was authorized to retain Stahl Cowen Crowley Addis LLC as counsel [Docket No. 755].

D. Significant Events During the Chapter 11 Cases

In addition to the "first-day" relief sought and received in the Chapter 11 Cases, the Debtors have sought and received authority with respect to various matters designed to assist in the administration of the Chapter 11 Cases and to maximize the value of the Debtors' estates. Material events since the commencement of the Chapter 11 Cases are summarized below and include:

1. DIP Financing

On the Petition Date, the Debtors filed a Motion for Interim and Final Orders (I) Authorizing Debtors to Obtain Post-Petition Secured Financing Pursuant to 11 U.S.C. §§ 105, 362, 363 and 364; (II) Granting Liens and Super-Priority Claims; and (III) Scheduling a Final Hearing Pursuant to Bankruptcy Rule 4001 (the "DIP Motion").

As set forth above, faced with significant liquidity constraints, the Debtors recognized that to achieve their Chapter 11 objectives – including, most notably, the effectuation of the sale of the Debtors' assets pursuant to Section 363 of the Bankruptcy Code – it was necessary to obtain post-petition financing. The nature of the Debtors' prepetition capital structure (described above) made procuring such financing extremely challenging, especially since there was insufficient collateral value among the Debtor entities to enable them to attract traditional lenders willing to provide the funding the Debtors needed. As set forth above, the Debtors undertook a rigorous marketing process and exploration of strategic alternatives, in which the Debtors received formal proposals from several potential financing sources.

Ultimately, the Debtors determined that the best financing option was presented (as a component of a larger, comprehensive transaction discussed below), collectively, by funds managed by Third Avenue Management, JP Morgan and Black Diamond (collectively, but solely in their capacity as the source of postpetition financing, the "Senior DIP Lenders"), the largest holders of the Senior Secured Notes. Significantly, the Senior DIP Lenders' proposal represented the most reasonable and viable option for obtaining the additional liquidity necessary to sustain the Debtors' operations in Chapter 11 for the benefit of their estates and creditors.

Discussions with the Senior DIP Lenders accelerated and ultimately culminated with a comprehensive, multi-staged transaction (the "DIP Transaction") a key component of which was a financing structure pursuant to which the Senior DIP Lenders agreed to provide secured financing in the aggregate net principal amount of $130,000,000 (after original issue discount) both directly to the Debtors and to one of the non-Debtor affiliates that operates outside of North America ("ROW") (which affiliate would, under the terms of the DIP Transaction, in turn, loan a portion of such funds to the Debtors). The structure's ultimate funding goal was to provide the Debtors with access to new liquidity, after the repayment of (i) approximately $73 million owed to Oaktree and (ii) approximately $28.9 million owed to the ROW affiliates' secured lender GAC under the GAC Facility.

The agreed financing structure allowed funds to flow to the Debtors from two separate sources. The first funding source was a direct loan in the amount up to $53.19 million on an interim and final basis (the "Senior DIP Loan") from the Senior DIP Lenders to Debtor Reichhold, Inc., guaranteed by the other Debtors. The second funding source ultimately derived from a secured loan of $85.1 million made by the Senior DIP Lenders to Reichhold Holdings International B.V. ("Reichhold BV") a holding company for all of the ROW entities, guaranteed by many of the ROW entities (the "ROW Loan"). The proceeds from the ROW Loan were used to repay certain secured indebtedness at Reichhold BV and to fund the Junior DIP Loan (as defined below). Reichhold BV (in its capacity as a postpetition lender, the "Junior DIP Lender") then made an intercompany loan of $50.0 million (the "Junior DIP Loan" and, together with the Senior DIP Loan, the "DIP Loans") to Debtor Reichhold, Inc.

The Debtors believed that the credit support from ROW to the Debtors was necessary to maximize the overall value of the Debtors' assets. Both DIP Loans were secured by liens upon substantially all of the Debtors' assets. The liens under the Senior DIP Loan were, however, first priority liens on such assets which are senior in priority to the liens under the Junior DIP Loan. Among other conditions precedent to initial funding under the DIP Loans, reciprocal license agreements for the use of intellectual property were executed and delivered. The Debtors intended to use the proceeds of the DIP Loans to (a) pay off all outstanding obligations under the Debtors' existing Oaktree prepetition secured facility in the principal amount of approximately $73 million, (b) support the ongoing operations of the Debtors' business during these Chapter 11 cases, and (c) enable the Debtors to fund the 363 sale process.

As noted above, the furnishing of the funds underlying the DIP Loans was only the first step in the overall DIP Transaction. The second step was the commitment by Reichhold Industries to negotiate documents for (a) a consensual foreclosure by Wells Fargo, National Association as indenture of the ROW equity collateral pledged under the Senior Secured Indenture and (b) an asset purchase agreement (the "APA") under which Reichhold BV or another of the ROW entities as successor to the Junior DIP Lender would become the stalking horse to purchase substantially all of the Debtors' material assets in the 363 sale process, initially by credit- bidding the Junior DIP Loan in full.

On October 2, 2014, the Court entered an Interim Order (I) Authorizing Debtors to Obtain Post-Petition Secured Financing Pursuant to 11 U.S.C. §§ 105, 362, 363 and 364; (II) Granting Liens and Superpriority Claims; and (III) Scheduling a Final Hearing Pursuant to Bankruptcy Rule 4001 (the Interim DIP Order"). Pursuant to the Interim DIP Order, the Debtors were authorized to borrow, on an interim basis, $53,190,000 under the Senior DIP Loan and $40,430,000 under the Junior DIP Loan. The Court scheduled a final hearing on the DIP Motion for October 20, 2014.

The Committee, among others, filed an Objection to the final approval of the DIP Motion alleging that the DIP Loans would chill bidding and make it impossible for a third-party to effectively bid for the Debtors' assets. After extensive negotiations, the Debtors, the Committee and DIP Lenders resolved the Committee's objections as memorialized in the Final Order (I) Authorizing Debtors to Obtain Post-Petition Secured Financing Pursuant to 11 U.S.C. §§ 105, 362, 363 and 364 and (II) Granting Liens and Superiority Claims [Docket No. 310] (the "Final DIP Order") and Order Amending Final Order (I) Authorizing Debtors to Obtain Post-Petition

Secured Financing Pursuant to 11 U.S.C. §§ 105, 362, 363 and 364 and (II) Granting Liens and Superiority Claims [Docket No. 477]. The terms of the settlement with the Committee is discussed herein.

As a result of entry of the Final DIP Order, the Debtors were authorized to draw the full amount of the DIP Loans. The Debtors ultimately drew $53,192,000 on the Senior DIP Loan and $46,000,000 on the Junior DIP Loan. As set forth below, the Junior DIP was credit bid in connection with the Sale and the Senior DIP Loan in the amount of $53 million was assumed by the Stalking Horse Purchaser. As of the date of this Disclosure Statement, the Debtors have no amounts due and owing in connection with the DIP Loans.

Instead of a consensual foreclosure of the ROW equity pledged under the Senior Secured Indenture as originally contemplated, there was an exchange of debt for equity (the "Exchange"). On April 1, 2015, holders of the Senior Secured Notes representing 99.1% of the total outstanding notes exchanged their Senior Secured Notes with a face value of approximately $104 million, representing approximately 41% of the their Senior Secured Notes held, for 99.1% of the equity of Reichhold BV, RIL and Reichhold, LLC, (f.k.a. Reichhold Acquisitions Holdings, LLC). As Reichhold BV owns all of the Reichhold Companies' operating subsidiaries that are located outside of North America, this exchange effectively gave the Senior Secured Note holders ownership of 99.1% of the entire family of Reichhold Companies, excluding certain non-operating entities, upon the closing of the U.S. asset sale described below. Holders of the remaining 0.9% of the Senior Secured Notes have not been identified and have a participation right under the same terms for a period of one year.

2. **Sale of Assets**

On November 12, 2014, the Debtors filed a motion [Docket No. 221] (the "Sale and Bidding Procedures Motion") seeking entry of an order (the "Bidding Procedures Order") (i) approving the proposed auction and bidding procedures (the "Bidding Procedures") for the potential sale of substantially all of the Debtors' assets (the "Purchased Assets") pursuant to the Asset Purchase Agreement (the "Stalking Horse APA") with Reichhold Acquisitions Holdings LLC (the "Stalking Horse Purchaser"); (ii) scheduling an auction and hearing to consider approval of the sale; and approving notice of respective date, time and place for auction and for hearing on approval of the sale and the assumption and assignment of certain executory contracts and unexpired leases; and for an order (the "Sale Order") authorizing (i) the sale of substantially all of the Debtors' assets free and clear of liens, claims and encumbrances; and (ii) assumption and assignment of certain executory contracts and unexpired leases.

On December 3, 2014, the Court entered the Bidding Procedures Order [Docket No. 309]. The Bidding Procedures Order fixed January 6, 2015 at 5:00 p.m. as the deadline for the submission of higher or better bids for the Purchased Assets and January 8, 2015 at 10:00 a.m. for an auction to the extent higher or better bids were submitted. The Debtors served the Bidding Procedures Order and applicable notice in accordance with the Bidding Procedures Order. Additionally, the Debtors published notice of the sale in the Wall Street Journal National Edition as well as issued an international press release announcing the approval of the Bidding Procedures Order and the proposed sale of the Purchased Assets.

Commencing immediately on the Petition Date and even before the Stalking Horse APA was executed, CDG initiated an extensive marketing of the Debtors' assets for sale as a going concern and began soliciting suitable buyers. CDG contacted 173 interested parties including 79 strategic parties and 94 financial parties. Fifty-four (54) of those parties ultimately executed non-disclosure agreements and were provided access to the Debtors' electronic data room. The Debtors' management gave presentations to nine (9) interested parties.

Ultimately, the Debtors received five (5) bids for some or all of the Purchased Assets. In consultation with the Committee, the Debtors determined that only the bid from Reichhold Resources LLC ("RR"), an entity formed by Prophet Equity Fund II, was a qualified bid (the "RR Bid"). The RR Bid was in the amount of $98,249,000 and was determined to be the highest and best bid before opening the auction.

On January 8, 2015, the Debtors conducted an auction between the Stalking Horse Purchaser and RR. The bidding at the auction was spirited. Over the ten (10) hour auction period, there were approximately 71 bids. After the final round of bids, the Debtors, in consultation with their advisors and the Committee, designated the Stalking Horse's bid in the amount of $146,749,000 as the successful bidder and RR's bid in the amount of $146,249,000 as the back-up bidder.

Pursuant to the Final DIP Order, the Junior DIP Lender was a secured creditor of the Debtors holding a valid allowed claims against the Debtors in the aggregate amount of $46,000,000 plus additional amounts to the extent allowed under the Final DIP Order and was authorized to credit bid any or all of such allowed claim. The Junior DIP Lender assigned its DIP loan claim to the Stalking Horse Purchaser. Therefore, the Stalking Horse Purchaser's bid of $146,749,000 included a credit bid of $46,000,000.

On January 9, 2015, the Debtors filed a notice of auction results the [Docket No. 459], listing the Stalking Horse Purchaser, Reichhold Acquisitions Holdings LLC, as the successful bidder and RR as the backup bidder.

On January 12, 2015, the Court held a hearing on the Sale. By orders dated January 12, 2015 and January 14, 2015 [Docket Nos. 479, 483], the Court approved the sale to the Stalking Horse Purchaser. On April 1, 2015, the sale to the Stalking Horse Purchaser closed.

In connection with the sale, the Stalking Horse Purchaser assumed approximately $80 million of liabilities. In particular, the Stalking Horse Purchaser assumed (i) $73 million of liabilities pursuant to the Stalking Horse APA (independent of the wind down budget discussed below) including, among others, liabilities under the Senior DIP Loan and 503(b)(9) claims of vendors that agree to provide the Stalking Horse Purchaser with normal trade terms subject to a $14 million cap and (ii) $7 million of estimated post-petition accounts payable. At the closing of the sale, the Debtors retained approximately $7.2 million for wind-down and closing costs and received approximately $16 million of cash from the Stalking Horse Purchaser.

Additionally, in connection with the sale and as a condition to closing, the non-Debtor affiliates executed an Intercompany Release dated as of April 1, 2015 (the "Intercompany Release"). Pursuant to the Intercompany Release, the non-Debtor affiliates released and

discharged, among others, the Debtors from any and all actions, causes of action, claims, demands, damages, judgments, payments, losses, debts, dues and suits of every kind. Similarly, the Debtors released the non-Debtor affiliates. As a result of the Intercompany Release, all intercompany liabilities due by the Debtors to the non-Debtor affiliates were released.

3. **Wind Down Budget**

An integral component of the Purchase Price was ensuring that the Debtors had sufficient funds to wind down their estates. Accordingly, the Stalking Horse Purchaser agreed to fund the Sellers' Closing and Wind Down Expenses as follows: (X) an amount estimated in good faith by the Debtors and as set forth in Section 1.1(f) of the Sellers' Disclosure Schedule to the Stalking Horse APA, but in no event in excess, in the aggregate, of $6,770,000 for (i) the wind down of the Debtors' bankruptcy estates with respect to (A) the costs of preparation of financial reports and tax returns in connection with the wind down of the bankruptcy estates, and (B) all professional fees to be incurred in connection with the preparation of those reports, (ii) amounts necessary for the Debtors to pay taxes allocated to, or retained by the Debtors to the extent they are entitled to priority as administrative expenses and are not otherwise an assumed liability under the Stalking Horse APA; (iii) fees payable to the United States Trustee; (iv) accrued and unpaid professional, consulting and investment banking fees and commissions that have been allowed by the Bankruptcy Court, (v) insurance premiums, and (vi) other post-petition and unpaid operating expenses that (A) are not an assumed liability under the Stalking Horse APA or (B) not included in the DIP budget; and (Y) the amount which shall in no event exceed $1,636,000 to be spent for environmental-related liabilities. The Sellers' Closing and Wind Down Expenses totaling $8,406,000 were paid by the Purchaser.

4. **Operation of Asuza Plant pursuant to the Tolling Agreement with the Stalking Horse Purchaser**

Since 1949, the Debtors owned and operated a facility at 237 S. Motor Avenue in Azusa, California, manufacturing resins and other products (the "Azusa Property"). The Azusa Property was integral to the Debtors' operations and the Stalking Horse Purchaser intended to purchase the Azusa Property as part of the Stalking Horse APA. However, the Azusa Property is located within the Baldwin Park Operable Unit ("BPOU"), a seven mile long area of groundwater which is part of the San Gabriel Valley Superfund Site, which in 1984, the Environmental Protection Agency ("EPA") added to the National Priorities List and designated for cleanup of groundwater contamination. At the time of the Chapter 11 filings, the Debtors were one of several potentially responsible parties ("PRPs") at the BPOU of the San Gabriel Valley Super Fund Site who are contributing to the clean-up of such BPOU. The Stalking Horse Purchaser was only willing to purchase the Azusa Property if it could obtain a prospective purchaser agreement with the United States pursuant to a settlement agreement and covenant not to sue limiting its obligations to fund the water treatment facility and responsibility for groundwater contamination ("PPA"). The Debtors, Stalking Horse Purchaser, the U.S. Department of Justice and the EPA engaged in settlement negotiations which resulted in the PPA on June 3, 2015.

Without the PPA, the Stalking Horse Purchaser was not prepared to purchase the Azusa Property. The Stalking Horse APA was amended to allow for a delay of the closing of the sale

of the Azusa Property pending entry of the PPA. Because the product manufactured at the Azusa Property was integral to the Debtors' overall operations, and these products were also important to the Stalking Horse Purchaser, the Debtors and the Stalking Horse Purchaser entered into an Interim Product Tolling Manufacturing Agreement ("Tolling Agreement") as of April 1, 2015, the closing of the sale of the remaining assets. Under the Tolling Agreement, the Debtors manufactured product at the Azusa Property for the Stalking Horse Purchaser who purchased the product and then sold it along with other products to its customers. The Tolling Agreement provided for a pass through of all costs associated with the manufacture of the product including overhead and administration. With the approval of the PPA, the Stalking Horse Purchaser was prepared to purchase the Azusa Property and the closing on the sale of the Azusa Property occurred on June 30, 2015.

5. **Settlement With Committee**

In connection with the Final DIP Order and the sale of the Purchased Assets to the Stalking Horse Purchaser, the DIP Agents and DIP Lenders agreed to resolve the Committee's objections to both the DIP Motion and approval of the sale. In connection with that settlement, the parties agreed as follows:

a. The Junior DIP Lender would pay to Hahn & Hessen LLP, to be held in escrow, from their collateral, the sum of $1.50 million in cash (the "Payoff Amount"), which amount, absent the consent of the Committee, is earmarked for and will be used solely to fund a distribution to general unsecured creditors of the Debtors under a confirmed plan of liquidation or as otherwise pursuant to further order of the Bankruptcy Court.

b. None of the claims held by the Junior DIP Agent, the Junior DIP Lender, the Prepetition Secured Notes Agent and/or the Prepetition Secured Notes Parties (or any of the foregoing creditors' affiliates) (as defined in the Final DIP Order) or any intercompany claims held by any affiliate of a Debtor (other than another Debtor) shall be payable from the Payoff Amount.

c. Upon closing of the sale, the Junior DIP Lender would waive and release all obligations under the Junior DIP Loan to the extent not included in any credit bid.

d. The fees and expenses payable to the Committee's professionals from the Junior DIP Lenders' collateral shall be limited to the amount set forth in the line item for the Committee in the Budget.

e. Upon closing of the sale, the Committee's right to challenge the right of the Junior DIP Agent and Junior DIP Lender to include in the Junior DIP Obligations any and all advances made to pay off the Prepetition Obligations owed by RIL, the Debtors' Canadian affiliate, in the approximate amount of $8.7 million (the "Canadian Debt") or pursue any claims with respect to the Canadian Debt would be extinguished and any claims associated therewith would be extinguished.

f. Upon closing of the sale, the Committee's right to seek, in connection with the sale, a modification of the license agreement between the Debtors' and their non-debtor affiliates, expired.

6. **Executory Contracts and Leases**

Prior to the Petition Date, the Debtors entered into hundreds of contracts and leases in connection with the operation of their business, including service, purchase, distribution and other miscellaneous contracts and non-residential real property leases. The Debtors, with the assistance of their advisors, are continuing to review, evaluate and identify those contracts and leases that were excluded from the Sale, no longer benefit the Debtors' business operations and are burdensome to the Debtors' estates.

On January 1, 2015, the Debtors filed a motion [Docket No. 430] (the "Rejection Procedures Motion") seeking entry of an order authorizing and approving expedited procedures for the rejection of executory contracts and unexpired leases. On January 30, 2015, the Court entered an order [Docket No. 535] approving the rejection procedures set forth in the Rejection Procedures Motion (the "Rejection Procedures Order").

In connection with the Rejection Procedures Order, on March 31, 2015, the Debtors filed a Notice of Rejection of Executory Contract of Unexpired Lease [Docket No. 664] seeking to reject six (6) executory contracts effective as of March 31, 2015. On April 17, 2015, the Court entered an Order Authorizing and Approving Rejection of Executory Contracts and Unexpired Leases [Docket No. 690].

Additionally, on June 10, 2015, the Debtors filed a Notice of Rejection of Executory Contracts Related to Environmental Obligations [Docket No. 802]. On July 8, 2015, the Court entered an Order Authorizing and Approving Rejection of Executory Contracts Related to Environmental Obligations [Docket No. 880].

7. **Nonresidential Real Property Leases**

On March 26, 2015, the Debtors filed a Motion for Order Under Bankruptcy Code Section 365(d)(4) to Extend Deadline, with Consent, to Assume or Reject Unexpired Leases of Nonresidential Real Property [Docket No. 655] (the "Lease Extension Motion"). Ultimately, there was only one lease that was subject to the Lease Extension Motion relating to real property in Pensacola, Florida that was intended to be assumed and assigned to the Stalking Horse Purchaser in connection with the sale. On April 15, 2015, the Debtors obtained the consent of The Alabama & Gulf Coast Railway, LLC ("AGRR") to extend the time to assume or reject the nonresidential real property lease with the Debtors through and including July 27, 2015. On April 16, 2015, the Court entered an Order approving the Lease Extension Motion [Docket No. 685].

The Debtors, Stalking Horse Purchaser and AGRR negotiated an assumption and assignment of executory contracts that were not previously assumed and assigned under the Stalking Horse APA. On July 2, 2015, the Court entered an Order Authorizing Assumption and Assignment of Executory Contracts [Docket No. 867].

8. **Claims Process**

a. **Schedules and Statements**

On November December 15, 2014, the Debtors filed their Schedules of Assets and Liabilities [Docket Nos. 333, 335,337, and 339] (the "Schedules") and Statements of Financial Affairs [Docket Nos. 334, 336, 338, and 340] (the "Statements" and, together with the Schedules, the "Schedules and Statements"). Among other things, the Schedules and Statements set forth the claims of known creditors against the Debtors as of the Petition Date, based upon the Debtors' books and records. The Debtors retain the right to amend the Schedules and Statements during the pendency of the Chapter 11 Cases.

b. **Bar Date Order**

On January 30, 2015, the Court entered an order [Docket No. 536] (the "Bar Date Order") establishing the following deadlines for filing claims against the Debtors (the "Bar Dates"):

General Bar Date. All persons and entities, except any governmental unit, that hold or wish to assert against the Debtors a claim arising (or deemed to arise) before the Petition Date, including any claim arising under section 503(b)(9) of the Bankruptcy Code, were required to file with the Debtors' claims and noticing agent, Logan & Company, Inc. (the "Claims Agent"), on or before March 9, 2015 at 5:00 p.m. (Eastern Time) (the "General Bar Date"), a completed and executed Proof of Claim Form. Approximately 4600 claims against the Debtors had been timely filed as of the General Bar Date.

Governmental Bar Date. All governmental units that hold or wish to assert a claim arising (or deemed to arise) before the Petition Date against the Debtors were required to file with the Claims Agent on or before March 30, 2015 at 5:00 p.m. (Eastern Time) (the "Governmental Bar Date"), a completed and executed Proof of Claim Form.

Administrative Claims Bar Date. All persons or entities that hold or wish to assert a claim arising under sections 503(b)(1) through (8) and 507(a)(2) of the Bankruptcy Code (each, an "Administrative Claim") against the Debtors that may have arisen, accrued or otherwise become due and payable at any time on and subsequent to the Petition Date but on or before December 31, 2014 (the "Initial Administrative Claims Period") were required to file with the Claims Agent on or before March 9, 2015 at 5:00 p.m. (Eastern Time) (the "Initial Administrative Claims Bar Date") a completed and executed Administrative Claim Form. Approximately [161] Administrative Claims have been timely filed.

On May 29, 2015, the Court entered an order [Docket No. 771] establishing a second bar date for the filing of Administrative Claims that were not subject to the Initial Administrative Claims Bar Date. Specifically, the Court established July 10, 2015 at 5:00 p.m. (Eastern Time) (the "Second Administrative Claims Bar Date"), as the deadline to file Administrative Claims in the Chapter 11 cases for all persons and entities that hold Administrative Claims against the Debtors that may have arisen, accrued or otherwise became due and payable at any time on and subsequent to January 1, 2015, but on or before April 1, 2015.

Approximately 160 Administrative Claims have been timely filed prior to the Initial Administrative Claims Bar Date and Second Administrative Claims Bar Date.

Rejection Bar Date. If the Debtors reject pursuant to section 365 of the Bankruptcy Code any executory contract or unexpired lease, all persons or entities that hold or wish to assert a claim arising from such rejection (a "Rejection Damage Claim") shall file with the Claims Agent a completed and executed Proof of Claim Form on or before the later of (i) the General Bar Date or (ii) thirty (30) days after entry of any order authorizing the rejection of such executory contract or unexpired lease; provided, however, that persons or entities asserting claims with respect to contracts or leases that are not Rejection Damage Claims must file Proof of Claim Forms on account of such claims by the General Bar Date.

c. **Claims Objections**

The Debtors and their professionals are investigating claims filed against the Debtors to determine the validity of such claims and anticipate filing objections to claims that are filed in improper amounts or classifications, or are otherwise subject to objection under the Bankruptcy Code or other applicable law. As of the filing of this Disclosure Statement, the Debtors have filed 14 omnibus objections to claims.

9. **Extension of Exclusive Periods**

Section 1121(b) of the Bankruptcy Code provides for an initial 120-day period after the Petition Date within which a debtor has the exclusive right to file a Chapter 11 plan (the "Plan Period"). Section 1121(c) of the Bankruptcy Code further provides for an initial 180-day period after the Petition Date within which a debtor has the exclusive right to solicit and obtain acceptances of a plan filed by the debtor during the Plan Period (the "Solicitation Period" and, together with the Plan Period, the "Exclusive Periods"). In accordance with section 1121, the Debtors' Plan Period was initially set to expire on January 28, 2015, and the Solicitation Period was set to expire on March 30, 2015. On January 6, 2015, the Debtors filed a motion [Docket No. 432] (the "Exclusivity Extension Motion") seeking to extend the Exclusive Periods by approximately 90 days. On January 26, 2015, the Court approved the Exclusivity Extension Motion [Docket No. 513]. On March 26, 2015, the Debtors filed a motion [Docket No. 654] (the "Second Exclusivity Extension Motion") seeking to further extend the Exclusive Periods by approximately 60 days. On April 15, 2015 the Court approved the Second Exclusivity Extension Motion [Docket No. 684]. On June 22, 2015, the Court approved a further extension of the exclusivity period to file a plan through and including September 28, 2015 and to solicit acceptances thereto to November 26, 2015 [Docket No. 831]. On October 27, 2015, the Debtors filed their fourth motion [Docket No. 1169] (the "Fourth Exclusivity Extension Motion") seeking to extend their exclusive right to file a plan and solicit acceptances thereto for 60 days to January 26, 2016 and March 25, 2016, respectively. On November 13, 2015, the Court approved the Fourth Exclusivity Extension Motion [Docket No. 1223].

10. **Turnover of Pension Plan**

Prior to the Petition Date, Reichhold, Inc. sponsored a tax-qualified, single employer, defined benefit pension plan which was covered by Title IV of ERISA (the "Pension Plan").

Through a notice of determination dated October 15, 2014, the PBGC notified the Pension Plan administrator of its intent to, *inter alia*, proceed under 29 U.S.C. § 1342 to have the Pension Plan terminated. On October 17, 2014, the Pension Benefit Guaranty Corporation (the "PBGC") filed a complaint seeking (i) the involuntary termination of the Pension Plan, (ii) the appointment of the PBGC as statutory trustee of the Pension Plan, and (iii) the establishment of October 17, 2014 as the termination date for the Pension Plan. The Debtors agreed with the PBGC that the Pension Plan is underfunded, and did not believe that there was a reasonable basis to challenge the PBGC's determination to terminate the Pension Plan. However, the Debtors did and do not concede the validity, amount of underfunding or amount of any claim the PBGC may assert as a creditor including any lien claims. Nevertheless, on January 30, 2015, the Debtors filed a motion to authorize the Debtors to enter into an agreement with the PBGC for appointment of the PBGC as statutory trustee and termination of the Pension Plan (the "PBGC Motion") [Docket No. 539]. On February 23, 2015, the Court approved the PBGC Motion [Docket No. 592].

The PBGC has asserted twelve (12) claims against the Debtors for unfunded benefit liabilities, minimum required contributions and unpaid premiums including termination premiums (the "PBGC Claims"). The Debtors and PBGC are negotiating a resolution of the PBGC Claims. To facilitate further discussion after approval of this Disclosure Statement and before confirmation of the Plan, the Debtors and PBGC entered into a Stipulation regarding the PBGC Claims. That Stipulation, which was approved by the Court on October 16, 2015 [Docket No. 1135], provides for, among other things, a cap of $3.25 million on the administrative or priority status of the PBGC's unfunded benefit liability claim. The Debtors, however, reserved all rights to object to the PBGC Claims on any grounds and the PBGC reserved all rights to oppose any objection. The Debtors do not believe that the PBGC has any valid administrative claims. Additionally, pursuant to the stipulation, the PBGC agreed to vote in favor of the Plan so long as it (i) provides for substantive consolidation of the Debtors' cases, (ii) treats the unsecured portion of the PBGC Claims the same as other unsecured claims, (iii) provides for payment of administrative expense claims upon confirmation of the Plan and (iv) incorporates certain language proposed by the PBGC.

11. **De Minimis Asset Sale Procedures**

To facilitate the sale of assets and to minimize unnecessary administrative expenses, the Debtors filed a motion on January 6, 2015 [Docket No. 429] seeking to establish procedures to streamline the sale of any assets for aggregate consideration under a certain dollar threshold (the "De Minimis Assets") and to permit such sales to be consummated without the need for the filing of additional motions with the Court. The Court entered an Order on January 30, 2015 [Docket No. 534] (the "De Minimis Asset Sale Order") establishing procedures (the "De Minimis Asset Sale Procedures") permitting the sale of the De Minimis Assets in any individual transaction or series of related transactions to a single buyer or group of related buyers with an aggregate selling price of $100,000 or less. Absent written objection in accordance with the requirements of the De Minimis Asset Sale Procedures, the applicable Debtor was authorized to consummate the proposed sale in accordance with the terms of the underlying contract(s) or other document(s), after entry of an order approving such sale, which proposed order could be submitted by the Debtors to the Court under certification of counsel upon expiration of the applicable objection deadline. The De Minimis Asset Sale Order provided that any such transaction would be free and clear of all liens, claims, interests and encumbrances (collectively,

the "Liens"), with such liens attaching only to the sale proceeds with the same validity, extent and priority as had attached to the De Minimis Assets immediately prior to such sale.

On March 27, 2015, the Debtors filed a notice [Docket No. 659] pursuant to the De Minimis Asset Sale Procedures of their intent to sell certain equipment located in Newark, New Jersey for $25,000. There were no objections to the proposed sale and the Court entered an order [Docket No. 675] approving the sale transaction on April 9, 2015.

12. **Sale of Surplus Properties**

As of the closing of the sale of substantially all of the Debtors assets to the Stalking Horse Purchaser, the Debtors owned eleven (11) parcels of real estate which they no longer utilize in the operations of their business. The following are those properties: ("Surplus Properties").

- 400 Doremus Avenue, Newark, NJ
- 46 Albert Avenue, Newark, NJ
- 45-5 Cornelia Street, Newark, NJ
- 3101 South California Avenue, Chicago, IL
- 144 Fork Branch Road, Cheswold, DE
- 300 Hadgraft Industrial Boulevard, Chickamauga, GA
- Reichhold Road, Tuscaloosa, AL
- 11015 Reichhold Drive, Gulfport, MS
- 601 Woodward Heights Boulevard and related parcels, Ferndale, MI
- River Dam Road, Oakdale, LA
- Fort Valley GA

The Surplus Properties were excluded from the assets purchased by the Stalking Horse Purchaser. Certain of the Surplus Properties had or have environmental contamination, and in some cases, have or continue to be in the process of remediation. The Debtors retained Hilco Real Estate, LLC ("HRE") as real estate consultants to market the Surplus Properties for sale. The Debtors have entered into firm contracts to sell five of the Surplus Properties and on July 13, 2015 an order was entered by the Bankruptcy Court approving four of these sales:

(a) Doremus Avenue, Newark, NJ to Valley Industry, Inc. for $3,500,000;

(b) Albert Avenue and Cornelia Street to Albert and Cornelia, LLC for $435,000 and $700,000 respectively; and

(c) 3101 South California Avenue, Chicago to Pioneer Environmental Services, LLC for $500,000.

As of August 31, 2015, the Debtors have closed those sales.

The Debtors have entered into a contract to sell 144 Fork Branch Road, Cheswold, Delaware to Michael Steiner for $1,200,000. On August 6, 2015 the Debtors file a motion

seeking approval of this sale. On August 27, 2015, the Bankruptcy Court approved that sale. This sale closed on November 2, 2015.

The Debtors have entered into a contract to sell the property located at Reichhold Road in Tuscaloosa, Alabama to Southern Ionics, Incorporated for $250,000. On October 27, 2015, the Debtors filed motion seeking approval of that sale. The court approved that sale by Order dated November 13, 2015.

The Debtors are still in negotiations for the sale of the remaining Surplus Properties. The properties not sold may be abandoned.

One of the Surplus Properties is a former resin manufacturing facility located at 11015 Reichhold Road ,Gulfport , Mississippi ("Gulfport Property "). The Gulfport property consists of approximately 59 acres. Reichhold holds a Resource Conservation and Recovery Act ("RCRA") Permit ("Permit") for a portion of the Gulfport Property (The" RCRA Portion"). The Permit governs corrective actions being taken on the RECRA Portion of the Gulfport Property . A letter of credit in the amount of $3,550,000 (The " Letter of Credit ") was issued in favor of the State of Mississippi as adequate assurance of ongoing compliance with the Permit. The letter of Credit was issued by Bank of America and Reichhold deposited cash collateral with Bank of America to secure the Letter of Credit. Bank of America advised Mississippi that it would not renew the Letter of Credit when it expired and Mississippi has now drawn down the Letter of Credit . The proceeds are to be deposited in a stand by trust established for that purpose.

The balance of the Gulfport Property is not subject to any environmental restrictions. The Gulfport Property was subdivided so that the non RCRA Portion could be sold separately . The Debtors are finalizing a contract for the sale of the non RCRA portion and expect to file a motion to approve a sale of this portion of the property be heard at the December 16, 2015 Omnibus hearing. It does not appear that there is a purchaser for the RCRA Portion of the Gulfport Property.

Reichhold has been and continues to engage in discussions with the United States Department of Justice and Environmental Protection Agency (EPA) as well as the Mississippi Department of Environmental Quality (MDEQ) regarding ultimate disposition of the Gulfport property in the event all or part of the RCRA Portion could not been sold. Those discussions are now centered on potential conveyance of the RCRA Portion of the Gulfport Property to an environmental trust ("Environmental Trust") to be funded with the proceeds of the now drawn down Letter of Credit. The EPA, MDEQ, and the Debtors are in the process of interviewing potential trustees and EPA and MDEQ are confirming the availability of the Letter of Credit proceeds for use by the trustee of the Environmental Trust . It is not clear if the proceeds of the Letter of Credit will be sufficient to fund the costs of the Environmental Trust and ongoing compliance with the RCRA Permit. There is no agreement on possible alternative funding sources should the proceeds of the Letter of Credit not be sufficient . The United States and MDEQ Contend the Debtors should fund any additional amounts necessary to ensure future compliance with the RCRA permit by the environmental trust as well as to fund administrative expenses associated with operating the environmental trust. The Debtors contend that the future costs of continued compliance and administration of the trust are not entitled to priority payment

over the claims of general unsecured creditors. The discussions between the United States and MDEQ and the Debtors are ongoing. If Reichhold and the EPA and MDEQ cannot agree on the terms and conditions and potential funding of the Environmental Trust, Reichhold will likely seek to abandon the RCRA Portion of the Gulfport Property. Reichhold believes it can abandon the property under applicable law. The United States and MDEQ disagree and would oppose abandonment.

13. **Environmental Settlements**

Since the commencement of the Chapter 11 proceedings, the Debtors have entered into the following settlement regarding their environmental liabilities:

a. **Settlement Agreement with Glacier Northwest Inc. ("Glacier"):** The Debtors and Glacier were parties to an agreement regarding the environmental cleanup of property owned by Glacier located in Seattle, Washington (the "Site"). Glacier and the Debtors were also parties to an agreement with others concerning the cleanup of the Lower Duwamish Waterway ("LDW Site") which abutted the Site. Glacier filed a limited objection to the Debtors' November 12, 2014 Motion for authority to sell substantially all of its assets free and clear of liens, claims and encumbrances asserting the question of whether the Stalking Horse Purchaser could be deemed a "successor" and thereby have responsibility for Reichhold's cleanup obligations at the Site and the LDW Site, should not be addressed by the bankruptcy court. The objection was overruled and the sale order was entered. Glacier filed an appeal from that portion of the sale order which held that the Stalking Horse Purchaser was not a "successor". Thereafter, Glacier and the Debtors entered into a settlement pursuant to which Glacier dismissed its appeal, and agreed not to file any claim in this case. The Debtors assigned cost recovery rights and contribution claims that Reichhold had against third parties related to the Site or the LDW Site, and the Debtors agreed to provide Glacier with information pertaining to those claims. The bankruptcy court entered an order approving the Glacier settlement on May 28, 2015. The appeal was dismissed by stipulation was entered in the Federal District Court on June 12, 2015.

b. **Authorization for the Debtors to Enter Into Environmental Covenant Regarding Gulfport Mississippi Site ("Gulfport Site"):** The Debtors own surplus property located in Gulfport Mississippi. The Debtors ceased manufacturing activities at the Gulfport Site. The Debtors acquired the Gulfport Site, constructed a chemical manufacturing facility and began operations there in the 1960's. Thereafter, the Gulfport Site was sold to Arizona Chemical Company in 1989. Manufacturing operations at the Gulfport Site ceased in 1996 and Reichhold resumed ownership. Contamination was discovered in the 1980's. The Gulfport Site is subject to a Post-Closure and Corrective Action Permit (the "Permit") with the EPA and the Mississippi Environmental Quality ("MDEQ") dated August 13, 2012. After discussions with the EPA and MDEQ the Debtors agreed to enter into and record a covenant which would restrict future development on the Gulfport Site consistent with the Permit under requirements of the Resource Conservation and Recovery Act of 1976 ("RCRA"). On February 2, 2015, the Debtors filed a motion seeking authorization to enter into the

covenant. On February 23, 2015 the approval order was entered and thereafter the covenant was recorded.

c. **The Fairchild / Chubb Settlement:** As set forth above, the Debtors produced resins at the Azusa Property. The Azusa Property is located within the BPOU of the San Gabriel Valley Superfund Site. On June 30, 2000 the EPA issued an order ("EPA Order") directing Reichhold and eighteen other potentially responsible parties (the "PRPs") including Fairchild Holding Corporation ("FHC") to design and implement a remedy for the contamination of groundwater. On March 29, 2002, the Debtors and seven other PRPs (the "Cooperating PRPs") made the BPOU project agreement in which they agreed to fund the construction and operation of four water treatment plants. On March 18, 2009, FHC and its affiliates filed petitions for relief under Chapter 11 of the Bankruptcy Code. The Cooperating PRPs and their successors, including FHC settled claims against Chubb Insurance for $2 million to cover a portion of the costs associates with compliance with the EPA Order. The remaining Cooperating PRPs, excluding FHC, settled their claims against FHC in the FHC bankruptcy. Under that settlement, FHC will receive $299,999 of the $2 million Chubb settlement and the remaining PRPs would receive their allocable share of the $1,700,000 balance of the settlement which had been deposited into escrow. Of this $1,700,000 Reichhold would be entitled to receive 5.8714 % or $99,725.79 in exchange for the Debtors' agreement to the overall settlement agreements. On June 2, 2015, the Debtors filed a motion to approve the settlements. On June 22, 2015, an order was entered approving the settlements. Thereafter, the Debtors received its share of the settlement proceeds in the amount of $99,725.79.

d. **Ohio Fiber Settlement**

On October 9, 2014 the State of Ohio ("Ohio") commenced suit against Reichhold and others in the U.S. District Court for the Southern District of Ohio alleging that Reichhold , as a former owner of property located in Bremen Ohio is responsible for contamination at and migrating from the property (the "Ohio District Court Action"). On October 15, 2014 Ohio filed a motion for preliminary injunctive relief to compel Reichhold and others to implement a plan to address the contamination that Ohio alleges is migrating toward the public water supply of Bremen, Ohio. Ohio asserted that they were acting to enforce their police powers and, thus, the automatic stay did not apply. Reichhold denied the allegations. Nevertheless, in order to avoid potentially protracted and expensive litigation and to avoid potential injunctive relief which would have compelled Reichhold to engage in costly ameliorative measures, Reichhold engaged in settlement discussions with Ohio. Those discussions resulted in a settlement whereby Reichhold will pay $75,000 in satisfaction of Ohio's claims for injunctive relief and agree to entry of a consent decree in the U.S. District Court action. The protective administrative claim filed by Ohio would be withdrawn and Reichhold reserved all rights to challenge an unsecured claim filed by Ohio. On September 1, 2015, the Debtors filed a motion seeking approval of the settlement. On September 21, 2015, the Court entered an Order approving the settlement. Thereafter, on September 30, 2015, Reichhold and the State of Ohio filed a Joint Motion for approval and entry of the Consent Decree with the U.S. District Court in the Ohio District Court Action. An objection was filed by a co-defendant in the Ohio District Court Action. Reichhold and the State of Ohio have filed a reply to the objection. Reichhold has also sought to vacate the

injunction which was entered. Reichhold has been advised by the U.S. Magistrate that the injunction would not be vacated pending application to approve the settlement. No hearing on the matter has of yet been scheduled in the Ohio District Court Action and the U.S. District Court may rule without a hearing.

E. Termination of Retiree Plans

As set forth above, in anticipation of the Debtors seeking to terminate the Retiree Welfare Programs under Section 1114 of the Bankruptcy Code, on April 1, 2015, the Office of the United States Trustee appointed the Retiree Committee. After its appointment, the Debtors provided information to the Retiree Committee as well as counsel for the United Steelworkers regarding the Retiree Welfare Programs and the status of the Debtors' Chapter 11 cases.

On October 20, 2015, the Debtors entered into separate settlement agreements with the Retiree Committee and Steelworkers to terminate their retiree welfare plans and resolve all claims related thereto. Pursuant to those settlement agreements and subject to Court approval, the Debtors will terminate the retiree life and medical insurance programs at 11:59 p.m. on November 30, 2015. In connection with those settlements, the Debtors agreed to make settlement payments to the retirees in satisfaction of all claims against the Debtors. Specifically, with respect to the Steelworkers, the Debtors will make a settlement payment as follows: (a) eligible recipients shall receive eight (8%) percent of the face amount of their individual life insurance coverage, and (b) eligible recipients of the Debtors' retiree medical program who do not contribute to the medical program or contribute less than $70 per month to the program shall receive a one-time payment of $1,200. The aggregate amount to be paid under the Steelworkers Settlement is approximately $54,000. With respect to the constituents represented by the Retiree Committee, the Debtors will make payments totaling $267,276.39[6] to the affected eligible participants as directed by the Retiree Committee.

The Debtors have also made proposals to terminate retiree benefits consistent with the terms of the Retiree Committee and Steelworkers' settlements to the following unions representing retirees: (a) International Brotherhood of Teamsters (the "Teamsters"); (b) International Union of Painters and Allied Trades ("IUPA"); and (c) International Chemical Workers Union ("ICWU"). Despite the Debtors' repeated attempts to negotiate with those unions, the Teamsters, IUPA and ICWU failed to respond to the Debtors' proposal.

On October 27, 2015, the Debtors filed a motion pursuant to sections 105(a), 363 and 1114(e)(1)(B) of the Bankruptcy Code and Rule 9019 of the Bankruptcy Rules (i) authorizing the Debtors' entry into and approving the settlement agreements with the Steelworkers and Retiree Committee and (ii) approving termination of retiree benefits for the retired members of the Teamsters, IUPA and ICWU. A hearing on that motion is currently scheduled for November 17, 2015.

[6] This amount is the sum of the following: (a) eight (8%) percent of the face amount of the non-union retiree's life insurance coverage and (b) $1,200 for each non-union retiree participant in the retiree medical program that does not contribute or contributes less than $70 per month.

F. Asbestos Litigation and Insurance

1. Asbestos Personal Injury Claims Against Reichhold, Inc.

The only personal injury claims pending against Reichhold, Inc. as of the Petition Date or submitted in proofs of claim filed before the General Bar Date are asbestos personal injury claims (the "Asbestos Claims"). As of the Petition Date, Reichhold, Inc. was a defendant in approximately 125 Asbestos Claims. After the Petition Date, 92 proofs of claim were submitted by certain claimants in these lawsuits. An additional 4,088 asbestos-related proofs of claim were submitted by the Bar Date by individuals who are not connected to the 125 Asbestos Claims pending as of the Petition Date. At the time of this Disclosure Statement, 1,930 of those additional proofs of claim have been withdrawn. Of the remaining 2,158 additional proofs of claim, 1,930 were filed by a single law firm, Edward O. Moody, P.A., with no prior claim history against Reichhold, Inc. The Debtors objected to these 1,930 proofs of claim and the Bankruptcy Court entered an Order Sustaining the Debtors' Sixth Omnibus Objection (Substantive) to the Proofs of Claim Filed by Edward O. Moody, P.A. Of the other 228 proofs of claim not associated with a pending pre-Petition Date lawsuit, Reichhold, Inc. calculates that 121 were submitted by claimants who have previously named and dismissed Reichhold, Inc. without prejudice in a prior Asbestos Claim. Therefore, only 107 proofs of claim alleging asbestos-related bodily injuries were filed before the Bar Date by individuals who have not previously asserted an Asbestos Claim against Reichhold, Inc.

2. Insurance Coverage

Comprehensive general liability insurance policies were purchased by Reichhold, Inc. from the time it began manufacturing asbestos in 1964 until the introduction of policy exclusions barring coverage for asbestos-related injuries and damages these policies are potentially implicated and available to pay for a share of Reichhold, Inc.'s Asbestos Claims. The primary, umbrella, and excess general liability policies Reichhold, Inc. purchased from 1965 until at least until 1993, are "occurrence-based" policies, which, subject to other policy terms, generally insure against "occurrences" that result in bodily injury or property damage that trigger the applicable policy period, even if the injury or damage does not manifest itself until after the policy period. Reichhold, Inc.'s pre-1986 "occurrence" policies provide insurance coverage for asbestos and other "long-tail" claims, which are commonly asserted years or decades after the underlying injuries are alleged to have occurred. In addition, Reichhold, Inc. purchased one primary insurance policy covering four years after 1985 that has been determined to provide coverage for Reichhold, Inc.'s Asbestos Claims.

In total, these policies provide at least $17.4 million in current available limits (net of prior exhaustion by asbestos and other claims). All of the available primary policies include a duty on the part of the insurers to defend claims that are potentially covered under their policies. Such defense costs are paid by the insurers in addition to their policies' respective limits of liability.

During this period, Reichhold, Inc. also purchased multiple layers of excess coverage providing additional insurance coverage should the primary policies exhaust their coverage from the payment of coverage claims. From 1965 to 1985, Reichhold, Inc. purchased primary,

umbrella, and/or excess comprehensive general liability policies with combined policy limits of more than $843 million

3. **Defense and Indemnity Agreement and Proposed Cooperation Agreement**

To date, defense and indemnity costs for Asbestos Claims against Reichhold, Inc. have been substantially covered by the Reichold, Inc.'s primary insurance carriers under a defense and indemnity agreement ("Defense and Indemnity Agreement"). However, pursuant to the insurance policies and the Defense and Indemnity Agreement, as well as prior insurance settlement agreements that released the premises/operations coverage available from certain of its insurance policies, certain asbestos-related defense and indemnity costs have been paid by Reichhold, Inc. The Defense and Indemnity Agreement had no expiration but could be unilaterally terminated prospectively by any party as to that party upon notice. Reichhold, Inc. and primary insurance carriers who were parties to the Defense and Indemnity Agreement therefore entered discussions concerning the replacement of the Defense and Indemnity Agreement with a cooperation agreement ("Products Insurance Cooperation Agreement") to take its place following confirmation of the Plan. Reichhold, Inc. and its primary insurance carriers have now reached agreement in principle on a Products Insurance Cooperation Agreement, in substantially the form included in the solicitation package provided to Holders of Claims in Class 3 (General Unsecured Claims). The Products Insurance Cooperation Agreement will ensure that defense costs and liability for Insured Asbestos Claims, including the asbestos-related proofs of claim filed in the bankruptcy proceeding, will be paid by insurance pursuant to its terms and without contribution by Reichhold. Upon execution of the Products Insurance Cooperation Agreement, the Defense and Indemnity Agreement will be terminated pursuant to the terms of both agreements.

4. **Factors that May Reduce Available Insurance Coverage**

There are several factors that may reduce the amount of insurance coverage potentially available to Reichhold, Inc. on account of Asbestos Claims asserted against it.

a. **Insurance Coverage Litigation**

Although no insurance coverage litigation is pending at this time between Reichhold, Inc. and its insurers and Reichhold, Inc. has no reason to believe that litigation will be necessary, such litigation could arise in the future, particularly, if Reichhold, Inc.'s Asbestos Claims implicate one or more of its excess insurers' policies and the excess insurers contest or otherwise fail to honor their coverage obligations. In light of its modest claim history, Reichhold, Inc. has not engaged with its excess insurers regarding their coverage obligations for Asbestos Claims. Accordingly, estimating the amount of insurance recovery from those policies is inherently uncertain at this time and depends on a number of factors, including the potential for disputes over coverage and the timing and amount of Asbestos Claims. Therefore, to the extent that any excess carriers are called on to pay a share of future Asbestos Claims against Reichhold, Inc. and thereafter assert coverage defenses, the cost of recovering under and/or the availability of the excess insurance could be affected.

b. **Unavailable Insurance in the 1985 to 1986 Policy Year**

Certain excess insurance policies in the 1985 to 1986 policy year contain asbestos-related exclusions. Based on current records, Reichhold, Inc. currently understands that policies providing approximately $24.5 million of the $100 million in excess policy limits purchased for that policy period include such exclusions.

Some of Reichhold, Inc.'s excess insurance coverage totaling $11 million was issued by insurers that have been declared insolvent. As a result, Reichhold, Inc. does not expect to be able to recover under these excess liability policies. Although Reichhold, Inc. has no reason to believe that such an event is presently foreseeable, recovery may also be limited or delayed if other Reichhold, Inc. insurers later become insolvent.

It is also possible that certain excess insurers in the 1985 to 1986 policy year who issued $51.74 million of otherwise available additional policy limits may dispute coverage because their policies provide coverage in excess of policies that are insolvent or contain asbestos-related exclusions.

c. **Insurance Commutation Agreements**

Several years ago, Reichhold, Inc. entered into policy commutation agreements with three of its excess insurers to resolve past disputes as to insurance coverage for Reichhold, Inc.'s environmental liabilities. Pursuant to those agreements, Reichhold, Inc. commuted $130.75 million in coverage. As a result of these policy commutation agreements, Reichhold, Inc. will be unable to recover from these insurers. Reichhold, Inc. also released the premises/operations coverage available from certain of its insurance policies, including certain of the primary policies pursuant to prior settlement agreements concerning Reichhold, Inc.'s historic environmental liabilities. As a result, only products liability coverage and limits are still available under certain of Reichhold, Inc.'s primary policies and its settled but non-commuted excess policies.

It is also possible that certain excess insurers who issued $69 million in otherwise available additional policy limits may dispute coverage because their policies provide coverage in excess of the commuted policies.

ARTICLE IV

SUMMARY OF PLAN

THIS SECTION PROVIDES A SUMMARY OF THE STRUCTURE AND MEANS FOR IMPLEMENTATION OF THE PLAN AND THE CLASSIFICATION AND TREATMENT OF CLAIMS AND INTERESTS UNDER THE PLAN. THIS SECTION IS QUALIFIED IN ITS ENTIRETY BY AND IS SUBJECT TO THE PLAN AS WELL AS THE EXHIBITS THERETO AND DEFINITIONS THEREIN. THE PLAN IS ATTACHED TO THIS DISCLOSURE STATEMENT AS EXHIBIT A.

THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT INCLUDE SUMMARIES OF THE PROVISIONS CONTAINED IN THE PLAN AND IN DOCUMENTS REFERRED TO THEREIN. THE STATEMENTS CONTAINED IN THIS DISCLOSURE

STATEMENT DO NOT PURPORT TO BE PRECISE OR COMPLETE STATEMENTS OF ALL THE TERMS AND PROVISIONS OF THE PLAN OR DOCUMENTS REFERRED TO THEREIN. REFERENCE IS MADE TO THE PLAN AND TO SUCH DOCUMENTS FOR THE FULL AND COMPLETE STATEMENTS OF SUCH TERMS AND PROVISIONS.

THE PLAN ITSELF AND THE DOCUMENTS REFERRED TO THEREIN CONTROL THE ACTUAL TREATMENT OF CLAIMS AGAINST AND INTERESTS IN THE DEBTORS UNDER THE PLAN. UPON OCCURRENCE OF THE EFFECTIVE DATE, THE PLAN AND ALL SUCH DOCUMENTS SHALL BE BINDING UPON ALL HOLDERS OF CLAIMS AGAINST AND INTERESTS IN THE DEBTORS AND THEIR ESTATES AND ALL OTHER PARTIES IN INTEREST. IN THE EVENT OF ANY CONFLICT BETWEEN THIS DISCLOSURE STATEMENT, ON THE ONE HAND, AND THE PLAN, THE LIQUIDATING TRUST AGREEMENT OR ANY OTHER OPERATIVE DOCUMENT, ON THE OTHER HAND, THE TERMS OF THE PLAN, THE LIQUIDATING TRUST AGREEMENT AND SUCH OTHER OPERATIVE DOCUMENT WILL CONTROL.

I. Classification and Treatment of Claims and Interests

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

The Bankruptcy Code also requires that a plan provide the same treatment for each claim or interest of a particular class unless the claim holder or interest holder agrees to a less favorable treatment of its claim or interest. The Debtors believe that they have complied with such standard. If the Court finds otherwise, however, it could deny confirmation of the Plan if the Claimholders and Interest Holders affected do not consent to the treatment afforded them under the Plan.

A Claim or Interest is placed in a particular Class only to the extent that the Claim or Interest falls within the description of that Class, and is classified in other Classes to the extent that any portion of the Claim or Interest falls within the description of such other Classes. A Claim also is placed in a particular Class for the purpose of receiving Distributions pursuant to the Plan only to the extent that such Claim is an Allowed Claim in that Class and such Claim has not been paid, released or otherwise settled prior to the Effective Date.

The Debtors believe that the Plan has classified all Claims and Interests in compliance with the provisions of section 1122 of the Bankruptcy Code and applicable case law. It is possible that a holder of a Claim or Interest may challenge the Debtors' classification of Claims and Interests and that the Court may find that a different classification is required for the Plan to be confirmed. If such a situation develops, the Debtors intend, in accordance with the terms of

the Plan, to make such permissible modifications to the Plan as may be necessary to permit its confirmation. Any such reclassification could adversely affect holders of Claims by changing the composition of one or more Classes and the vote required of such Class or Classes for approval of the Plan. UNLESS SUCH MODIFICATION OF CLASSIFICATION MATERIALLY ADVERSELY AFFECTS THE TREATMENT OF A HOLDER OF A CLAIM AND REQUIRES RESOLICITATION, ACCEPTANCE OF THE PLAN BY ANY HOLDER OF A CLAIM OR INTEREST PURSUANT TO THIS SOLICITATION WILL BE DEEMED TO BE A CONSENT TO THE PLAN'S TREATMENT OF SUCH HOLDER OF A CLAIM REGARDLESS OF THE CLASS AS TO WHICH SUCH HOLDER ULTIMATELY IS DEEMED TO BE A MEMBER.

The amount of any Impaired Claim that ultimately is Allowed by the Court may vary from any estimated Allowed amount of such Claim and, accordingly, the total Claims that are ultimately Allowed by the Court with respect to each Impaired Class of Claims may also vary from any estimates contained herein with respect to the aggregate Claims in any Impaired Class. Thus, the value of property that ultimately will be received by a particular Holder of an Allowed Claim may be adversely or favorably affected by the aggregate amount of Claims Allowed in the applicable Class.

The classification of Claims and Interests and the nature of Distributions to members of each Class are summarized below. The Debtors believe that the consideration, if any, provided under the Plan to holders of Claims and Interests reflects an appropriate resolution of their Claims and Interests, taking into account the differing nature and priority (including applicable contractual subordination) of such Claims and Interests. The Court must find, however, that a number of statutory tests are met before it may confirm the Plan. Many of these tests are designed to protect the interests of holders of Claims or Interests who are not entitled to vote on the Plan, or do not vote to accept the Plan, but who will be bound by the provisions of the Plan if it is confirmed by the Court.

A. Unclassified Claims

1. Administrative Claims

On or as soon as reasonably practicable after the later of (i) the Initial Distribution Date or (ii) the date such Administrative Claim becomes an Allowed Administrative Claim, a Holder of an Allowed Administrative Claim (other than a Professional) will receive, in full satisfaction, settlement, release and discharge of, and in exchange for, such Allowed Administrative Claim, (a) Cash equal to the unpaid portion of the Face Amount of such Allowed Administrative Claim or (b) such other treatment as to which such Holder and the Debtors or the Liquidating Trustee, as applicable, have agreed upon in writing; provided, however, that Allowed Administrative Claims with respect to liabilities incurred by a Debtor in the ordinary course of business during the Chapter 11 Cases may be paid in the ordinary course of business in accordance with the terms and conditions of any agreements relating thereto (x) on or prior to the Effective Date, by the Debtors, and (y) after the Effective Date, by the Disbursing Agent. Allowed Professional Fee Claims will be paid from the Professional Fee Reserve pursuant to Article V.G.1 of the Plan. For the avoidance of doubt, any payments made by the Liquidating Trust on account of Allowed Administrative Claims will be paid solely from the Administrative Claims Reserve.

2. Priority Tax Claims

On or as soon as reasonably practicable after the later of (i) the Initial Distribution Date or (ii) the date such Priority Tax Claim becomes an Allowed Priority Tax Claim, a Holder of an Allowed Priority Tax Claim will receive, in full satisfaction, settlement, release and discharge of, and in exchange for, such Allowed Priority Tax Claim, (a) Cash equal to the unpaid portion of the Face Amount of such Allowed Priority Tax Claim or (b) such other treatment as to which such Holder and the Debtors or the Liquidating Trustee, as applicable, have agreed upon in writing. For the avoidance of doubt, any payments made by the Liquidating Trust on account of Allowed Priority Tax Claims will be paid solely from the Administrative Claims Reserve.

B. Unimpaired Claims

1. Class 1: Secured Claims

On or as soon as reasonably practicable after the later of (i) the Initial Distribution Date or (ii) the date such Secured Claim becomes an Allowed Secured Claim, a Holder of an Allowed Secured Claim will receive, in full satisfaction, settlement, release and discharge of, and in exchange for, such Allowed Secured Claim, (a) Cash from the Debtors equal to the value of such Allowed Secured Claim, (b) a return of the Holder's Collateral securing the Secured Claim, (c) such treatment required under section 1124(2) of the Bankruptcy Code for such Claim to be rendered Unimpaired or (d) such other treatment as to which such Holder and the Debtors or the Liquidating Trustee, as applicable, have agreed upon in writing.

Any Holder of a Secured Claim will retain its Lien in the Collateral or the proceeds of the Collateral (to the extent that such Collateral is sold by the Debtors or the Liquidating Trustee free and clear of such Lien) to the same extent and with the same priority as such Lien held as of Petition Date until such time as (A) the Holder of such Secured Claim (i) has been paid Cash equal to the value of its Allowed Secured Claim, (ii) has received a return of the Collateral securing the Secured Claim or (iii) has been afforded such other treatment as to which such Holder and the Debtors or the Liquidating Trustee, as applicable, have agreed upon in writing; or (B) such purported Lien has been determined by an order of the Court to be invalid or otherwise avoidable.

2. Class 2: Priority Non-Tax Claims

On or as soon as reasonably practicable after the later of (i) the Initial Distribution Date or (ii) the date such Priority Non-Tax Claim becomes an Allowed Priority Non-Tax Claim, a Holder of an Allowed Priority Non-Tax Claim will receive, in full satisfaction, settlement, release and discharge of, and in exchange for, such Allowed Priority Non-Tax Claim, (a) Cash equal to the unpaid portion of the Face Amount of such Allowed Priority Non-Tax Claim or (b) such other treatment as to which such Holder and the Debtors or the Liquidating Trustee, as applicable, have agreed upon in writing. For the avoidance of doubt, any payments made by the Liquidating Trust on account of Allowed Priority Non-Tax Claims will be paid solely from the Administrative Claims Reserve.

C. Impaired Claims

1. Class 3: General Unsecured Claims

On the Effective Date, each Holder of an Allowed General Unsecured Claim that is not an Insured Claim will receive, in full satisfaction, settlement, release and discharge of, and in exchange for, such Allowed General Unsecured Claim, its Pro Rata share of the Liquidating Trust Interests.

As set forth in the Liquidating Trust Agreement, Distributions from the Liquidating Trust on account of Liquidating Trust Interests will be made from the Liquidating Trust Assets after paying, reserving against or satisfying, among other things, the operating and administrative expenses of the Liquidating Trust, including but not limited to all costs, expenses and obligations incurred by the Liquidating Trustee (or professionals who may be employed by the Liquidating Trustee in administering the Liquidating Trust) in carrying out their responsibilities under the Liquidating Trust Agreement, or in any manner connected, incidental or related thereto.

Special Provisions regarding distributions to Holders of Allowed Insured Claims and Allowed Insured Asbestos Claims are set forth in Section III.G of the Plan.

2. Class 4: Convenience Claims

On or as soon as reasonably practicable after the later of (i) the Initial Distribution Date or (ii) the date on which a Class 4 Convenience Claim becomes an Allowed Claim, each Holder of an Allowed Convenience Claim will receive Cash in the amount of 5% of the amount of its Allowed Convenience Class Claim. For the avoidance of doubt, any payments made by the Liquidating Trust on account of Allowed Convenience Claims will be paid solely from the Convenience Claims Reserve.

3. Class 5: Intercompany Claims

In connection with, and as a result of, the substantive consolidation of the Debtors' Estates and the Chapter 11 Cases, on the Effective Date, all Intercompany Claims will be eliminated and the Holders of Intercompany Claims will not be entitled to, and will not receive or retain, any property or interest in property on account of such Claims.

D. Interests

1. Class 6: Interests

On the Effective Date, all Interests will be cancelled and each Holder thereof will not be entitled to, and will not receive or retain, any property or interest in property under the Plan on account of such Interests.

E. Special Provision Regarding Unimpaired Claims

Except as otherwise provided in the Plan, the Confirmation Order, any other order of the Court or any document or agreement enforceable pursuant to the terms of the Plan, nothing will

affect the rights and defenses, both legal and equitable, of the Debtors and/or the Liquidating Trust with respect to any Unimpaired Claims, including, but not limited to, all rights with respect to legal and equitable defenses to setoffs or recoupments against Unimpaired Claims.

F. Allowed Claims

Notwithstanding any provision in the Plan to the contrary, the Disbursing Agent will only make Distributions to Holders of Allowed Claims. No Holder of a Disputed Claim will receive any Distribution on account thereof until (and then only to the extent that) its Disputed Claim becomes an Allowed Claim. The Debtors and/or the Liquidating Trustee may, in their discretion, withhold Distributions otherwise due thereunder to any Claimholder until the Claims Objection Deadline, to enable a timely objection thereto to be filed. Any Holder of a Claim that becomes an Allowed Claim after the Effective Date will receive its Distribution in accordance with the terms and provisions of the Plan and/or the Liquidating Trust Agreement, as applicable.

G. Special Provisions Regarding Insured Claims

1. Limitation on Amounts to Be Distributed to Holders of Allowed Insured Claims (other than Insured Asbestos Claims)

Distributions under the Plan to each Holder of an Insured Claim will be limited to Distributions as the Holder of an Allowed General Unsecured Claim for the following amounts: (a) the applicable self-insured retention ("SIR") under the relevant Policy and (b) the amount by which a Claimholder's Claim exceeds the total coverage available from the relevant insurance policies of the Debtors for such Claim. Nothing in the Plan, the Plan Supplement, the Confirmation Order, or any other order of the Bankruptcy Court (including, without limitation, any other provision that purports to be preemptory or supervening or grants an injunction or release) alters or amends the terms and conditions of insurance policies issued to or providing coverage to any of the Debtors and/or any agreements related thereto including, but not limited to, (i) any obligation of an insurer (or third party administrator) to pay the holder of an Insured Claim amounts within a deductible (as opposed to an SIR) in whole dollars; (ii) any obligation of an insured to reimburse insurer for under-deductible amounts paid; and (iii) any right of an insurer and/or third party administrator to draw upon, hold and/or apply collateral and/or security to the insureds' obligations (including, but not limited to, deductible reimbursement obligations) thereunder regardless of whether such obligations arise before or after the Effective Date.. Nothing in Section III.G.1. of the Plan will constitute a waiver of any Cause of Action the Debtors may hold against any Person, including the Debtors' Insurers, or is intended to, will or will be deemed to preclude any Holder of an Allowed Insured Claim from recovering Insurance Proceeds from any Insurer of the Debtors subject to applicable non-bankruptcy law, in addition to any Distribution such Holder may receive under the Plan; provided, however, that nothing herein, shall create or permit a direct right of action by the Holder of an Insured Claim against an insurer; and provided further, however, that the Debtors do not waive, and expressly reserve their rights to assert that any insurance coverage is property of the Estates to which they are entitled.

2. **Resolution of Asbestos Claims by the Liquidating Trust**

Asbestos Claims will be liquidated, determined, or otherwise resolved in the appropriate non-bankruptcy forum, except the Bankruptcy Court will retain jurisdiction to resolve bankruptcy-related issues, including concurrent jurisdiction with the appropriate non-bankruptcy forums to determine if an Asbestos Claim is barred by the Bar Date Order.

Pursuant to the Products Insurance Cooperation Agreement, Disputed Asbestos Claims will be defended against and liquidated, determined, or otherwise resolved by the Liquidating Trust in cooperation with the Products Insurance Carriers participating in that agreement, at the cost of such carriers and pursuant to and in accordance with the terms of the Products Insurance Cooperation Agreement.

Distributions under the Plan to each Holder of an Asbestos Claim settled or resolved by final judgment will be in accordance with the treatment provided under the Plan for General Unsecured Claims, but solely to the extent that such Asbestos Claim is not satisfied from proceeds payable to the holder thereof under any Products Insurance Policies and applicable law. To the extent an Asbestos Claim is an Insured Asbestos Claim, that Claim or the Insured portion of that Claim will first be satisfied by the Products Insurance Carriers participating in the Products Insurance Cooperation Agreement, pursuant to and in accordance with the terms of the Products Insurance Cooperation Agreement. To the extent that a Holder has a resolved Asbestos Claim, the amount of which exceeds the total coverage available from the Products Insurance Policies, such Holder will have an Allowed General Unsecured Claim in the amount by which such Asbestos Claim exceeds the coverage available under the Products Insurance Policies. Pursuant to the Liquidating Trust Agreement, the Liquidating Trustee will expressly allow a resolved Asbestos Claim in the amount by which such Claim exceeds the coverage available from the Products Insurance Policies, upon settlement or, if resolved by final judgment, after any period to appeal from a judgment has run without the appeal being taken.

3. **Limitations on Effect of Bankruptcy**

Except as otherwise provided in Section III.G.3 of the Plan, nothing in this Disclosure Statement, the Plan, the Confirmation Order or any other order of the Court to the contrary (including, without limitation, any other provision that purports to be preemptory or supervening or grants a release): (i) will affect, impair or prejudice the rights and defenses of the Insurers or the Debtors, or other insureds under the Insurance Policies in any manner; and such Insurers, Debtors, and other insureds will retain all rights, obligations and defenses under the Insurance Policies, and the Insurance Policies will apply to, and be enforceable by and against, the applicable Debtor(s) or insured(s) and the applicable Insurer(s) as if the Chapter 11 Cases had not occurred; (ii) will in any way operate to, or have the effect of, impairing or having any res judicata, collateral estoppel or other preclusive effect on any party's legal, equitable or contractual rights or obligations under any Insurance Policy, if any, in any respect; or (iii) shall otherwise determine the applicability or non-applicability of any provision of any Insurance Policy and any such rights and obligations will be determined under the Insurance Policies and applicable non-bankruptcy law.

II. Means For Implementation Of The Plan

A. Substantive Consolidation

1. Consolidation of the Chapter 11 Estates

The Plan contemplates and is predicated upon entry of an order substantively consolidating the Debtors' Estates and Chapter 11 Cases for all purposes, including voting, Distribution and Confirmation. On the Effective Date, (i) all Intercompany Claims between the Debtors will be eliminated, (ii) all assets and liabilities of the Affiliate Debtor will be merged or treated as if they were merged with the assets and liabilities of Reichhold, (iii) any obligation of a Debtor and any guarantee thereof by the other Debtor will be deemed to be one obligation of Reichhold, and any such guarantee will be eliminated, (iv) the issued and outstanding shares of stock of the Affiliate Debtor will be cancelled, (v) each Claim Filed or to be Filed against any Debtor will be deemed Filed only against Reichhold and will be deemed a single Claim against and a single obligation of Reichhold, and (vi) any joint or several liability of the Debtors will be deemed one obligation of Reichhold. On the Effective Date, and in accordance with the terms of the Plan and the consolidation of the assets and liabilities of the Debtors, all Claims based upon guarantees of collection, payment or performance made by one Debtor as to the obligations of another Debtor will be released and of no further force and effect.

The substantive consolidation effected pursuant to Article V.A.1 of the Plan (x) will not affect the rights of any Holder of a Secured Claim with respect to the Collateral securing such Claims and (y) will not, and will not be deemed to, prejudice the Causes of Action and the Avoidance Actions (subject to the releases set forth in Article X.D of the Plan), which will survive entry of the Substantive Consolidation Order, as if there had been no substantive consolidation.

In the event the Bankruptcy Court authorizes the Debtors to substantively consolidate less than all of the Debtors' Estates: (a) the Plan will be treated as a separate plan of liquidating for each Debtor not substantively consolidated and (b) the Debtors will not be required to resolicit votes with respect to the Plan.

2. The Effect of Substantive Consolidation

Pursuant to Article V of the Plan, the Debtors will be deemed consolidated solely for the purposes of voting, confirmation and making distributions to the holders of Allowed Claims under the Plan. Substantive consolidation is an equitable remedy that a bankruptcy court may apply in the chapter 11 cases of affiliated debtors, among other instances. Substantive consolidation of the estates of multiple debtors in a bankruptcy case effectively combines the assets and liabilities of multiple debtors for certain purposes under a plan. The effect of substantive consolidation is the pooling of the assets of, and claims against, consolidated debtors, satisfying liabilities from a common fund and combining the creditors of consolidated debtors for purposes of voting on a plan. In the absence of substantive consolidation, the creditors of an individual debtor could only look to the assets of that debtor to fully or partially satisfy such creditor's claim.

3. The Basis for Substantive Consolidation

Substantive consolidation of the Debtors is an important element of the Debtors' successful implementation of the Plan. The Debtors submit that the proposed substantive consolidation structure is supported by the applicable legal standards, practical considerations and the Debtors' prepetition operations and financial affairs. The recoveries for unsecured creditors in these Chapter 11 Cases will ultimately derive from a single source: the Liquidating Trust Interests. Furthermore, the substantive consolidation of the Debtors will expedite the conclusion of the Chapter 11 Cases.

In the Debtors' view, it is extremely unlikely that separate plans for each of the Debtors would produce an entitlement to a recovery for any creditor that is more than what is available under the Plan. The Debtors are not seeking to substantively consolidate offensively (i.e., with a primary purpose of disadvantaging tactically a group of creditors in the plan process or altering creditors' rights).

4. Substantive Consolidation Order

The Plan will serve as, and will be deemed to be, a motion for entry of an order substantively consolidating the Debtors' Chapter 11 Cases. If no objection to substantive consolidation is timely Filed and served by any Holder of an Impaired Claim affected by the Plan as provided therein on or before the deadline to object to Confirmation of the Plan, or such other date as may be fixed by the Court, the Substantive Consolidation Order (which may be the Confirmation Order) may be approved by the Court. If any such objections are timely Filed and served, a hearing with respect to the substantive consolidation of the Chapter 11 Cases and the objections thereto will be scheduled by the Court, which hearing may, but is not required to, coincide with the Confirmation Hearing.

B. Corporate Action

1. Deemed Merger of Debtors

On the Effective Date, (a) Canadyne-Georgia Corporation will be deemed merged with and into Canadyne Corporation, which will then be deemed merged with and into Reichhold without the necessity of action being taken by or on behalf of the Debtors; provided, however, that the Debtors shall be required to file all documents necessary to effectuate such mergers; (b) Reichhold Holdings US, Inc. will be deemed merged with and into Reichhold without the necessity of any action being taken by or on behalf of the Debtors; provided, however, that the Debtors will be required to file all documents necessary to effectuate such merger; (c) the members of the boards of directors of the Debtors will be deemed to have resigned; (d) the Chapter 11 Cases of the Affiliate Debtors will be closed upon the Effective Date without the need for further Court order, following which any and all proceedings that could have been brought or otherwise commenced in the Chapter 11 Case of an Affiliate Debtor will be brought or otherwise commenced in Reichhold's Chapter 11 Case..

Upon the resignation of the board of directors of Reichhold, the Liquidating Trust will serve as the sole shareholder of Liquidating Reichhold, and the Liquidating Trustee will serve as the sole officer and sole director of Liquidating Reichhold. The Liquidating Trust Committee, as

set forth more fully in the Plan, will be responsible for, among other things, instructing and supervising the Liquidating Trustee with respect to its responsibilities under the Plan and the Liquidating Trust Agreement.

2. **Continued Corporate Existence**

Reichhold will continue to exist as Liquidating Reichhold after the Effective Date in accordance with the laws of the State of Delaware and pursuant to the certificate of incorporation and by-laws in effect prior to the Effective Date, as amended by the Amended and Restated Certificate of Incorporation of Reichhold Liquidating, Inc. and the Amended and Restated By-laws of Reichhold Liquidating, Inc., attached to the Plan as Exhibits B and C, respectively. The certificate of incorporation and by-laws of Reichhold will be amended as necessary, as permitted by section 303 of Title 8 of the Annotated Code of Delaware (as amended, the "Delaware General Corporation Law"), to satisfy the provisions of the Plan and the Bankruptcy Code and will include, among other things, pursuant to section 1123(a)(6) of the Bankruptcy Code, a provision prohibiting the issuance of non-voting equity Securities, but only to the extent required by section 1123(a)(6) of the Bankruptcy Code. On the Effective Date, Liquidating Reichhold will issue one share of common stock (the "New Common Stock") to the Liquidating Trust. The Liquidating Trust will not sell, transfer or otherwise dispose of the New Common Stock absent the prior written consent of the Liquidating Trust Committee and approval by the Court. The Liquidating Trust will sell, transfer or otherwise dispose of the New Common Stock and will vote the New Common Stock on any matter requiring a vote of shareholders of Liquidating Reichhold under the Delaware Corporation Law, in accordance with the written directions of the Liquidating Trust Committee or order of the Court. The Liquidating Trustee, acting pursuant to the terms and conditions of the Liquidating Trust Agreement, will be authorized to execute, deliver, file or record such documents, instruments, releases and other agreements and to take such actions as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan.

The Professionals employed by the Debtors and the Committee, as applicable, will be entitled to reasonable compensation and reimbursement of actual, necessary expenses for post-Effective Date activities, including the preparation, filing and prosecution of final fee applications, upon the submission of invoices to the Liquidating Trustee for payment from the Professional Fee Reserve. Any time or expenses incurred in the preparation, filing and prosecution of final fee applications will be disclosed by each Professional in its final fee application and will be subject to approval of the Court.

3. **Cancellation of Existing Securities and Agreements**

Except as otherwise provided in the Plan, and in any contract, instrument or other agreement or document created in connection with the Plan, on the Effective Date, any promissory notes, share certificates, whether for preferred or common stock (including treasury stock), other instruments evidencing any Claims or Interests, other than a Claim that is being Reinstated and rendered unimpaired, and all options, warrants, calls, rights, puts, awards, commitments or any other agreements of any character to acquire such Interests will be deemed canceled and of no further force and effect, without any further act or action under any applicable agreement, law, regulation, order or rule, and the obligations under the notes, share

certificates and other agreements and instruments governing such Claims and Interests will be discharged; provided, however, that certain instruments, documents and credit agreements related to Claims will continue in effect solely for the purposes of allowing the agents to make Distributions to the beneficial holders and lenders thereunder; and provided, further, however, that the cancellation of the Senior Secured Notes Indenture hereunder will not in any way affect or diminish either (x) the rights and duties of the Senior Secured Notes Trustee to make Distributions pursuant to the Plan to the Holders of the Senior Secured Noteholder Claims in accordance with the Senior Secured Notes Indenture, or (y) the right of the Senior Secured Notes Trustee to assert the Senior Secured Notes Trustee Charging Lien with respect to such Distributions. Notwithstanding the foregoing, the Senior Secured Notes and the Senior Secured Notes Indenture will remain in effect for a period of one year following the Exchange Effective Date for the purpose of permitting any Senior Secured Noteholders that have not participated in the Exchange to exercise their right to participate in the Exchange through the one year anniversary of the Exchange Effective Date, and at 12:01 a.m. prevailing Eastern Time on the day following the one year anniversary of the Exchange Effective Date, the Senior Secured Notes and the Senior Secured Notes Indenture will be deemed canceled and of no further force and effect, without any further act or action under any applicable agreement, law, regulation, order or rule, except as set forth in the preceding sentence. The Holders of or parties to any such canceled notes, share certificates and other agreements and instruments will have no rights against the Debtors, or any of them, arising from or relating to such notes, share certificates and other agreements and instruments or the cancellation thereof, except the rights provided pursuant to the Plan.

4. **No Further Action**

Each of the matters provided for under the Plan involving the corporate structure of the Debtors or corporate action to be taken by or required of the Debtors will, as of the Effective Date, be deemed to have occurred and be effective as provided therein, and will be authorized and approved in all respects without any requirement of further action by any Person, including but not limited to, the Liquidating Trustee, Holders of Claims or Interests against or in the Debtors, or directors or officers of the Debtors, as permitted by section 303 of the Delaware General Corporation Law.

5. **Effectuating Documents; Further Transactions**

Any appropriate officer of Reichhold or the Affiliate Debtor, as the case may be, will be authorized to execute, deliver, file or record such contracts, instruments, releases, indentures and other agreements or documents, and take such actions as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan. The secretary of Reichhold or the Affiliate Debtor, as the case may be, will be authorized to certify or attest to any of the foregoing actions.

C. **Retiree Committee**

The Retiree Committee will continue in existence until the Effective Date to exercise those powers and perform those duties specified in section 1103 of the Bankruptcy Code and shall perform such other duties as it may have been assigned by the Court prior to the Effective

Date. On the Effective Date, the Retiree Committee will be dissolved and its members will be deemed released of all their duties, responsibilities and obligations in connection with the Chapter 11 Cases or the Plan and its implementation, and the retention or employment of the Committee's attorneys, financial advisors and other agents shall terminate, except with respect to (i) all Professional Fee Claims and (ii) any appeals of the Confirmation Order. All expenses of Retiree Committee members and the reasonable fees and expenses of their Professionals through the Effective Date willl be paid in accordance with the terms and conditions of the Professional Fee Order.

D. Creditors' Committee and Liquidating Trust Committee

1. Dissolution of the Committee

The Committee will continue in existence until the Effective Date to exercise those powers and perform those duties specified in section 1103 of the Bankruptcy Code and will perform such other duties as it may have been assigned by the Court prior to the Effective Date. On the Effective Date, the Committee will be dissolved and its members will be deemed released of all their duties, responsibilities and obligations in connection with the Chapter 11 Cases or the Plan and its implementation, and the retention or employment of the Committee's attorneys, financial advisors and other agents will terminate, except with respect to (i) all Professional Fee Claims and (ii) any appeals of the Confirmation Order. All expenses of Committee members and the reasonable fees and expenses of their Professionals through the Effective Date will be paid in accordance with the terms and conditions of the Professional Fee Order.

2. Creation of Liquidating Trust Committee and Procedures Related Thereto

On or prior to the Plan Supplement Filing Date, the Committee, subject to the Debtors' approval, will appoint the Liquidating Trust Committee members. Each member of the Liquidating Trust Committee will be entitled to vote on all matters in accordance with the Liquidating Trust Agreement. Members of the Liquidating Trust Committee will serve without compensation, but will be entitled to reimbursement of reasonable expenses.

3. Standing of the Liquidating Trust Committee

The Liquidating Trust Committee will have independent standing to appear and be heard in the Court as to any matter relating to the Plan, the Liquidating Trust Agreement, the Estates or Liquidating Reichhold, including any matter as to which the Court has retained jurisdiction pursuant to Article XI of the Plan.

4. Function and Duration of the Liquidating Trust Committee

The Liquidating Trust Committee will have the rights and responsibilities set forth in the Plan and the Liquidating Trust Agreement, including (a) instructing and supervising the Liquidating Trustee with respect to its responsibilities under the Plan and the Liquidating Trust Agreement. The Liquidating Trust Committee will remain in existence until such time as the final Distributions under the Liquidating Trust Agreement have been made and Liquidating Reichhold has been dissolved in accordance with the terms of the Plan.

5. Indemnification of Liquidating Trustee and Liquidating Trust Committee

The Indemnified Persons will be held harmless and will not be liable for actions taken or omitted in their capacity as, or on behalf of, the Liquidating Trust, Liquidating Trust Committee or Liquidating Trustee (as applicable), except those acts that are determined by Final Order of the Court to have arisen out of their own intentional fraud, willful misconduct or gross negligence. Each Indemnified Person will be entitled to be indemnified, held harmless and reimbursed for fees and expenses including, without limitation, reasonable attorney's fees, which such Persons and Entities may incur or may become subject to or in connection with any action, suit, proceeding or investigation that is brought or threatened against such Persons or Entities in respect of that Person's or Entity's actions or inactions regarding the implementation or administration of the Plan, or the discharge of their duties under the Plan or Liquidating Trust Agreement, except for any actions or inactions that are determined by Final Order of the Court to have arisen from intentional fraud, willful misconduct or gross negligence. Any Claim of the Indemnified Persons to be indemnified, held harmless or reimbursed will be satisfied solely from the Liquidating Trust Assets or any applicable insurance coverage.

6. Recusal of Liquidating Trust Committee Members

A Liquidating Trust Committee member will recuse itself from any decisions or deliberations regarding actions taken or proposed to be taken by the Liquidating Trustee with respect to the Claims, Causes of Action or rights of such Liquidating Trust Committee member, the entity appointing such Liquidating Trust Committee member, or any affiliate of the foregoing.

E. The Liquidating Trust

1. Establishment and Administration of the Liquidating Trust

(a) On the Effective Date, the Liquidating Trust will be established pursuant to the Liquidating Trust Agreement for the purpose of, among other things, (i) investigating and, if appropriate, pursuing Liquidating Trust Causes of Action, (ii) administering and pursuing the Liquidating Trust Assets, (iii) resolving Disputed Claims and any Claim objections pending as of the Effective Date and (iv) making Distributions from the Liquidating Trust to Holders of Allowed Claims as provided for in the Plan and/or the Liquidating Trust Agreement.

(b) Upon execution of the Liquidating Trust Agreement, the Liquidating Trustee will be authorized to take all steps necessary to complete the formation of the Liquidating Trust. The Liquidating Trust will be administered by the Liquidating Trustee in accordance with the Liquidating Trust Agreement. From and after the Effective Date, the Liquidating Trustee will be vested with the powers of the sole shareholder, officer and director of Liquidating Reichhold.

(c) It is intended that the Liquidating Trust be classified for federal income tax purposes as a "liquidating trust" within the meaning of Treasury Regulations Section 301.7701-4(d) and as a "grantor trust" within the meaning of Sections 671 through 679 of the Internal Revenue Code. In furtherance of this objective, the Liquidating Trustee will, in its

business judgment, make continuing best efforts to dispose of the trust assets, make timely distributions, and not unduly prolong the duration of the Liquidating Trust. All Liquidating Trust Assets held by the Liquidating Trust on the Effective Date will be deemed for all federal income tax purposes to have been distributed by the Debtors on a Pro Rata basis to Holders of Allowed General Unsecured Claims and then contributed by such Holders to the Liquidating Trust in exchange for the Liquidating Trust Interests, and all parties (including the Liquidating Trustee and the Holders of beneficial interests in the Liquidating Trust) will be required to treat the transfer of assets to the Liquidating Trust accordingly. All Holders of General Unsecured Claims have agreed to use consistently the valuation of the Liquidating Trust Assets transferred to the Liquidating Trust as established by the Liquidating Trustee for all federal income tax purposes and all applicable reporting requirements. The beneficiaries under the Liquidating Trust will be treated as the grantors and deemed owners of the Liquidating Trust. All earnings of the Liquidating Trust, including those retained in a Disputed Claims Reserve, will be treated as taxable income on a current basis for federal income tax purposes. The Liquidating Trustee will be responsible for filing information, including tax returns, on behalf of the Liquidating Trust as grantor trust pursuant to Treasury Regulation Section 1.671-4(a).

2. Assets of the Liquidating Trust

On the Effective Date, or as soon as reasonably practicable thereafter, the Debtors will transfer and assign to the Liquidating Trust all of their right, title and interest in and to all of the Liquidating Trust Assets, and in accordance with section 1141 of the Bankruptcy Code, all such assets will automatically vest in the Liquidating Trust free and clear of all Claims and liens, subject only to the Allowed Claims of the Holders of Liquidating Trust Interests as set forth in the Plan and the expenses of the Liquidating Trust as set forth herein and in the Liquidating Trust Agreement. Thereupon, the Debtors will not have any interest in or with respect to the Liquidating Trust Assets.

Also on the Effective Date, or as soon as reasonably practicable thereafter, Hahn and Hessen will transfer and assign to the Liquidating Trust all of the right, title and interest in and to all of the GUC Cash, which Cash, upon transfer, will be subject only to the Allowed Claims of the Holders of Liquidating Trust Interests as set forth in the Plan and the expenses of the Liquidating Trust as set forth therein and in the Liquidating Trust Agreement.

3. Other Funds to be Transferred to the Liquidating Trust

(a) On or before the Effective Date, the Debtors will transfer (i) Cash in the Amount of the Administrative and Priority Claims Estimate to the Liquidating Trust, which Cash will be used by the Liquidating Trustee to fund the Administrative Claims Reserve; (ii) Cash in the Amount of the Convenience Claims Estimate to the Liquidating Trust, which Cash will be used by the Liquidating Trustee to fund the Convenience Class Reserve; and (iii) Cash in the amount of the Professional Fee Estimate to fund the Professional Fee Reserve.

(b) After the Effective Date, Liquidating Reichhold will be authorized to transfer Cash generated from the liquidating of its Remaining Assets to the Liquidating Trust without further Court approval.

4. **Rights and Powers of the Liquidating Trust and the Liquidating Trustee**

(a) The Liquidating Trustee will be deemed the Estates' representative in accordance with section 1123 of the Bankruptcy Code and will have all the rights and powers set forth in the Liquidating Trust Agreement, including, without limitation, the powers of a trustee under sections 704 and 1106 of the Bankruptcy Code and Rule 2004 of the Bankruptcy Rules, including without limitation, the right to (i) effect all actions and execute all agreements, instruments and other documents necessary to implement the provisions of the Plan, the Liquidating Trust Agreement and the Products Insurance Cooperation Agreement; (ii) prosecute, settle, abandon or compromise any Liquidating Trust Causes of Action; (iii) make Distributions contemplated by the Plan and the Liquidating Trust Agreement; (iv) establish and administer any necessary reserves that may be required, including the Disputed Claims Reserve and the Administrative Claims Reserve; (v) object to Disputed Claims and prosecute, settle, compromise, withdraw or resolve in any manner approved by the Court such objections; (vi) employ and compensate professionals (including professionals previously retained by the Debtors and/or the Committee), provided, however, that any such compensation will be made only out of the Liquidating Trust Assets; and (vii) file all federal, state and local tax returns if necessary; (viii) cooperate with Products Insurance Carriers participating in the Products Insurance Cooperation Agreement in defense and resolution of Asbestos Claims pursuant to and in accordance with the terms of the Products Insurance Cooperation Agreement; and (ix) seek recovery from Products Insurance Carriers for Asbestos Claims.

(b) The Liquidating Trust will assume as of the Effective Date the Debtors' responsibility under the Plan to pay Allowed Administrative Claims, Allowed Priority Tax Claims, Allowed Priority Non-Tax Claims, Allowed Secured Claims, Allowed Convenience Claims and Allowed Professional Fee Claims, and in accordance thereof, will be authorized to increase the amount of Cash held in the Administrative Claims Reserve, the Professional Fee Reserve, the Convenience Claims Reserve, and any other reserve set up to pay the Allowed Secured Claims, as needed.

(c) The Liquidating Trustee will have full authority to take any steps necessary to administer the Liquidating Trust Agreement, including without limitation, the duty and obligation to liquidate Liquidating Trust Assets, to make Distributions therefrom in accordance with the provisions of the Plan and to pursue, settle or abandon any Liquidating Trust Causes of Action, all in accordance with the Liquidating Trust Agreement.

5. **Liquidating Trust Interests**

(a) On the Effective Date, each Holder of an Allowed General Unsecured Claim will, by operation of the Plan, receive its Pro Rata share of the Liquidating Trust Interests. Liquidating Trust Interests will be reserved for Holders of Disputed General Unsecured Claims and issued by the Liquidating Trust to, and held by the Liquidating Trustee in, the Disputed Claims Reserve pending allowance or disallowance of such Claims. No other entity will have any interest, legal, beneficial or otherwise, in the Liquidating Trust Assets upon the assignment and transfer of such assets to the Liquidating Trust. The Senior Secured Notes Trustee will be listed as the sole creditor on the records of the Liquidating Trust with respect to Liquidating

Trust Interests distributed on account of Senior Secured Noteholder Claims, and all Distributions to holders of such Liquidating Trust Interests shall be made to the Senior Secured Notes Trustee.

As set forth in the Liquidating Trust Agreement, Distributions from the Liquidating Trust on account of Liquidating Trust Interests will be made from the Liquidating Trust Assets after paying, reserving against or satisfying, among other things, the operating and administrative expenses of the Liquidating Trust, including but not limited to all costs, expenses and obligations incurred by the Liquidating Trustee (or professionals who may be employed by the Liquidating Trustee in administering the Liquidating Trust) in carrying out their responsibilities under the Liquidating Trust Agreement, or in any manner connected, incidental or related thereto.

(b) The Liquidating Trust Interests will be uncertificated and will be nontransferable except upon death of the Holder or by operation of law. Holders of Liquidating Trust Interests, in such capacity, will have no voting rights with respect to such interests. The Liquidating Trust will have a term of five (5) years from the Effective Date, without prejudice to the rights of the Liquidating Trust Committee to extend such term conditioned upon the Liquidating Trust not becoming subject to the Securities Exchange Act of 1934 (as now in effect or hereafter amended).

6. Appointment of a Liquidating Trustee

(a) The Liquidating Trustee will be designated by the Committee, subject to the Debtors' approval. The Debtors will file a notice on a date that is not less than ten (10) days prior to the hearing to consider confirmation of the Plan designating the Person selected as Liquidating Trustee. The appointment of the Liquidating Trustee will be approved in the Confirmation Order, and such appointment will be as of the Effective Date. The Liquidating Trustee will have and perform all of the duties, responsibilities, rights and obligations set forth in the Plan and Liquidating Trust Agreement.

(b) The Liquidating Trustee will not be obligated to obtain a bond but may do so, in the Liquidating Trust Committee's discretion, in which case the expense incurred by such bonding will be paid by the Liquidating Trust.

(c) The Liquidating Trustee, the members of the Liquidating Trust Committee and their professionals will be exculpated and indemnified pursuant to and in accordance with the terms of the Plan and Liquidating Trust Agreement.

7. Distributions to Holders of General Unsecured Claims

(a) Initial Distributions. On the Initial Distribution Date, the Liquidating Trustee, subject to Article VI.B. of the Plan, will make, or will make adequate reserves in the Disputed Claims Reserve for, the Distributions required to be made under the Plan to Holders of Allowed General Unsecured Claims. The Trustee will not make any Distributions of Liquidating Trust Assets to the beneficiaries under the Liquidating Trust unless the Trustee retains and reserves in the Disputed Claims Reserve such amounts as are required under Article VI.I.3 of the Plan.

(c) Interim Distributions. The Liquidating Trustee, subject to Article VI.B. of the Plan, will make interim Distributions of Cash in accordance with the Plan and Article IV of the Liquidating Trust Agreement (i) to Holders of Liquidating Trust Interests as soon as reasonably practicable and (ii) from the Disputed Claims Reserve as soon as reasonably practical after Disputed General Unsecured Claims become Allowed Claims.

(d) Final Distributions. The Liquidating Trust will be dissolved and its affairs wound up and the Liquidating Trustee, subject to Article VI.B. of the Plan, will make the final Distributions, upon the earlier of (i) the date which is five (5) years after the Effective Date, and (ii) that date when, (A) in the reasonable judgment of the Liquidating Trustee, substantially all of the assets of the Liquidating Trust have been liquidated and there are no substantial potential sources of additional Cash for Distribution; and (B) there remain no substantial Disputed Claims. Notwithstanding the foregoing, on or prior to a date not less than six (6) months prior to such termination, the Court, upon motion by a party in interest, may extend the term of the Liquidating Trust for one or more finite terms based upon the particular facts and circumstances present at that time, if an extension is necessary to the liquidating purpose of the Liquidating Trust. The date on which the Liquidating Trustee determines that all obligations under the Plan and Liquidating Trust Agreement have been satisfied is referred to as the "Liquidating Trust Termination Date." On the Liquidating Trust Termination Date, the Liquidating Trustee will, to the extent not already done:

(i) file the necessary documents to effectuate the dissolution of Liquidating Reichhold in accordance with the laws of the State of Delaware;

(ii) resign as the sole officer and sole director of Liquidating Reichhold; and

(iii) request that the Court enter an order closing the Bankruptcy Cases.

Upon the Liquidating Trust Termination Date, Liquidating Reichhold will be deemed dissolved for all purposes (if not previously dissolved) without the necessity for any other or further actions to be taken by or on behalf of Liquidating Reichhold or payments to be made in connection therewith.

Upon dissolution of the Liquidating Trust, if the Liquidating Trustee reasonably determines that any remaining Liquidating Trust Assets are insufficient to render a further distribution practicable, or exceed the amounts required to be paid under the Plan, the Liquidating Trustee will transfer such remaining funds to a charitable institution selected by the Liquidating Trustee, which charitable institution will be qualified as a not-for-profit corporation under applicable federal and state laws.

8. Distributions to Holders of Administrative and Priority Claims

On or as soon as reasonably practicable after the later of (i) the Initial Distribution Date or (ii) the date an Administrative Claim, Priority Tax Claim or Priority Non-Tax Claim becomes an Allowed Claim, the Liquidating Trustee will make the Distributions required to be made under the Plan to Holders of Allowed Administrative Claims, Priority Tax Claims, Priority Non-

Tax Claims and Convenience Claims, subject to the limitations set forth in the Liquidating Trust Agreement.

9. Reporting Requirement of Liquidating Trust

The Liquidating Trust's formation documents will require that financial statements or similar reports of the Liquidating Trust be sent to all Holders of Liquidating Trust Interests on an annual basis.

F. Limited Revesting of Remaining Assets

Notwithstanding anything herein to the contrary, any Remaining Assets will be vested in the Debtors on or following the Effective Date.

G. Limited Release of Liens

On the Effective Date, all mortgages, deeds of trust, liens or other security interests against property of the Estates, will be released; provided, however, on the Effective Date, and to the extent not released prior to the Effective Date pursuant to Court order or otherwise, all mortgages, deeds of trust, liens or other security interests against the Liquidating Trust Assets will be released.

H. Accounts and Reserves

1. Professional Fee Reserve

On or before the Effective Date, the Debtors will transfer Cash in the Amount of the Professional Fee Estimate to the Liquidating Trust which Cash will be used by the Liquidating Trustee to fund the Professional Fee Reserve. The Cash so transferred will not be used for any purpose other than to pay Allowed Professional Fee Claims and will be placed in a segregated escrow account. The Liquidating Trustee, subject to the terms and conditions of the Plan and the Liquidating Trust Agreement, will pay each Professional Fee Claim of a Professional employed by the Debtors or the Committee, on or as soon as reasonably practicable after the date such Claim becomes an Allowed Claim, upon entry of a Final Order allowing such Claim. After all Professional Fee Claims are Allowed or Disallowed and the Allowed amounts of such Claims are paid by the Liquidating Trustee, any remaining Cash in the Professional Fee Reserve will be distributed by the Liquidating Trustee to the Liquidating Trust, provided that all Allowed Administrative Claims, Convenience Claims, Priority Tax Claims and Priority Non-Tax Claims are paid. Only Professionals employed in the Chapter 11 Cases by the Debtors or the Committee will be entitled to payment from the Professional Fee Reserve.

2. Administrative Claims Reserve

On or before the Effective Date, the Debtors will transfer Cash in the Amount of the Administrative and Priority Claims Estimate to the Liquidating Trust, which Cash will be used by the Liquidating Trustee to fund the Administrative Claims Reserve. The Cash so transferred will not be used for any purpose other than to pay Allowed Administrative Claims (except Professional Fee Claims, which will be paid from the Professional Fee Reserve), Priority Tax

Claims and Priority Non-Tax Claims. The Liquidating Trustee (i) will segregate in an escrow account and will not commingle the Cash held in the Administrative Claims Reserve and (ii) subject to the terms and conditions of the Plan and the Liquidating Trust Agreement, will pay each Administrative Claim (except Professional Fee Claims, which will be paid from the Professional Fee Reserve), Priority Tax Claim and Priority Non-Tax Claim, on or as soon as reasonably practicable after the date such Claim becomes an Allowed Claim. After all Administrative Claims (except Professional Fee Claims), Priority Tax Claims and Priority Non-Tax Claims are Allowed or Disallowed and the Allowed amounts of such Claims are paid by the Liquidating Trust, any remaining Cash in the Administrative Claims Reserve will be distributed by the Liquidating Trustee to the Liquidating Trust provided that all Allowed Professional Fee Claims have been paid.

3. Other Reserves

The Liquidating Trust will establish and administer any other necessary reserves that may be required under the Plan or Liquidating Trust Agreement, including the Disputed Claims Reserve and the Convenience Class Reserve.

I. Exemption from Certain Transfer Taxes

Pursuant to section 1146(a) of the Bankruptcy Code, any transfers of property pursuant to the Plan will not be subject to any document recording tax, stamp tax, conveyance fee, intangibles or similar tax, mortgage tax, real estate transfer tax, mortgage recording tax or other similar tax or governmental assessment, and the Confirmation Order will direct the appropriate state or local governmental officials or agents to forego the collection of any such tax or governmental assessment and to accept for filing and recordation instruments or other documents without the payment of any such tax or governmental assessment.

J. Applicability of Sections 1145 and 1125(e) of the Bankruptcy Code

1. Issuance of New Common Stock

Pursuant to the provisions of section 1145 of the Bankruptcy Code with respect to the New Common Stock, the distribution of New Common Stock under the terms of the Plan will constitute the offer or sale under a plan of the Debtors of a security of a successor to the Debtors under such plan in exchange for a claim against, an interest in, or a claim for an administrative expense in the Chapter 11 Cases, such that pursuant to section 1145(a)(1) of the Bankruptcy Code, the issuance of the New Common Stock, to the extent the New Common Stock constitutes "securities" under applicable law, will be exempt from requirements of section 5 of the Securities Act of 1933, as amended, and any other federal, state or local laws requiring registration for offer or sale of securities.

Solely for the limited purpose of the provisions of section 1125(e) of the Bankruptcy Code, Liquidating Reichhold will be deemed to have participated, in good faith and in compliance with the applicable provisions of the Bankruptcy Code, in the offer, issuance, sale or purchase of a security, offered or sold under the Plan, of a newly organized successor to the Debtors under the Plan, and therefore, pursuant to section 1125(e) of the Bankruptcy Code, will

not be liable for violation of any applicable law, rule or regulation governing the offer, issuance, sale or purchase of securities.

2. Issuance of Liquidating Trust Interests

Under section 1145 of the Bankruptcy Code, the issuance of the Liquidating Trust Interests under the Plan will be exempt from registration under the Securities Act of 1933, as amended, and all applicable state and local laws requiring registration of securities. If the Liquidating Trustee determines, with the advice of counsel, that the Liquidating Trust is required to comply with the registration and reporting requirements of the Securities and Exchange Act of 1934, as amended, or the Investment Company Act of 1940, as amended, then the Liquidating Trustee will take any and all actions to comply with such reporting requirements and file necessary periodic reports with the Securities and Exchange Commission.

K. Preservation of Causes of Action

1. Liquidating Trust Causes of Action

In accordance with section 1123(b) of the Bankruptcy Code, the Liquidating Trust will retain and may enforce all rights to commence and pursue, as appropriate, the Liquidating Trust Causes of Action, and the Liquidating Trust's rights to commence, prosecute or settle such Liquidating Trust Causes of Action will be preserved notwithstanding the occurrence of the Effective Date. The Liquidating Trust may pursue such Liquidating Trust Causes of Action, as appropriate, in accordance with the best interests of the Liquidating Trust beneficiaries. No Entity may rely on the absence of a specific reference in the Plan or this Disclosure Statement to any Liquidating Trust Claims against them as any indication that Liquidating Reichhold or the Liquidating Trust, as applicable, will not pursue any and all available Liquidating Trust Causes of Action against them. The Debtors or the Liquidating Trust, as applicable, expressly reserve all rights to prosecute any and all Liquidating Trust Causes of Action against any Entity, except as otherwise expressly provided in the Plan. Unless any Liquidating Trust Causes of Action against an Entity are expressly waived, relinquished, exculpated, released, compromised or settled in the Plan or a Court order, the Liquidating Trust expressly reserves all Liquidating Trust Claims for later adjudication, and, therefore, no preclusion doctrine, including the doctrines of *res judicata*, collateral estoppel, issue preclusion, claim preclusion, estoppels (judicial, equitable or otherwise) or laches, will apply to such Liquidating Trust Causes of Action upon, after or as a consequence of the Confirmation or Consummation.

The substantive consolidation of the Debtors and their Estates pursuant to the Confirmation Order and Article V.A of the Plan will not, and will not be deemed to, prejudice any of the Liquidating Trust Causes of Action, which will survive entry of the Confirmation Order for the benefit of the Debtors and their Estates, and, upon the Effective Date, for the benefit of the Liquidating Trust.

A nonexclusive schedule of Causes of Action is attached to the Plan as Exhibit E. In accordance with and subject to any applicable law, the Debtors' inclusion or failure to include any Causes of Action on Exhibit E will not be deemed an admission, denial or waiver of any Cause of Action that any Debtor or any Estate may hold against any Entity.

2. Products Insurance Causes of Action

In accordance with section 1123(b) of the Bankruptcy Code, Liquidating Reichhold will retain and may enforce all rights to commence and pursue, as appropriate, the Products Insurance Causes of Action, and Liquidating Reichhold's rights to commence, prosecute or settle such Products Insurance Causes of Action will be preserved notwithstanding the occurrence of the Effective Date. Liquidating Reichhold may pursue such Products Insurance Causes of Action, as appropriate, in accordance with the best interests of Liquidating Reichhold. No Entity may rely on the absence of a specific reference in the Plan or the Disclosure Statement to any Products Insurance Claims against them as any indication that Liquidating Reichhold will not pursue any and all available Products Insurance Causes of Action against them. Liquidating Reichhold expressly reserves all rights to prosecute any and all Products Insurance Causes of Action against any Entity, except as otherwise expressly provided in the Plan. Unless any Products Insurance Causes of Action against an Entity are expressly waived, relinquished, exculpated, released, compromised or settled in the Plan or a Court order, Liquidating Reichhold expressly reserves all Products Insurance Claims for later adjudication, and, therefore, no preclusion doctrine, including the doctrines of *res judicata*, collateral estoppel, issue preclusion, claim preclusion, estoppels (judicial, equitable or otherwise) or laches, shall apply to such Products Insurance Causes of Action upon, after or as a consequence of the Confirmation or Consummation.

The substantive consolidation of the Debtors and their Estates pursuant to the Confirmation Order and Article V.A of the Plan will not, and will not be deemed to, prejudice any of the Products Insurance Causes of Action, which shall survive entry of the Confirmation Order for the benefit of the Debtors and their Estates, and, upon the Effective Date, for the benefit of Liquidating Reichhold.

L. Effectuating Documents; Further Transactions

Liquidating Reichhold and the Liquidating Trustee, subject to the terms and conditions of the Plan and the Liquidating Trust Agreement, will be authorized to execute, deliver, file or record such contracts, instruments, releases, indentures and other agreements or documents, and take such actions as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan.

III. Provisions Regarding Distributions

A. Distributions for Claims Allowed as of the Effective Date

Except as otherwise provided in the Plan or as ordered by the Court, all Distributions to be made on account of Claims that are Allowed Claims as of the Effective Date will be made on the Initial Distribution Date by the Disbursing Agent. Distributions on account of Claims that first become Allowed Claims after the Effective Date will be made pursuant to the terms and conditions of the Plan and the Liquidating Trust Agreement. Notwithstanding any other provision of the Plan to the contrary, no Distribution will be made on account of any Allowed Claim or portion thereof that (i) has been satisfied after the Petition Date; (ii) is listed in the schedules as contingent, unliquidated, disputed or in a zero amount, and for which a Proof of

Claim has not been timely filed; or (iii) is evidenced by a Proof of Claim that has been amended by a subsequently filed Proof of Claim.

B. Disbursing Agent

The Disbursing Agent will make all Distributions required under the Plan, subject to the terms and provisions of the Plan and the Liquidating Trust Agreement. If the Disbursing Agent is an independent third party designated to serve in such capacity, such Disbursing Agent will receive, without further Court approval, reasonable compensation from the Liquidating Trust for distribution services rendered pursuant to the Plan and reimbursement of reasonable out-of-pocket expenses. No Disbursing Agent will be required to give any bond or surety or other security for the performance of its duties. The Disbursing Agent will be authorized and directed to rely upon the Debtors' books and records and the Liquidating Trust's, or Liquidating Reichhold's (as applicable) representatives and professionals in determining Allowed Claims not entitled to Distributions under the Plan in accordance with the terms and conditions of the Plan.

All Class 3 Distributions for the Holders of Senior Secured Noteholder Claims will be made to the Senior Secured Notes Trustee who shall act as the Disbursing Agent with respect to the Distributions to Holders of Senior Secured Noteholder Claims, and will be subject in all respects to the right of the Senior Secured Notes Trustee to assert the Senior Secured Notes Trustee Charging Lien against such Distributions. The Senior Secured Notes Trustee may transfer such Distributions through the facilities of DTC and will be entitled to recognize and deal for all purposes under the Plan with Holders of Senior Secured Noteholder Claims to the extent consistent with customary practices of DTC.

C. Delivery of Distributions and Undeliverable or Unclaimed Distributions

1. Delivery of Distributions in General

Distributions to Holders of Allowed Claims will be made by the Disbursing Agent (a) at the addresses set forth on the Proofs of Claim filed by such Holders (or at the last known addresses of such Holders if no Proof of Claim is filed or if the Debtors or the Liquidating Trustee have been notified of a change of address), (b) at the addresses set forth in any written notices of address changes delivered to the Disbursing Agent after the date of any related Proof of Claim, after sufficient evidence of such addresses as may be requested by the Disbursing Agent is provided, (c) at the addresses reflected in the Schedules if no Proof of Claim has been filed and the Disbursing Agent has not received a written notice of a change of address, (d) at the addresses set forth in the other records of the Debtors or the Disbursing Agent at the time of the Distribution or (e) in the case of the Holder of a Claim that is governed by an agreement and is administered by an agent or servicer, at the addresses contained in the official records of such agent or servicer.

In making Distributions under the Plan, the Disbursing Agent may rely upon the accuracy of the Claims register maintained by the Claims Agent in the Chapter 11 Cases, as modified by any Final Order of the Court disallowing Claims in whole or in part.

2. Undeliverable and Unclaimed Distributions

If the Distribution to any Holder of an Allowed Claim is returned to the Disbursing Agent as undeliverable or is otherwise unclaimed, no further Distributions will be made to such Holder unless and until the Disbursing Agent is notified in writing of such Holder's then-current address and such Holder provides sufficient evidence of such address as may be requested by the Disbursing Agent, at which time all missed Distributions will be made to such Holder without interest, subject to the time limitations set forth below. Amounts in respect of undeliverable Distributions made by the Disbursing Agent will be returned to the Disbursing Agent until such Distributions are claimed. The Disbursing Agent will segregate and, with respect to Cash, deposit in a segregated account designated as an unclaimed Distribution reserve undeliverable and unclaimed Distributions for the benefit of all such similarly-situated Persons until such time as a Distribution becomes deliverable or is claimed, subject to the time limitations set forth in the Plan.

Any Holder of an Allowed Claim that does not assert a claim pursuant to the Plan for an undeliverable or unclaimed Distribution within three (3) months after the date such Distribution was issued will be deemed to have forfeited its Claim for such undeliverable or unclaimed Distribution and will be forever barred and enjoined from asserting any such claim for an undeliverable or unclaimed Distribution against the Debtors and their Estates, Liquidating Reichhold, the Liquidating Trustee, the Liquidating Trust, the Liquidating Trust Committee and their respective agents, attorneys, representatives, employees or independent contractors, and/or any of its or their property. In the case of undeliverable or unclaimed Distributions on account of Administrative Claims, Priority Tax Claims or Priority Non-Tax Claims, any Cash otherwise reserved for undeliverable or unclaimed Distributions will revert to the Administrative Claims Reserve. In the case of undeliverable or unclaimed Distributions on account of Liquidating Trust Interests, any Cash otherwise reserved for undeliverable or unclaimed Distributions will revert to the Liquidating Trust, and all title to and all beneficial interests in the Liquidating Trust Assets represented by any such undeliverable Distributions will revert to and/or remain in the Liquidating Trust and will be distributed in accordance with Article IV of the Liquidating Trust Agreement and the Plan, including by donation of remaining funds to one or more charitable institutions qualified as a not-for-profit corporation, under applicable federal and state laws, as may be selected by the Liquidating Trustee. The reversion of such Cash to the Administrative Claims Reserve or the Liquidating Trust, as applicable, will be free of any restrictions thereon and notwithstanding any federal or state escheat laws to the contrary and will be treated in accordance with the terms of the Plan and the Liquidating Trust Agreement. Nothing contained in the Plan or the Liquidating Trust Agreement will require the Debtors, Liquidating Reichhold, the Liquidating Trust, the Liquidating Trustee or any Disbursing Agent to attempt to locate any Holder of an Allowed Claim.

D. Means of Cash Payment

Cash payments made pursuant to the Plan will e in U.S. dollars and will be made at the option and in the sole discretion of the Disbursing Agent by (i) checks drawn on or (ii) wire transfers from a domestic bank selected by the Disbursing Agent. In the case of foreign creditors, Cash payments may be made, at the option of the Disbursing Agent, in such funds and by such means as are necessary or customary in a particular jurisdiction.

E. **Interest on Claims**

Unless otherwise specifically provided for in the Plan or the Confirmation Order, or required by applicable bankruptcy law, postpetition interest will not accrue or be paid on any Claims, and no Claimholder will be entitled to interest accruing on or after the Petition Date on any Claim. Interest will not accrue or be paid upon any Disputed Claim in respect of the period from the Petition Date to the date a final Distribution is made thereon if and after such Disputed Claim becomes an Allowed Claim.

F. **Withholding and Reporting Requirements**

In accordance with section 346 of the Bankruptcy Code and in connection with the Plan and all Distributions thereunder, the Disbursing Agent will, to the extent applicable, comply with all withholding and reporting requirements imposed by any federal, state, provincial, local or foreign taxing authority. The Disbursing Agent will be authorized to take any and all actions necessary and appropriate to comply with such requirements. All Distributions under the Plan will be subject to withholding and reporting requirements.

G. **Setoffs**

Subject to the terms and conditions of the Liquidating Trust Agreement, the Debtors, Liquidating Reichhold and/or the Liquidating Trust may, but will not be required to, set off against any Claim and the payments or other Distributions to be made under the Plan on account of the Claim, claims of any nature whatsoever that the Debtors and/or Liquidating Reichhold may have against the Holder thereof, provided that any such right of setoff that is exercised will be allocated, first, to the principal amount of the related Claim, and thereafter to any interest portion thereof, but neither the failure to do so nor the allowance of any Claim under the Plan will constitute a waiver or release by the Debtors, Liquidating Reichhold and/or the Liquidating Trust of any such claim that the Debtors and/or Liquidating Reichhold may have against such Holder.

H. **Procedure for Treating and Resolving Disputed, Contingent and/or Unliquidated Claims**

1. **Objection Deadline; Prosecution of Objections**

Except as set forth in the Plan with respect to Professional Fee Claims and Administrative Claims, all objections to Claims must be filed and served on the Holders of such Claims by the Claims Objection Deadline, as the same may be extended by the Court. If an objection has not been filed to a Proof of Claim or the Schedules have not been amended with respect to a Claim that (i) was Scheduled by the Debtors but (ii) was not Scheduled as contingent, unliquidated and/or disputed, by the Claims Objection Deadline, as the same may be extended by order of the Court, the Claim to which the Proof of Claim or Scheduled Claim relates will be treated as an Allowed Claim if such Claim has not been Allowed earlier. Notice of any motion for an order extending the Claims Objection Deadline will be required to be given only to those persons or entities that have requested notice in the Chapter 11 Cases in accordance with Bankruptcy Rule 2002.

Subject to any reporting to the Liquidating Trust Committee that may be required under the Liquidating Trust Agreement, and notwithstanding any requirements that may be imposed pursuant to Bankruptcy Rule 9019, on and after the Effective Date, the Liquidation Trust will have the authority to: (1) file, withdraw or litigate to judgment objections to and requests for estimation of Claims (expect for Asbestos Claims); (2) settle or compromise any Disputed Claim (except for Asbestos Claims) without any further notice to or action, order or approval by the Court; and (3) administer and adjust the Claims register to reflect any such settlements or compromises without any further notice to or action, order or approval by the Court. In the event that any objection filed by the Debtors or the Committee remains pending as of the Effective Date, the Liquidating Trustee will be deemed substituted for the Debtors or the Committee, as applicable, as the objecting party (except for Asbestos Claims).

The Liquidating Trust will be entitled to assert all of the Debtors' rights, claims, defenses, offsets, rights of recoupment, setoffs, rights of disallowance, subrogation, recharacterization and/or equitable subordination and counter-claims with respect to Claims (except for Asbestos Claims).

Liquidating Reichhold will have the authority to: 1) file, withdraw or litigate to judgment objections to and requests for estimation of Asbestos Claims; (2) settle or compromise any Disputed Claim that is an Asbestos Claim without any further notice to or action, order or approval by the Court; and (3) administer and adjust the Claims register to reflect any such settlements or compromises without any further notice to or action, order or approval by the Court.

2. <u>No Distributions Pending Allowance</u>

Notwithstanding any other provision of the Plan or the Liquidating Trust Agreement, no payments or Distributions will be made with respect to all or any portion of a Disputed Claim unless and until all objections to such Disputed Claim have been settled or withdrawn or have been determined by Final Order, and the Disputed Claim, or some portion thereof, has become an Allowed Claim. To the extent that a Claim is not a Disputed Claim but is held by a Holder that is or may be liable to Liquidating Reichhold or the Liquidating Trust on account of a Cause of Action, no payments or Distributions will be made with respect to all or any portion of such Claim unless and until such Claim and liability have been settled or withdrawn or have been determined by Final Order of the Court or such other court having jurisdiction over the matter.

3. <u>Disputed Claims Reserves</u>

On the Initial Distribution Date and on each subsequent Periodic Distribution Date, the Liquidating Trust will withhold on a Pro Rata basis from property that would otherwise be distributed to Holders of General Unsecured Claims entitled to Distributions under the Plan on such date, in a separate Disputed Claims Reserve, such amounts or property as may be necessary to equal one hundred percent (100%) of Distributions to which Holders of such Disputed General Unsecured Claims would be entitled under the Plan if such Disputed General Unsecured Claims were allowed in their Disputed Claims Amount. The Liquidating Trust may request, if necessary, estimation for any Disputed General Unsecured Claim that is contingent or unliquidated, or for which the Liquidating Trust determines to reserve less than the face amount.

The Liquidating Trust will withhold the applicable Disputed Claims Reserve with respect to such Claims based upon the estimated amount of each such Claim as estimated by the Court. If the Liquidating Trust elects not to request such an estimation from the Court with respect to a Disputed General Unsecured Claim that is contingent or unliquidated, the Liquidating Trust will withhold the applicable Disputed Claims Reserve based upon the good faith estimate of the amount of such General Unsecured Claim by the Liquidating Trust. If practicable, the Liquidating Trust will invest any Cash that is withheld as the Disputed Claims Reserve in an appropriate manner to ensure the safety of the investment, in accordance with the Liquidating Trust Agreement. Nothing in the Plan, the Disclosure Statement or the Liquidating Trust Agreement will be deemed to entitle the Holder of a Disputed General Unsecured Claim to postpetition interest on such Claim, however. The Liquidating Trustee will not be required to reserve more than $100,000 in the Disputed Claims Reserve with respect to all Asbestos Claims.

4. **Distributions After Allowance**

Payments and Distributions to Holders of Disputed Claims that ultimately become Allowed Claims will be made in accordance with provisions of the Liquidating Trust Agreement that govern Distributions to Holders of Allowed General Unsecured Claims and Holders of Allowed Administrative Claims, Allowed Priority Tax Claims and Allowed Priority Non-Tax Claims.

5. **De Minimis Distributions**

The Liquidating Trust will not be required to make any distributions to Holders of Allowed Claims aggregating less than fifty dollars ($50.00). When the aggregate amount of distributions held by the Liquidating Trustee for the benefit of a holder of a Claim exceeds $50.00, the Liquidating Trustee will distribute such distribution to such holder. If, at the time that the final Distribution under the Plan is to be made, the distribution(s) held by the Liquidating Trustee for the benefit of a holder of a Claim total less than $50.00, such funds will not be distributed to such holder, but rather, such Claims will be deemed expunged and such Distribution will vest in the Liquidating Trust. Cash that otherwise would be payable under the Plan to Holders of Liquidating Trust Interests but for Article VI.I.5 of the Plan will remain Liquidating Trust Assets to be used in accordance with the Liquidating Trust Agreement. Cash that otherwise would be payable under the Plan to Holders of Administrative Claims, Priority Tax Claims and Priority Non-Tax Claims but for Article VI.I.5 of the Plan will remain in the Administrative Claims Reserve.

6. **Fractional Cents**

Any other provision of the Plan notwithstanding, the Disbursing Agent will not be required to make Distributions or payments of fractional cents. Whenever any payment of a fraction of a cent under the Plan would otherwise be called for, the actual payment will reflect a rounding of such fraction to the nearest whole cent(up or down), with half cents being rounded down.

7. **Allocation of Plan Distributions Between Principal and Interest**

To the extent that any Allowed Claim entitled to a Distribution under the Plan is composed of indebtedness and accrued but unpaid interest thereon, such Distribution will, for all income tax purposes, be allocated to the principal amount of the Claim first and then, to the extent the consideration exceeds the principal amount of the Claim, to the portion of such Claim representing accrued but unpaid interest.

8. **Distribution Record Date**

The Disbursing Agent will have no obligation to recognize the transfer of or sale of any participation in any Allowed Claim that occurs after the close of business on the Distribution Record Date. Instead, the Disbursing Agent will be entitled to recognize and deal for all purposes under the Plan with only those record Holders stated on the official Claims register or the Debtors' Books and Records, as applicable, as of the close of business on the Distribution Record Date. This Article shall not apply to the holders of Senior Secured Notes whose Distributions will be made through the Senior Secured Notes Trustee.

IV. Treatment Of Executory Contracts And Unexpired Leases

A. Rejected Contracts and Leases

Except as otherwise provided in the Plan or in any contract, instrument, release or other agreement or document entered into in connection with the Plan, each of the Executory Contracts and Unexpired Leases to which any Debtor is a party will be deemed automatically rejected by the applicable Debtor as of the Effective Date, unless such contract or lease (i) previously has been assumed or rejected by the Debtors, (ii) expired or terminated pursuant to its own terms, (iii) is the subject of a motion to assume or reject pending before the Court as of the Confirmation Date or (iv) is identified on Exhibit E to the Plan as a Contract to be assumed or assumed/assigned to the Liquidating Trust; provided, however, that nothing contained in the Plan will constitute an admission by any Debtor that any such contract or lease is an Executory Contract or Unexpired Lease or that any Debtor or its successors and assigns has any liability thereunder; and, provided further, that the Debtors reserve their right, at any time before the Confirmation Date, to assume any Executory Contract or Unexpired Lease that was not already rejected prior to the Confirmation Date. The Confirmation Order will constitute an order of the Court approving the rejections described in Article VII.A of the Plan, pursuant to section 365 of the Bankruptcy Code, as of the Effective Date.

B. Products Insurance Policies

Notwithstanding anything in the Disclosure Statement, the Plan, the Confirmation Order or any other order of this Court to the contrary (including, without limitation, any other provision that purports to be preemptory or supervening or grants a release), on the Effective Date, each of the Products Insurance Policies will, as applicable, either be (i) deemed assumed to the extent such Products Insurance Policies were executory contracts of Reichhold pursuant to section 365 of the Bankruptcy Code or (ii) continued in accordance with its terms.

C. Director and Officer Insurance Policies and Agreements

The Debtors do not believe that the director and officer liability policies issued to, or insurance agreements entered into by, any Debtor prior to or after the Petition Date constitute executory contracts. To the extent that such insurance policies or agreements are considered to be Executory Contracts, they will be deemed assumed as of the Effective Date.

D. Assumption and Assignment of Executory Contracts

On the Effective Date, pursuant to section 365 of the Bankruptcy Code, the Debtors will assume and assign to the Liquidating Trust the Executory Contracts identified on Exhibit F to the Plan that are marked "to be assumed and assigned to the Liquidating Trust".

E. Rejection Damages Bar Date

If the rejection of an Executory Contract or Unexpired Lease pursuant to Article VII.A of the Plan gives rise to a Claim by the other party or parties to such contract or lease, such Claim will be forever barred and will not be enforceable against the applicable Debtor or its Estate, Liquidating Reichhold, the Liquidating Trust or their respective successors or properties unless a Proof of Claim is filed with the Court and served on counsel for the Liquidating Trust within thirty (30) days after service of notice of entry of the Confirmation Order.

F. Indemnification Obligations

Any obligations of the Debtors pursuant to their corporate charters and bylaws or agreements, including amendments, entered into any time prior to the Effective Date, to indemnify, reimburse or limit the liability of any Person pursuant to the Debtors' certificates of incorporation, bylaws, policy of providing employee indemnification, applicable state law or specific agreement in respect of any claims, demands, suits, causes of action or proceedings against such Persons based upon any act or omission related to such Persons' service with, for or on behalf of the Debtors prior to the Effective Date with respect to all present and future actions, suits and proceedings relating to the Debtors will survive confirmation of the Plan and except as set forth in the Plan, remain unaffected thereby, irrespective of whether such defense, indemnification, reimbursement or limitation of liability accrued or is owed in connection with an occurrence before or after the Petition Date; provided, however, that all monetary obligations under Article VII.C of the Plan will be limited solely to available insurance coverage and neither Liquidating Reichhold, the Liquidating Trust, the Liquidating Trustee nor any of their asset will be liable for any such obligations. Any Claim based on the Debtors' obligations set forth in Article VII.C of the Plan will not be a Disputed Claim or subject to any objection in either case by reason of section 502(e)(1)(B) of the Bankruptcy Code. The provision in the Plan for indemnification obligations will not apply to or cover any Claims, suits or actions against a Person that result in a final order determining that such Covered Person is liable for fraud, willful misconduct, gross negligence, bad faith, self-dealing or breach of the duty of loyalty.

G. Retiree Benefits

On October 20, 2015, the Debtors entered into separate settlement agreements with the Retiree Committee and United Steelworkers to terminate their retiree welfare plans and resolve all claims related thereto. Pursuant to those settlement agreements and subject to Court approval, the Debtors will terminate the retiree life and medical insurance programs at 11:59 p.m. on November 30, 2015. In connection with those settlements, the Debtors agreed to make settlement payments to the retirees in satisfaction of all claims against the Debtors. The Debtors have also made proposals to terminate retiree benefits consistent with the terms of the Retiree Committee and Steelworkers' settlements to the following unions representing retirees: (a) International Brotherhood of Teamsters (the "Teamsters"); (b) International Union of Painters and Allied Trades ("IUPA"); and (c) International Chemical Workers Union ("ICWU"). Despite the Debtors' repeated attempts to negotiate with those unions, the Teamsters, IUPA and ICWU failed to respond to the Debtors' proposal.

On October 27, 2015, the Debtors filed a motion pursuant to sections 105(a), 363 and 1114(e)(1)(B) of the Bankruptcy Code and Rule 9019 of the Bankruptcy Rules (i) authorizing the Debtors' entry into and approving the settlement agreements with the Steelworkers and Retiree Committee and (ii) approving termination of retiree benefits for the retired members of the Teamsters, IUPA and ICWU. The Court approved the motion pursuant to an order dated November 13, 2015 [Docket No. 1222].

V. Allowance And Payment Of Certain Administrative Claims

A. Professional Fee Claims

1. Final Fee Applications

All final requests for payment of Professional Fee Claims (the "Final Fee Applications") must be filed no later than forty-five (45) days after the Effective Date. Objections, if any, to Final Fee Applications of such Professionals must be filed and served on the Liquidating Trust, the Liquidating Trust Committee, the requesting Professional and the Office of the United States Trustee no later than twenty (20) days from the date on which each such Final Fee Application is served and filed. After notice and a hearing in accordance with the procedures established by the Bankruptcy Code and prior orders of the Court, the Allowed amounts of such Professional Fee Claims will be determined by the Court.

2. Employment of Professionals after the Effective Date

From and after the Effective Date, any requirement that professionals comply with sections 327 through 331 of the Bankruptcy Code or any order previously entered by the Court in seeking retention or compensation for services rendered or expenses incurred after such date will terminate.

3. Senior Secured Notes Trustee Fees

Nothing in the Plan will in any way affect or diminish the right of the Senior Secured Notes Trustee to assert the Senior Secured Notes Trustee Charging Lien against Distributions to

Holders of Senior Secured Noteholder Claims with respect to any unpaid Senior Secured Notes Trustee Fees.

B. Other Administrative Claims

All requests for payment of an Administrative Claim arising from April 2, 2015 through the Effective Date, other than Professional Fee Claims, must be filed with the Claims Agent and served on the Debtors or the Liquidating Trust, as applicable, by the date that falls on the thirtieth day (30th) day following the Effective Date. Unless Liquidating Reichhold, the Liquidating Trust or any other party in interest objects to an Administrative Claim by the Administrative Claims Objection Deadline, such Administrative Claim will be deemed Allowed in the amount requested. In the event that Liquidating Reichhold, the Liquidating Trust or any other party in interest objects to an Administrative Claim, the Court will determine the Allowed amount of such Administrative Claim.

VI. Effects Of Confirmation

A. Compromise and Settlement of Claims and Controversies

Pursuant to section 1123 of the Bankruptcy Code and Bankruptcy Rule 9019 and in consideration for the classification, Distributions, releases and other benefits provided pursuant to the Plan, on the Effective Date, the provisions of the Plan will constitute a good faith compromise and settlement of all Claims, Interests and controversies resolved pursuant to the Plan or relating to the contractual, legal and subordination rights that a Holder of a Claim or Interest may have with respect to any Claim or Interest, or any Distribution to be made on account of such Claim or Interest. The entry of the Confirmation Order will constitute the Court's approval of the compromise or settlement of all such Claims, Interests and controversies, as well as a finding by the Court that such compromise or settlement is in the best interests of the Debtors, their Estates and Holders of Claims and Interests and is fair, equitable and reasonable.

B. Binding Effect

The Plan will be binding upon and inure to the benefit of the Debtors, all present and former Holders of Claims and Interests, whether or not such Holders will receive or retain any property or interest in property under the Plan, and their respective successors and assigns, including, but not limited to, Liquidating Reichhold, the Liquidating Trust and all other parties in interest in the Chapter 11 Cases.

C. Discharge of the Debtors

Pursuant to section 1141(d)(3) of the Bankruptcy Code, Confirmation will not discharge Claims against the Debtors; provided, however, that no Claimholder or Interest Holder may, on account of such Claim or Interest, seek or receive any payment or other Distribution from, or seek recourse against, any Debtor, Liquidating Reichhold and/or their respective successors, assigns and/or property, except as expressly provided in the Plan.

D. Releases

1. Releases by the Debtors

As of the Effective Date, for good and valuable consideration, the adequacy of which is confirmed in the Plan, the Debtors, and any Person seeking to exercise the rights of the Debtors' Estates, including, without limitation, any successor to the Debtors, any Estate representative appointed or selected pursuant to section 1123(b)(3) of the Bankruptcy Code or the Liquidating Trust, whether pursuing an action derivatively or otherwise, will be deemed to forever release, waive and discharge all claims, obligations, suits, judgments, damages, demands, debts, rights, causes of action and liabilities whatsoever (other than for fraud, willful misconduct or gross negligence) in connection with or related to the Debtors, the Chapter 11 Cases or the Plan (other than the rights of the Debtors and the Liquidating Trustee to enforce the Plan and the contracts, instruments, releases and other agreements or documents delivered thereunder), whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, then existing or thereafter arising, in law, equity or otherwise, that are based in whole or part on any act, omission, transaction, event or other occurrence taking place on or prior to the Confirmation Date, against (a) the Debtors, their Professionals and Court-retained agents (b) the Debtors' directors, officers and employees employed by or serving the Debtors on or after the Petition Date, (c) the Committee and its Professionals and, solely in their respective capacities as members or representatives of the Committee, each member of the Committee; provided, however, that nothing in Article X.D.1 of the Plan will be a waiver of any defense, offset or objection to any Claim filed against the Debtors and their Estates by any Person.

E. Exculpation and Limitation of Liability

None of (a) the Debtors, (b) Liquidating Reichhold, (c) the directors, officers or employees of any of the Debtors serving at any time during the pendency of the Chapter 11 Cases, (d) the professionals or Court-retained agents of the Debtors, (e) the Committee and its professionals and, solely in their respective capacities as members or representatives of the Committee, each member of the Committee, or (f) any of the successors or assigns of any of the parties identified in the foregoing clauses (a) through (e), will have or incur any liability to any Holder of a Claim or an Interest, or any other party in interest, or any of their respective members, directors, officers, employees, advisors, attorneys, professionals, agents, partners, stockholders or affiliates, or any of their respective successors or assigns, for any act or omission in connection with, relating to or arising out of, the Chapter 11 Cases, the formulation, negotiation or implementation of the Plan, the solicitation of acceptances of the Plan, the pursuit of Confirmation of the Plan, the Confirmation of the Plan, the consummation of the Plan, or the administration of the Plan or the property to be distributed under the Plan, except for acts or omissions which are the result of fraud, gross negligence or willful misconduct, and such parties in all respects will be entitled to reasonably rely upon the advice of counsel with respect to their duties and responsibilities under the Plan.

Notwithstanding any other provision of the Plan, no Holder of a Claim or an Interest, no other party in interest, none of their respective members, directors, officers, employees, advisors, attorneys, professionals, agents, partners, stockholders or affiliates, and none of their respective

successors or assigns, will have any right of action against (a) any of the Debtors, (b) Liquidating Reichhold, (c) the directors, officers or employees of any of the Debtors serving at any time during the pendency of the Chapter 11 Cases, (d) the professionals or Court-retained agents of the Debtors, (e) the members and professionals of the Committee, but only in their capacities as such, or (f) any of the successors or assigns of any of the parties identified in the foregoing clauses (a) through (e), for any act or omission in connection with, relating to or arising out of, the Chapter 11 Cases, the formulation, negotiation or implementation of the Plan, solicitation of acceptances of the Plan, the pursuit of Confirmation of the Plan, the Confirmation of the Plan, the consummation of the Plan, or the administration of the Plan or the property to be distributed under the Plan, except for acts or omissions which are the result of fraud, gross negligence or willful misconduct.

F. Injunction

Confirmation of the Plan will have the effect of, among other things, permanently enjoining (a) all Entities or Persons that have held, hold or may hold or have asserted, assert or may assert Claims against or Interests in the Estates with respect to any such Claim or Interest, and (b) respecting (vi)(A), (vi)(B), and (vi)(C) of Article X.F of the Plan, the Estates and the Liquidating Trust, from and after the Effective Date, from taking any of the following actions (other than actions to enforce any rights or obligations under the Plan): (i) commencing, conducting or continuing in any manner, directly or indirectly, any suit, action or other proceeding of any kind (including, without limitation, any proceeding in a judicial, arbitral, administrative or other forum) against or affecting the Estates, Liquidating Reichhold or the Liquidating Trust or any of its or their property; (ii) enforcing, levying, attaching (including, without limitation, any pre-judgment attachment), collecting or otherwise recovering by any manner or means, whether directly or indirectly, any judgment, award, decree or order against the Estates, Liquidating Reichhold or the Liquidating Trust or any of its or their property; (iii) creating, perfecting or otherwise enforcing in any manner, directly or indirectly, any encumbrance of any kind against the Estates, Liquidating Reichhold or the Liquidating Trust or any of its or their property; (iv) asserting any right of setoff, directly or indirectly, against any obligation due the Estates, Liquidating Reichhold or the Liquidating Trust or any of its or their property, except with respect to any right of setoff asserted prior to the entry of the Confirmation Order, whether asserted in a Proof of Claim or otherwise, or as otherwise contemplated or allowed by the Plan; (v) acting or proceeding in any manner, in any place whatsoever, that does not conform to or comply with the provisions of the Plan; and (vi) prosecuting or otherwise asserting (A) any Claim or Interest, including any right, claim or Cause of Action, released pursuant to the Plan, (B) any form of objection to any Claim that is Allowed by the Plan, or (C) asserting Avoidance Actions against any Holder of a Claim that is Allowed by the Plan. Notwithstanding any contrary suggestion in the Plan, the injunction contemplated by this Section will apply to any Asbestos Claim to the same extent such Claim is barred by the Bar Date Order. Additionally, unless otherwise explicitly stated in the Plan, the injunction contemplated by this Section will prohibit the assertion against the Liquidating Trust, the Liquidating Trustee, the Liquidating Trust Committee, of all Claims or Interests, if any, related to the Debtors, including Environmental Claims.

G. The Automatic Stay

Solely with respect to Asbestos Claims, the automatic stay imposed by section 362 of the Bankruptcy Code will be terminated as of the date that is 60 days after the Effective Date and, pursuant to section 108(c) of the Bankruptcy Code, the applicable statute of limitations with respect to any such Claim that did not expire prior to the Petition Date will cease to be tolled as of that date.

The automatic stay of Bankruptcy Code section 362(a) and the injunction set forth in Article X.F of the Plan, if and to the extent applicable, will be deemed lifted without further order of the Court, to permit Insurers to (a) handle, administer, defend, settle and/or pay (i) workers' compensation claims, whether arising prior to or subsequent to the Effective Date, (ii) any claim where a claimant asserts a direct claim against an Insurer under applicable law, and (iii) any claim for which an order has been entered by the Bankruptcy Court granting the claimant relief from the automatic stay or the injunction set forth in Article X.F of the Plan to proceed with its claim, (b) pay any and all costs in relation to each of the foregoing and (c) to the extent the Debtors, Liquidating Reichhold or the Liquidating Trust fail to pay and/or reimburse Insurers, as required by the Plan or Bankruptcy Code, for any of the amounts in relation to the foregoing claims and costs for which the insureds are liable under the Insurance Policies (and which shall not be released or discharged under the Plan or the Confirmation Order), Insurers may draw upon, hold and/or apply any collateral and/or security, including, without limitation letter of credit proceeds and paid loss deposit funds, provided by or on behalf of the Debtors therefor pursuant to the terms of the Insurance Policies and any existing letters of credit (and the agreements and documents related thereto); provided, however, that the Insurers will provide, on a quarterly basis, Liquidating Reichhold and the Liquidating Trust with a summary of all claims settled and all draws of any collateral and/or security, including, without limitation letter of credit proceeds and paid loss deposit funds and any existing letters of credit.

H. Compromises and Settlements

Pursuant to Bankruptcy Rule 9019(a), the Debtors may compromise and settle Claims (a) against them and (b) that they have against other Persons. The Debtors expressly reserve the right (with Court approval, following appropriate notice and opportunity for a hearing) to compromise and settle Claims against them and claims that they may have against other Persons up to and including the Effective Date.

After the Effective Date, such right will pass to Liquidating Reichhold or the Liquidating Trust, as applicable, and will be governed by the terms of Article VI.I of the Plan, the Liquidating Trust Agreement and the Products Insurance Cooperation Agreement, as applicable.

I. Satisfaction of Subordination Rights

All Claims against the Debtors and all rights and claims between or among Claimholders relating in any manner whatsoever to Distributions on account of Claims against the Debtors based upon any subordination rights, whether asserted or unasserted, legal or equitable, will be deemed satisfied by the Distributions under the Plan to Claimholders having such subordination rights, and such subordination rights will be deemed waived, released, discharged and terminated

as of the Effective Date. Distributions to the various Classes of Claims under the Plan will not be subject to levy, garnishment, attachment or like legal process by any Claimholder by reason of any subordination rights or otherwise, so that each Claimholder will have and receive the benefit of the Distributions in the manner set forth in the Plan.

J. ERISA Claims

Notwithstanding anything to the contrary in the Plan, any claim arising under Title I of the Employee Retirement Income Security Act of 1974, or ERISA, for breach of fiduciary duty or relating to a prohibited transaction with respect to the Reichhold, Inc. Retirement Plan shall not be discharged, released, or enjoined; provided, however, that any such claim against the Debtors for breach of fiduciary duty or relating to a prohibited transaction with respect to the Reichhold, Inc. Retirement Plan will be treated solely as an unsecured claim.

VII. Miscellaneous Provisions

A. Modifications and Amendments

The Debtors may alter, amend or modify the Plan or any Exhibits thereto under section 1127(a) of the Bankruptcy Code at any time prior to the Confirmation Date provided that the Debtors have received the prior written consent of the Committee, which consent will not unreasonably be withheld. After the Confirmation Date and prior to substantial consummation of the Plan as defined in section 1101(2) of the Bankruptcy Code, the Debtors may, under section 1127(b) of the Bankruptcy Code, institute proceedings in the Court to remedy any defect or omission or reconcile any inconsistencies in the Plan, the Disclosure Statement or the Confirmation Order, and such matters as may be necessary to carry out the purpose and effect of the Plan so long as such proceedings do not adversely affect the treatment of Holders of Claims under the Plan; provided, however, that prior notice of such proceedings will be served in accordance with the Bankruptcy Rules or order of the Court.

B. Payment of Statutory Fees

All fees payable through the Effective Date pursuant to 28 U.S.C. § 1930 will be paid on or as soon as practicable after the Effective Date. The Debtors, prior to the Effective Date, and the Liquidating Trust, from and after the Effective Date, will pay statutory fees to the U.S. Trustee in accordance with 28 U.S.C. § 1930 until the Chapter 11 Cases are closed or converted and/or the entry of final decrees. In addition, the Liquidating Trust will file post-confirmation quarterly reports or any pre-confirmation monthly operating reports not filed as of the Confirmation Hearing in conformance with the U.S. Trustee Guidelines. The U.S. Trustee will not be required to file a request for payment of its quarterly fees, which will be deemed an Administrative Claim against the Debtors and their Estates.

C. Revocation, Withdrawal or Non-Consummation

The Debtors reserve the right to revoke or withdraw the Plan as to any or all of the Debtors prior to the Confirmation Date and to file subsequent plans. If the Debtors revoke or withdraw the Plan as to any or all of the Debtors, or if Confirmation or consummation of the

Plan as to any or all of the Debtors does not occur, then, with respect to such Debtors, (a) the Plan will be null and void in all respects, (b) any settlement or compromise embodied in the Plan (including the fixing or limiting to an amount certain any Claim or Class of Claims), assumption or rejection of executory contracts or leases effected by the Plan, and any document or agreement executed pursuant to the Plan, will be deemed null and void, and (c) nothing contained in the Plan, and no acts taken in preparation for consummation of the Plan, will (i) constitute or be deemed to constitute a waiver or release of any Claims by or against, or any Interests in, such Debtors or any other Person, (ii) prejudice in any manner the rights of such Debtors or any other Person or (iii) constitute an admission of any sort by such Debtors or any other Person.

D. Plan Supplement(s)

Exhibits to the Plan not attached thereto will be filed in one or more Plan Supplements by the Plan Supplement Filing Date. Any Plan Supplement (and amendments thereto) filed by the Debtors will be deemed an integral part of the Plan and will be incorporated by reference as if fully set forth therein. Copies of case pleadings, including the Plan Supplements, also may be examined by any party in interest: (i) between the hours of 8:00 a.m. and 4:00 p.m., Monday through Friday, excluding federal holidays, at the Office of the Clerk of the Court, 824 N. Market St., 3rd Floor, Wilmington, Delaware 19801; (ii) at the Debtors' case website (http://www.loganandco.com); or (iii) for a fee, at the Bankruptcy Court's website (http://www.deb.uscourts.gov). The documents contained in any Plan Supplements will be approved by the Court pursuant to the Confirmation Order.

ARTICLE V

VOTING REQUIREMENTS; ACCEPTANCE AND CONFIRMATION OF THE PLAN

A. General

The Bankruptcy Code requires that, in order to confirm the Plan, the Court must make a series of findings concerning the Plan and the Debtors, including that (i) the Plan has classified Claims in a permissible manner; (ii) the Plan complies with applicable provisions of the Bankruptcy Code; (iii) the Plan has been proposed in good faith and not by any means forbidden by law; (iv) the disclosure required by section 1125 of the Bankruptcy Code has been made; (v) the Plan has been accepted by the requisite votes of Holders of Claims (except to the extent that cramdown is available under section 1129(b) of the Bankruptcy Code); (vi) the Plan is feasible and confirmation is not likely to be followed by the liquidation or the need for further financial reorganization of the Debtors unless such liquidation or reorganization is proposed in the Plan; (vii) the Plan is in the "best interests" of all Holders of Claims in an Impaired Class by providing to such Holders on account of their Claims property of a value, as of the effective date of the Plan (the "Effective Date"), that is not less than the amount that such Holders would receive or retain in a chapter 7 liquidation, unless each Holder of a Claim in such Class has accepted the Plan; and (viii) all fees and expenses payable under 28 U.S.C. § 1930, as determined by the Court at the hearing on confirmation, have been paid or the Plan provides for the payment of such fees on the Effective Date.

B. Parties in Interest Entitled to Vote

Pursuant to the Bankruptcy Code, only Classes of Claims that are "impaired" (as defined in section 1124 of the Bankruptcy Code) under the Plan are entitled to vote to accept or reject the Plan. A Class is impaired if the legal, equitable or contractual rights to which the Claims of that Class entitled the Holders of such Claims are modified, other than by curing defaults and reinstating the Claims. Classes that are not impaired are not entitled to vote on the Plan and are conclusively presumed to have accepted the Plan. In addition, Classes that receive no distributions under the Plan are not entitled to vote on the Plan and are deemed to have rejected the Plan.

C. Classes Impaired and Entitled to Vote under the Plan

The following Classes are Impaired under the Plan and entitled to vote on the Plan:

Class	Claim	Status	Voting Right
3	General Unsecured Claims	Impaired	Entitled to Vote
4	Convenience Class Claims	Impaired	Entitled to Vote

Acceptances of the Plan are being solicited only from Holders of Claims in Classes 3 and 4 that will or may receive consideration under the Plan. Holders of Claims and Interests in Classes 5 and 6 are deemed to reject the Plan. Holders of Claims in Classes 1 and 2 are deemed to accept the Plan and are not entitled to vote.

D. Voting Procedures and Requirements

1. **Ballots**

The Solicitation Procedures Order sets November 10, 2015, as the record date for voting on the Plan (the "Record Date"). Accordingly, only Holders of record as of the Record Date that are otherwise entitled to vote under the Plan will receive a Ballot and may vote on the Plan.

In voting for or against the Plan, please use only the Ballot sent to you with this Disclosure Statement. If you are a Holder of a Claim in Classes 3 and 4 and did not receive a Ballot, if your Ballot is damaged or lost or if you have any questions concerning voting procedures, please contact the Voting Agent at RI@loganandco.com.

2. **Returning Ballots**

If you are entitled to vote to accept or reject the Plan, you should read carefully, complete, sign and return your Ballot, with original signature, in the enclosed envelope.

TO BE COUNTED, YOUR BALLOT WITH YOUR ORIGINAL SIGNATURE INDICATING YOUR ACCEPTANCE OR REJECTION OF THE PLAN MUST BE RECEIVED NO LATER THAN **4:00 P.M. (EASTERN TIME) ON JANUARY 4, 2016** (THE "VOTING DEADLINE").

3. **Voting**

Pursuant to section 105(a) of the Bankruptcy Code, Bankruptcy Rules 2002(a)(7) and 3003(c)(2) and the Bar Date Order, any creditors whose claims (a) are scheduled in the Debtors' Schedules as disputed, contingent or unliquidated and which are not the subject of a timely-filed proof of claim, or a proof of claim deemed timely filed with the Bankruptcy Court pursuant to either the Bankruptcy Code or any order of the Court, or otherwise deemed timely filed under applicable law; or (b) are not scheduled and are not the subject of a timely-filed proof of claim, or a proof of claim deemed timely filed with the Bankruptcy Court pursuant to either the Bankruptcy Code or any order of the Court, or otherwise deemed timely filed under applicable law (the "Non-Voting Claims"), will be denied treatment as creditors with respect to such claims for purposes of (a) voting on the Plan, and (b) receiving notices, other than by publication, regarding the Plan.

For purposes of voting, the amount of a Claim used to calculate acceptance or rejection of the Plan under section 1126 of the Bankruptcy Code will be determined in accordance with the following hierarchy:

(a) if an order has been entered by the Court determining the amount of such Claim, whether pursuant to Bankruptcy Rule 3018 or otherwise, then in the amount prescribed by the order;

(b) if no such order has been entered, then in the liquidated amount contained in a timely-filed proof of claim that is not the subject of an objection as of the Record Date;

(c) if no such proof of claim has been timely filed, then in the liquidated, noncontingent and undisputed amount contained in the Debtors' Schedules; and

(d) if the claim is the subject of an objection by the Record Date, then in accordance with the relief requested in such objection.

For purposes of voting, the following conditions will apply to determine the amount and/or classification of a Claim:

(a) if a claim is partially liquidated and partially unliquidated, such claim shall be allowed for voting purposes only in the liquidated amount; provided, however, that such liquidated amount in whole or in part is neither contingent nor estimated (if the entire liquidated amount is either contingent or estimated then the claim shall be allowed for voting purposes in the amount of $1.00, subject to the right of such holder to file a Rule 3018(a) Motion (as such term is defined in the Solicitation Procedures Order)); provided further, however, that such holder of a prepetition timely filed proof of claim that is entitled to vote in the amount of $1.00 shall not be included in the Convenience Class; and

(b) the holder of a prepetition timely-filed proof of claim that is wholly unliquidated general unsecured amount, wholly contingent, disputed and/or unknown amount, and is not the subject of an objection as of the Record Date, is entitled to vote in the amount of $1.00, subject to the right of such holder to file a Rule 3018(a) Motion (as such term is defined in the Solicitation Procedures Order); provided, however, that such holder of a prepetition timely filed proof of claim that is entitled to vote in the amount of $1.00 shall not be included in the Convenience Class.

Pursuant to the Solicitation Procedures Order, the deadline for filing and serving motions pursuant to Bankruptcy Rule 3018(a) seeking temporary allowance of claims for the purpose of accepting or rejecting the Plan will be December 28, 2015 at 4:00 p.m. (Eastern Time) (the "Rule 3018(a) Motion Deadline").

E. Acceptance of Plan

As a condition to confirmation, the Bankruptcy Code requires that each class of impaired claims vote to accept the Plan, except under certain circumstances. See "Confirmation Without Necessary Acceptances; Cramdown" below. A plan is accepted by an impaired class of claims if holders of at least two-thirds in dollar amount and more than one-half in number of claims of those that vote in such class vote to accept the plan. Only those holders of claims who actually vote on the Plan count in these tabulations. Holders of claims who fail to vote are not counted as either accepting or rejecting a plan.

In addition to this voting requirement, section 1129 of the Bankruptcy Code requires that a plan be accepted by each holder of a claim or interest in an impaired class or that the plan otherwise be found by a court to be in the best interests of each holder of a claim or interest in such class. See "Best Interests Test" below. Moreover, each impaired class must accept the plan for the plan to be confirmed without application of the "fair and equitable" and "unfair discrimination" tests set forth in section 1129(b) of the Bankruptcy Code discussed below. See "Confirmation Without Necessary Acceptances; Cramdown" below.

F. Confirmation Without Necessary Acceptances; Cramdown

In the event that any impaired class of claims or interests does not accept a plan, a debtor nevertheless may move for confirmation of the plan. A plan may be confirmed, even if it is not accepted by all impaired classes, if the plan has been accepted by at least one impaired class of claims, and the plan meets the "cramdown" requirements set forth in section 1129(b) of the Bankruptcy Code. Section 1129(b) of the Bankruptcy Code requires that a court find that a plan (i) "does not discriminate unfairly" and (ii) is "fair and equitable," with respect to each non-accepting impaired class of claims or interests.

Here, because Classes 5 and 6 are deemed to reject the Plan, the Debtors will seek confirmation of the Plan from the Court by satisfying the "cramdown" requirements set forth in section 1129(b) of the Bankruptcy Code. The Debtors believe that such requirements are satisfied as no Claim or Interest Holder junior to those in Classes 5 and 6 will receive any property under the Plan.

1. **No Unfair Discrimination**

A plan "does not discriminate unfairly" if (a) the legal rights of a nonaccepting class are treated in a manner that is consistent with the treatment of other classes whose legal rights are similar to those of the nonaccepting class, and (b) no class receives payments in excess of that which it is legally entitled to receive for its claims or interests. The Debtors believe that under the Plan all impaired Classes of Claims and Interests are treated in a manner that is consistent with the treatment of other Classes of Claims and Interests that are similarly situated, if any, and no class of Claims or Interests will receive payments or property with an aggregate value greater than the aggregate value of the Allowed Claims or Allowed Interests in such Class. Accordingly, the Debtors believe the Plan does not discriminate unfairly as to any Impaired Class of Claims or Interests.

2. **Fair and Equitable Test**

With respect to a dissenting class of claims or interests, the "fair and equitable" standard requires that a plan provide that either the claims or interests in each class received everything to which they are legally entitled or that classes junior in priority to the class receive nothing. The strict requirement of the allocation of full value to dissenting classes before any junior class can receive distribution is known as the "absolute priority rule."

The Bankruptcy Code establishes different "fair and equitable" tests for holders of secured claims, unsecured claims and interests, which may be summarized as follows:

a. Secured Claims. Either (i) each holder of a claim in an impaired class of secured claims retains its liens securing its secured claim and it receives on account of its secured claim deferred cash payments having a present value equal to the amount of its allowed secured claim, (ii) each holder of a claim in an impaired class of secured claims realizes the indubitable equivalent of its allowed secured claim or (iii) the property securing the claim is sold free and clear of liens, with such liens to attach to the proceeds and the treatment of such liens on proceeds as provided in clause (i) or (ii) of this subparagraph.

b. Unsecured Claims. Either (i) each holder of a claim in an impaired class of unsecured claims receives or retains under the plan property of a value equal to the amount of its allowed claim or (ii) the holders of claims and interests that are junior to the claims of the dissenting class will not receive any property under the Chapter 11 plan, subject to the applicability of the judicial doctrine of contributing new value.

c. Equity Interests. Either (i) each holder of an equity interest in an impaired class of interests will receive or retain under the Chapter 11 plan property of a value equal to the greater of (a) the fixed liquidation preference or redemption price, if any, of such stock or (b) the value of the stock or (ii) the holders of interests that are junior to the stock will not receive any property under the Chapter 11 plan, subject to the applicability of the judicial doctrine of contributing new value.

As discussed above, the Debtors believe that the distributions provided under the Plan satisfy the absolute priority rule.

ARTICLE VI

FEASIBILITY AND BEST INTERESTS OF CREDITORS

A. Best Interests Test

Before the Plan may be confirmed, the Court must find the Plan provides, with respect to each Impaired Class, that each Holder of a Claim in such Class either (i) has accepted the Plan or (ii) will receive or retain under the Plan property of a value, as of the Effective Date, that is not less than the amount such Holder would receive or retain if the Debtors liquidated under chapter 7 of the Bankruptcy Code.

In chapter 7 liquidation cases, unsecured creditors and equity interest holders of a debtor are paid from available assets generally in the following order, with no lower class receiving any payments until all amounts due to senior classes have been paid fully or payment has been provided for:

- Secured creditors (to the extent of the value of their collateral).
- Priority creditors.
- Unsecured creditors.
- Debts expressly subordinated by its terms or by order of the Bankruptcy Court.
- Equity interest holders.

This is a liquidating plan. In any event, whether by the Liquidating Trust, or a chapter 7 trustee, the Debtors' Estates' assets will be liquidated. Accordingly, there is no reorganization value to be calculated, or distribution scenarios related thereto. In addition, the activities of the Liquidating Trustee after the Effective Date are the very same ones that would be pursued by a chapter 7 trustee. However, in a chapter 7 liquidation case, a chapter 7 trustee may seek to charge statutory fees of up to 3% of disbursements. Additionally, it is likely that a chapter 7 trustee will retain counsel who would likely be required to spend a significant amount of time and expense becoming familiar with the case – time and expense that would not be required if the Plan is confirmed. Moreover, the value of any of sales of the Surplus Properties would likely be less in a chapter 7 proceeding because purchasers would be more inclined to request a discount.

After careful review of the estimated recoveries in a chapter 11 liquidation scenario and a chapter 7 liquidation scenario, the Debtors have concluded that recoveries to Creditors will be maximized by completing the liquidation of any remaining assets of the Debtors under chapter 11 of the Bankruptcy Code and making distributions pursuant to the Plan. A copy of an analysis of creditor recoveries in a chapter 7 proceeding is attached as Exhibit B. The Debtors believe that the Debtors' Estates have value that would not be fully realized by Creditors in a chapter 7 liquidation primarily because, among other things, (i) additional administrative expenses would

be incurred in a chapter 7 liquidation, specifically those of a chapter 7 trustee charging statutory fees of up to 3% of disbursements and any costs of counsel to the chapter 7 trustee to become familiar with the facts and circumstances of these cases, and (ii) the additional delay in distributions that would occur if the Debtors' chapter 11 cases were converted to a case under chapter 7.

B. Feasibility

Section 1129(a)(11) of the Bankruptcy Code requires that confirmation of the Plan is not likely to be followed by the liquidation, or the need for further financial reorganization, of the Debtors or any successors to the Debtors under the Plan, unless such liquidation or reorganization is proposed in the Plan. The Plan provides for the distribution of all of the Debtors' assets to either the Collateral Agent or the Liquidating Trust, and for distributions of Cash from the Liquidating Trust to Creditors in accordance with the terms of the Liquidating Trust Agreement. The Debtors will not be conducting any business operations after the Effective Date.

As such, provided that the Plan is confirmed and consummated, the Estates will no longer exist to be subject to future reorganization or liquidation. Accordingly, the Debtors believe that the Plan is feasible and meets the requirements of section 1129(a)(11) of the Bankruptcy Code.

ARTICLE VII

EFFECT OF CONFIRMATION

A. Binding Effect of Confirmation

Confirmation will bind the Debtors and all Holders of Claims and Interests to the provisions of the Plan, whether or not the Claim or Interest of any such Holder is Impaired under the Plan and whether or not any such Holder of a Claim or Interest has accepted the Plan.

B. Good Faith

Confirmation of the Plan will constitute a finding that: (i) the Plan has been proposed in good faith and in compliance with applicable provisions of the Bankruptcy Code; and (ii) all solicitations of acceptances or rejections of the Plan have been in good faith and in compliance with applicable provisions of the Bankruptcy Code.

ARTICLE VIII

CERTAIN RISK FACTORS TO BE CONSIDERED

THE PLAN AND ITS IMPLEMENTATION ARE SUBJECT TO CERTAIN RISKS, INCLUDING, BUT NOT LIMITED TO, THE RISK FACTORS SET FORTH BELOW. HOLDERS OF CLAIMS WHO ARE ENTITLED TO VOTE ON THE PLAN SHOULD READ AND CAREFULLY CONSIDER THE RISK FACTORS, AS WELL AS THE OTHER INFORMATION SET FORTH IN THIS DISCLOSURE STATEMENT AND THE PLAN, BEFORE DECIDING WHETHER TO VOTE TO ACCEPT OR REJECT THE PLAN.

These risk factors should not, however, be regarded as constituting the only risks involved in connection with the Plan and its implementation. No representations concerning or related to the Debtors, the Chapter 11 Cases or the Plan are authorized by the Court or the Bankruptcy Code, other than as set forth in this Disclosure Statement. Any representations or inducements made to secure your acceptance or rejection of the Plan that are other than as contained in, or included with, this Disclosure Statement should not be relied upon by you in arriving at your decision.

A. Plan May Not Be Accepted

There can be no assurance that the requisite acceptances to confirm the Plan will be obtained. Thus, while the Debtors believe the Plan is confirmable under the standards set forth in section 1129 of the Bankruptcy Code, there is no guarantee that the Plan will be accepted by the requisite Classes entitled to vote on the Plan.

B. Certain Bankruptcy Law Considerations

Even if the Holders of Claims who are entitled to vote accept the Plan, the Court, which may exercise substantial discretion as a court of equity, may choose not to confirm the Plan. Section 1129 of the Bankruptcy Code requires, among other things, that the value of distributions to dissenting Holders of Claims or Interests may not be less than the value such Holders would receive if the Debtors were liquidated under chapter 7 of the Bankruptcy Code. Although the Debtors believe the Plan meets such requirement, there can be no assurance the Court will reach the same conclusion.

C. Distributions to Holders of Allowed Claims Under The Plan

Projected distributions are based upon good faith estimates of the total amount of Claims ultimately Allowed and the funds available for distribution. Both the actual amount of Allowed Claims in a particular Class and the funds available for distribution to such Class may differ from the Debtors' estimates. If the total amount of Allowed Claims in a Class is higher than the Debtors' estimates, or the funds available for distribution to such Class are lower than the Debtors' estimates, the percentage recovery to Holders of Allowed Claims in such Class will be less than projected.

Further, although the Avoidance Actions are being transferred to the Liquidating Trust, there is no guarantee that the Liquidating Trust will be able to obtain any recoveries on account of such actions. Litigation is inherently speculative and uncertain in nature and no creditor should rely upon the potential for recovery by these actions as a basis for recovery on account of their Allowed General Unsecured Claim.

Moreover, a substantial amount of time may elapse between the Effective Date and the receipt of distributions because of the time required to achieve recovery of certain assets and final resolution of Disputed Claims.

D. Conditions Precedent to Consummation of the Plan

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

E. Certain Tax Considerations

There are a number of material income tax considerations, risks and uncertainties associated with consummation of the Plan. Holders of Claims and other interested parties should read carefully the discussion of certain federal income tax consequences of the Plan set forth below.

ARTICLE IX

CERTAIN FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN

The following discussion is a summary of certain U.S. federal income tax consequences of the Plan to the Debtors and to Holders of Claims and Interests. This discussion is based on the Internal Revenue Code of 1986, as amended (the "Tax Code"), Treasury Regulations promulgated and proposed thereunder, judicial decisions and published administrative rules and pronouncements of the Internal Revenue Service ("IRS"), all as in effect on the date hereof.

Due to the complexity of certain aspects of the Plan, the lack of applicable legal precedent, the possibility of changes in the law, the differences in the nature of the Claims, each Holder's status and method of accounting and the potential for disputes as to legal and factual matters with the IRS, the tax consequences described herein are uncertain. No legal opinions have been requested from counsel with respect to any of the tax aspects of the Plan and no rulings have been or will be requested from the IRS with respect to the any of the issues discussed below. Further, legislative, judicial or administrative changes may occur, perhaps with retroactive effect, which could affect the accuracy of the statements and conclusions set forth below as well as the tax consequences to the Debtors and the Holders of Claims and Interests.

This discussion does not purport to address all aspects of U.S. federal income taxation that may be relevant to the Debtors or the Holders of Claims or Interests in light of their personal circumstances, nor does the discussion deal with tax issues with respect to taxpayers subject to special treatment under the U.S. federal income tax laws (including, for example, insurance companies, financial institutions, real estate investment trusts, tax-exempt organizations, small business investment companies, regulated investment companies, foreign taxpayers, persons whose functional currency is not the U.S. dollar, persons subject to the alternative minimum tax, and persons holding Claims or Interests as part of a "straddle," "hedge," "constructive sale" or "conversion transaction" with other investments). This discussion does not address the tax consequences to Holders of Claims who did not acquire such Claims at the issue price on original issue. No aspect of foreign, state, local or estate and gift taxation is addressed.

EACH HOLDER OF A CLAIM OR INTEREST IS URGED TO CONSULT WITH SUCH HOLDER'S TAX ADVISORS CONCERNING THE U.S. FEDERAL, STATE, LOCAL, FOREIGN AND OTHER TAX CONSEQUENCES OF THE PLAN.

A. <u>Tax Consequences to the Debtors</u>

This Article will be supplemented prior to the Disclosure Statement Hearing.

Pursuant to the Tax Code and subject to certain exceptions, a taxpayer generally must recognize income from the cancellation of indebtedness ("COD Income") to the extent that such taxpayer's indebtedness is discharged for an amount less than the indebtedness' adjusted issue price determined in the manner described below. Generally, the amount of COD Income, subject to certain statutory and judicial exceptions, is the excess of (i) the adjusted issue price of the discharged indebtedness less (ii) the sum of the fair market value (determined at the date of the exchange) of the consideration, if any, given in exchange for such discharged indebtedness.

Section 108(a)(l)(A) of the Tax Code provides an exception to the recognition of COD Income where a taxpayer discharging indebtedness is under the jurisdiction of a court in a case under title 11 of the Bankruptcy Code and where the discharge is granted, or is effected pursuant to a plan approved, by a U.S. Bankruptcy Court (the "Bankruptcy Exception"). Under the Bankruptcy Exception, instead of recognizing COD Income, the taxpayer is required, pursuant to Section 108(b) to reduce certain of that taxpayer's tax attributes to the extent of the amount of COD Income. The attributes of the taxpayer generally are reduced in the following order: net operating losses, general business and minimum tax credit carryforwards, capital loss carryforwards, the basis of the taxpayer's assets and, finally, foreign tax credit carryforwards (collectively, "Tax Attributes"). If the amount of COD Income exceeds the amount of Tax Attributes available to be reduced, the excess still is excluded from income. Pursuant to Section 108(b)(4)(A), the reduction of Tax Attributes does not occur until the end of the taxable year after such Tax Attributes have been applied to determine the tax in the year of discharge or, in the case of asset basis reduction, the first day of the taxable year following the taxable year in which the COD Income is realized. Section 108(e)(2) provides a further exception to the recognition of COD Income upon the discharge of debt, providing that a taxpayer will not recognize COD Income to the extent that the taxpayer's satisfaction of the debt would have given rise to a deduction for United States federal income tax purposes.

Pursuant to Treas Regs section 1.1502-19(a)(2) and related authority for taxpayers who file consolidated returns, it is possible that the deemed mergers described herein potentially could trigger a recapture of any excess loss account held by a parent entity with respect to a subsidiary entity. The possibility exists given the substantial losses incurred by the Debtors. There do not appear, however, to be excess loss accounts with respect to the Debtors after taking into account amounts contributed to the various subsidiaries which for tax purposes appear to be more appropriately classified as capital rather than debt. Moreover, (1) the deemed merger steps described herein may have the effect of eliminating excess loss accounts, if any, and (2) it appears that the Debtors have sufficient net operating losses for regular federal tax purposes to absorb any gain recognition due to excess loss accounts, if any.

B. Tax Consequences to Creditors

1. Holders of Claims

Generally, a Holder of a Claim should in most, but not all circumstances, recognize gain or loss equal to the difference between the "amount realized" by such Holder in exchange for its Claim and such Holder's adjusted tax basis in the Claim. The "amount realized" is equal to the sum of the cash and the fair market value of any other consideration received under a plan of reorganization in respect of a Holder's Claim. The tax basis of a Holder in a Claim will generally be equal to the Holder's cost. To the extent applicable, the character of any recognized gain or loss (*e.g.*, ordinary income, or short-term or long-term capital gain or loss) will depend upon the status of the Holder, the nature of the Claim in the Holder's hands, the purpose and circumstances of its acquisition, the Holder's holding period of the Claim, and the extent to which the Holder previously claimed a deduction for the worthlessness of all or a portion of the Claim. Generally, if the Claim is a capital asset in the Holder's hands, any gain or loss realized generally will be characterized as capital gain or loss, and will constitute long-term capital gain or loss if the Holder has held such Claim for more than one year.

A Holder who received Cash (or potentially other consideration) in satisfaction of its Claims may recognize ordinary income or loss to the extent that any portion of such consideration is characterized as accrued interest. A Holder who did not previously include in income accrued but unpaid interest attributable to its Claim, and who receives a distribution on account of its Claim pursuant to the Plan, will be treated as having received interest income to the extent that any consideration received is characterized for United States federal income tax purposes as interest, regardless of whether such Holder realizes an overall gain or loss as a result of surrendering its Claim. A Holder who previously included in its income accrued but unpaid interest attributable to its Claim should recognize an ordinary loss to the extent that such accrued but unpaid interest is not satisfied, regardless of whether such Holder realizes an overall gain or loss as a result of the distribution it may receive under the Plan on account of its Claim.

2. Non-United States Persons

A Holder of a Claim that is a non-United States Person generally will not be subject to United States federal income tax with respect to property (including money) received in exchange for such Claim pursuant to the Plan, unless (i) such Holder is engaged in a trade or business in the United States to which income, gain or loss from the exchange is "effectively connected" for United States federal income tax purposes, or (ii) if such Holder is an individual, such Holder is present in the United States for 183 days or more during the taxable year of the exchange and certain other requirements are met.

C. Tax Treatment of the Liquidating Trust

Upon the Effective Date, the Liquidating Trust will be established for the benefit of Holders of Allowed General Unsecured Claims, whether Allowed on or after the Effective Date.

1. **Classification of the Liquidating Trust**

The Liquidating Trust is intended to qualify as a liquidating trust for federal income tax purposes. In general, a liquidating trust is not a separate taxable entity but rather is treated for federal income tax purposes as a "grantor" trust (*i.e.*, a pass-through entity). The IRS, in Revenue Procedure 94-45, 1994-2 C.B. 684, set forth the general criteria for obtaining an IRS ruling as to the grantor trust status of a liquidating trust under a Chapter 11 plan. The Liquidating Trust has been structured with the intention of complying with such general criteria. Pursuant to the Plan, and in conformity with Revenue Procedure 94-45, all parties (including the Liquidating Trustee and the Holders of beneficial interests in the Liquidating Trust) are required to treat for federal income tax purposes the Liquidating Trust as a grantor trust of which the Holders of Allowed Claims are the owners and grantors. While the following discussion assumes that the Liquidating Trust would be so treated for federal income tax purposes, no ruling has been requested from the IRS concerning the tax status of the Liquidating Trust as a grantor trust. Accordingly, there can be no assurance that the IRS would not take a contrary position to the classification of the Liquidating Trust as a grantor trust. If the IRS were to challenge successfully such classification, the federal income tax consequences to the Liquidating Trust and the Holders of Claims could vary from those discussed herein.

2. **General Tax Reporting by the Trust and Beneficiary**

For all federal income tax purposes, all parties (including the Liquidating Trustee and the Holders of beneficial interests in the Liquidating Trust) will be required to treat the transfer of assets to the Liquidating Trust, in accordance with the terms of the Plan, as a transfer of those assets directly to the Holders of Allowed General Unsecured Claims followed by the transfer of such assets by such Holders to the Liquidating Trust. Consistent therewith, all parties are required to treat the Liquidating Trust as a grantor trust of which such Holders are to be owners and grantors. Thus, such Holders (and any subsequent Holders of interests in the Liquidating Trust) will be treated as the direct owners of an undivided beneficial interest in the assets of the Liquidating Trust for all federal income tax purposes. Accordingly, each Holder of a beneficial interest in the Liquidating Trust will be required to report on its federal income tax return(s) the Holder's allocable share of all income, gain, loss, deduction or credit recognized or incurred by the Liquidating Trust.

The federal income tax reporting obligation of a Holder of a beneficial interest in the Liquidating Trust is not dependent upon the Liquidating Trust distributing any cash or other proceeds. Therefore, a Holder of a beneficial interest in the Liquidating Trust may incur a federal income tax liability regardless of the fact that the Liquidating Trust has not made, or will not make, any concurrent or subsequent distributions to the Holder. If a Holder incurs a federal tax liability but does not receive distributions commensurate with the taxable income allocated to it in respect of its beneficial interests in the Liquidating Trust it holds, the Holder may be allowed a subsequent or offsetting loss.

The Liquidating Trustee will file tax returns with the IRS for the Liquidating Trust as a grantor trust pursuant to Treasury Regulations section 1.671-4(a). The Liquidating Trustee will also send to each Holder of a beneficial interest in the Liquidating Trust a separate statement

setting forth the Holder's share of items of income, gain, loss, deduction or credit and will instruct the Holder to report such items on its federal income tax return.

All payments to Creditors and Interest Holders are subject to any applicable withholding (including employment tax withholding). Under the Internal Revenue Code, interest, dividends and other reportable payments may, under certain circumstances, be subject to "backup withholding" then in effect. Backup withholding generally applies if the Holder (a) fails to furnish his or her social security number or other taxpayer identification number ("TIN"), (b) furnishes an incorrect TIN, (c) fails properly to report interest or dividends, or (d) under certain circumstances, fails to provide a certified statement, signed under penalty of perjury, that the TIN provided is his correct number and that he is not subject to backup withholding. Backup withholding is not an additional tax but merely an advance payment, which may be refunded to the extent it results in an overpayment of tax if an appropriate refund claim is filed with the IRS. Certain persons are exempt from backup withholding, including, in certain circumstances, corporations and financial institutions.

3. **Allocations of Taxable Income and Loss**

Allocations of taxable income of the Liquidating Trust among Holders of Claims will be determined by reference to the manner in which an amount of cash equal to such taxable income would be distributed (were such cash permitted to be distributed at such time) if, immediately prior to such deemed distribution, the Liquidating Trust had distributed all of its respective assets to the Holders of the beneficial interests in the Liquidating Trust, adjusted for prior taxable income and loss and taking into account all prior and concurrent distributions from the Liquidating Trust. Similarly, taxable loss of the Liquidating Trust will be allocated by reference to the manner in which an economic loss would be borne immediately after a liquidating distribution of the remaining Liquidating Trust assets.

After the Effective Date, any amount a Holder receives as a distribution from the Liquidating Trust in respect of its beneficial interest in the Liquidating Trust should not be included, for federal income tax purposes, in the Holder's amount realized in respect of its Allowed Claim but should be separately treated as a distribution received in respect of such Holder's beneficial interest in the Liquidating Trust.

In general, a Holder's aggregate tax basis in its undivided beneficial interest in the assets transferred to the Liquidating Trust will equal the fair market value of such undivided beneficial interest as of the Effective Date and the Holder's holding period in such assets will begin the day following the Effective Date. Distributions to any Holder of an Allowed Claim will be allocated first to the original principal portion of such Claim as determined for federal tax purposes, and then, to the extent the consideration exceeds such amount, to the remainder of such Claim. However, there is no assurance that the IRS will respect such allocation for federal income tax purposes.

The tax book value of the Liquidating Trust assets for this purpose will equal their fair market value on the Effective Date, adjusted in accordance with tax accounting principles prescribed by the Tax Code, applicable Treasury Regulations, and other applicable administrative and judicial authorities and pronouncements. Uncertainties with regard to federal

income tax consequences of the Plan may arise due to the inherent nature of estimates of value that will impact tax liability determinations.

As soon as practicable after the Effective Date, the Liquidating Trustee (to the extent that it deems it necessary or appropriate in the reasonable exercise of its discretion) will, in good faith, value the Liquidating Trust Assets, and will apprise the Holders of beneficial interests in the Liquidating Trust of such valuation. The valuation is required to be used consistently by all parties (including the Debtors, the Trustee and the Holders) for all federal income tax purposes. The Court will resolve any dispute regarding the valuation of the Assets.

The Liquidating Trust's taxable income will be allocated to the Holders of beneficial interests in the Liquidating Trust in accordance with each such Holder's Pro Rata share of the Liquidating Trust's interests. The character of items of income, deduction and credit to any Holder and the ability of such Holder to benefit from any deductions or losses may depend on the particular situation of such Holder.

Events subsequent to the date of this Disclosure Statement, such as the enactment of additional tax legislation, could also change the federal income tax consequences of the Plan and the transactions contemplated thereunder.

D. Importance of Obtaining Professional Tax Assistance

THE FOREGOING DISCUSSION IS INTENDED ONLY AS A SUMMARY OF CERTAIN INCOME TAX CONSEQUENCES OF THE PLAN. THE ABOVE DISCUSSION IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT TAX ADVICE. THE TAX CONSEQUENCES ARE IN MANY CASES UNCERTAIN AND MAY VARY DEPENDING ON A CLAIM HOLDER'S PARTICULAR CIRCUMSTANCES. ACCORDINGLY, CLAIM HOLDERS ARE URGED TO CONSULT THEIR TAX ADVISORS ABOUT THE UNITED STATES FEDERAL, STATE AND LOCAL, AND APPLICABLE FOREIGN INCOME AND OTHER TAX CONSEQUENCES OF THE PLAN.

ARTICLE X

RECOMMENDATION AND CONCLUSION

This Disclosure Statement was approved by the Court after notice and a hearing. The Court has determined that this Disclosure Statement contains information adequate to permit holders of Claims to make an informed judgment about the Plan. Such approval, however, does not mean that the Court recommends either acceptance or rejection of the Plan.

The Debtors believe that confirmation and consummation of the Plan is in the best interests of the Debtors, their estates and their creditors. The Plan provides for an equitable distribution to creditors. The Debtors believe that any alternative to confirmation of the Plan, such as liquidation under chapter 7 of the Bankruptcy Code, could result in significant delay, litigation and additional costs, as well as a reduction in the distributions to Holders of Claims in certain Classes. Consequently, the Debtors urge all eligible Holders of Impaired Claims to vote to ACCEPT the Plan, and to complete and return their Ballots so that they will be RECEIVED by the Voting Agent on or before the Voting Deadline.

Dated: Wilmington, Delaware
November 19, 2015

REICHHOLD HOLDINGS US, INC., *et al.*,
Debtors and Debtors-in-Possession

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Name: Roger L. Willis
Title: Authorized Officer

COLE SCHOTZ P.C.

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Exhibit 16

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UNITED STATES BANKRUPTCY COURT

CENTRAL DISTRICT OF CALIFORNIA

LOS ANGELES DIVISION

In re THORPE INSULATION COMPANY,[1] Debtor.	Case No.: 2:07-19271-BB Chapter 11 (Jointly Administered with Case No. 2:07-20016-BB) **FIRST AMENDED DISCLOSURE STATEMENT CONCERNING THE FIRST AMENDED JOINT PLAN OF REORGANIZATION OF THORPE INSULATION COMPANY AND PACIFIC INSULATION COMPANY UNDER CHAPTER 11 OF THE BANKRUPTCY CODE** Date: July 23, 2008 Time: 2:00 p.m. Place: United States Bankruptcy Court 255 East Temple Street, Ctrm 1475 Los Angeles, California

[1] The Debtors are Thorpe Insulation Company, a California corporation, 5608 Bayshore Walk, Long Beach, CA 90803, Fed. Tax I.D. No. 95-1559386 (Main Debtor) and Pacific Insulation Company, a California corporation, 2741 South Yates Ave., Los Angeles, CA. 90040, Fed. Tax I.D. No. 95-4812741.

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THIS DISCLOSURE STATEMENT HAS NOT BEEN APPROVED BY THE BANKRUPTCY COURT AS CONTAINING ADEQUATE INFORMATION WITHIN THE MEANING OF SECTION 1125(a) OF THE BANKRUPTCY CODE. THE INFORMATION CONTAINED HEREIN IS SUBJECT TO COMPLETION OR AMENDMENT.

I. INTRODUCTION

This First Amended Disclosure Statement (the "Disclosure Statement") has been prepared by Thorpe Insulation Company, a California corporation ("Thorpe"), and Pacific Insulation Company ("Pacific"), a California corporation (together, the "Debtors"). The purpose of this Disclosure Statement is to provide the holders of Claims against and Equity Interests in the Debtors with adequate information to make an informed judgment about the *First Amended Joint Plan of Reorganization of Thorpe Insulation Company and Pacific Insulation Company Under Chapter 11 of the Bankruptcy Code*, dated July 24, 2008 (the "Plan"), before determining whether to object to the Plan and before exercising their right to vote for acceptance or rejection of the Plan. The Debtors, the Official Committees of Unsecured Creditors of the Debtors, and the Future Claims Representative of each of the Debtors are the Proponents of the Plan.

An acceptance or rejection of the Plan must be in writing and may only be made by completing the Ballot that accompanies the Plan and mailing it to:

Beth Dassa
Pachulski Stang Ziehl & Jones LLP
10100 Santa Monica Blvd., Ste. 1100
Los Angeles, California 90067-4100

In order for your vote to be counted, it must be ***received*** no later than 5:00 p.m. on October 14, 2008, unless extended by the Debtors (the "Voting Deadline").

This Disclosure Statement includes (among other things) a brief history of the Debtors, a summary of their Chapter 11 cases, a description of the Claims against and Equity Interests in the Debtors, a summary of the Plan, a discussion of the Plan's feasibility and a liquidation analysis setting forth what the holders of a Claim against or Equity Interest in the Debtors would recover if the Debtors were liquidated immediately under Chapter 7 of the Bankruptcy Code. The Disclosure Statement also describes the treatment of the Debtors' principal outstanding liabilities – potential damages for alleged injuries caused by exposure to asbestos or asbestos-containing products – and the anticipated sources, amounts and timing of compensation on account of such liabilities. As

explained in greater detail below, all asbestos personal injury liabilities will be shifted to a Trust and will be paid solely from the assets of such Trust, at the times and in the amounts specified by the Trust.

Upon Bankruptcy Court approval of the Plan, the Plan will be binding upon all holders of Claims against, and holders of Equity Interests in, the Debtors (including, without limitation, those holders of Claims or Equity Interests who do not submit ballots to accept or reject the Plan or who are not entitled to vote on the Plan). Therefore, it is important that creditors and shareholders read and carefully consider this Disclosure Statement, the Plan and the transactions contemplated thereby. The confirmation and effectiveness of the Plan are subject to material conditions precedent. There is no assurance that these conditions will be satisfied or waived.

The Proponents request that you vote promptly for the Plan upon reviewing the accompanying materials. The Proponents believe that the restructuring contemplated by the Plan will yield a recovery to Creditors greater than the return that could be achieved through other restructuring alternatives or a liquidation under Chapter 7 of the Bankruptcy Code.

If you have any questions concerning the procedures for voting, or any questions concerning your treatment under the Plan, please contact:

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The Proponents reserve the right to amend, modify, or supplement the Plan at any time

before the confirmation of the Plan, provided that, such amendments or modifications do not materially alter the treatment of, or distributions to, Creditors and holders of Equity Interests under the Plan.

THE PLAN IS THE GOVERNING DOCUMENT. IF ANY INCONSISTENCY EXISTS BETWEEN THE PLAN AND THE DISCLOSURE STATEMENT, THE TERMS OF THE PLAN CONTROL.

THE FINANCIAL PROJECTIONS CONTAINED IN THIS DISCLOSURE STATEMENT REPRESENT THE PROPONENTS' ESTIMATES OF FUTURE EVENTS BASED ON CERTAIN ASSUMPTIONS MORE FULLY DESCRIBED BELOW, SOME OR ALL OF WHICH MAY NOT BE REALIZED. NONE OF THE FINANCIAL ANALYSES CONTAINED IN THIS DISCLOSURE STATEMENT IS CONSIDERED TO BE A "FORECAST" OR "PROJECTION" AS TECHNICALLY DEFINED BY THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS. THE USE OF THE WORDS "FORECAST," "PROJECT," OR "PROJECTION" WITHIN THIS DISCLOSURE STATEMENT RELATES TO THE BROAD EXPECTATIONS OF FUTURE EVENTS OR MARKET CONDITIONS AND QUANTIFICATIONS OF THE POTENTIAL RESULTS OF OPERATIONS UNDER THOSE CONDITIONS.

ALL FINANCIAL INFORMATION PRESENTED IN THIS DISCLOSURE STATEMENT WAS PREPARED BY THE PROPONENTS WITH THE ASSISTANCE OF THEIR PROFESSIONAL ADVISORS. EACH CREDITOR AND EQUITY INTEREST HOLDER IS URGED TO REVIEW THE PLAN IN FULL BEFORE VOTING ON THE PLAN TO ENSURE A COMPLETE UNDERSTANDING OF THE PLAN AND THIS DISCLOSURE STATEMENT.

THIS DISCLOSURE STATEMENT IS INTENDED FOR THE SOLE USE OF CREDITORS AND OTHER PARTIES IN INTEREST AND FOR THE SOLE PURPOSE OF ASSISTING THEM IN MAKING AN INFORMED DECISION ABOUT THE PLAN. NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR MAKE ANY REPRESENTATIONS IN CONJUNCTION WITH THE SOLICITATION OF VOTES TO

ACCEPT OR REJECT THE PLAN OTHER THAN THE INFORMATION AND REPRESENTATIONS CONTAINED IN THIS DISCLOSURE STATEMENT OR IN THE BALLOTS. IF GIVEN OR MADE, ANY SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY DEBTOR.

THIS DISCLOSURE STATEMENT HAS BEEN APPROVED BY THE BANKRUPTCY COURT AS CONTAINING ADEQUATE INFORMATION TO PERMIT A CREDITOR TO VOTE ON THE PLAN. APPROVAL OF THE LEGAL ADEQUACY OF THIS DISCLOSURE STATEMENT BY THE BANKRUPTCY COURT IS NOT A CERTIFICATION BY THE BANKRUPTCY COURT AS TO THE TRUTH OR ACCURACY OF THE FACTUAL MATTERS THAT ARE CONTAINED IN THIS DISCLOSURE STATEMENT.

IMPORTANT NOTICE:

The Plan provides, among other matters, for the issuance of injunctions under Section 524(g) of the Bankruptcy Code that will result in the channeling of certain asbestos-related liabilities of the Debtors and other protected parties (except, among other exclusions, any liabilities for workers' compensation claims) to a Trust, as more fully described herein. Pursuant to Section 524(g), all distributions under the Plan to the holders of asbestos-related personal injury claims will be the sole responsibility of the Trust, and the Debtors and the Reorganized Debtor shall have no further liability therefor. All other claims against the Debtors will be satisfied by the Reorganized Debtor pursuant to the Plan.

II. DEFINITIONS

All capitalized terms used but not defined herein, but defined in the Plan, have the meaning given in the Plan. If a term is not defined herein or in the Plan, but is defined in the Bankruptcy Code, such term has the meaning given to that term in the Bankruptcy Code unless the context of the Disclosure Statement clearly requires otherwise. References to a code section are references to the Bankruptcy Code, except as otherwise stated.

III. SUMMARY OF DISTRIBUTIONS UNDER THE PLAN

This Disclosure Statement is being transmitted by the Debtors, pursuant to Section 1126(b) of the Bankruptcy Code, for the purpose of soliciting votes to accept the Plan. The Plan divides all Claims and Equity Interests into seven (7) different Classes. Each holder of a Claim within a

particular Class will receive the same treatment as all other members of the Class (unless the holder of such Claim has agreed to different treatment). Asbestos Related Claims (Class 5 under the Plan) will be channeled to the Trust, and will no longer constitute liabilities of the Debtors. Holders of Asbestos Related Claims are impaired and are entitled to vote to accept or reject the Plan. This Disclosure Statement sets forth information regarding the formation and operation of the Trust to enable the holders of Asbestos Related Claims to make an informed judgment to accept or reject the Plan under Section 524(g) of the Bankruptcy Code.

As described in more detail below, under the Plan:

- Administrative Claims Allowed under Section 503(b) of the Bankruptcy Code are to be paid in full;
- Priority Claims and Priority Tax Claims Allowed under Section 507(a) of the Bankruptcy Code are to be paid in full;
- Secured Claims and General Unsecured Claims (not including Asbestos Related Claims) are to be paid in full; and
- Asbestos Related Claims will be channeled to, and thereafter handled and paid by, the Trust that is formed pursuant to Article 5.1 of the Plan, as summarized in Article VII of this Disclosure Statement.

The Plan is the product of extensive discussions and negotiations among the Debtors, the Committees, the Future Claims Representative and other constituencies. The Proponents believe that recoveries under the Plan will exceed recoveries in a possible Chapter 7 case, and urge all Creditors entitled to vote to accept the Plan.

IV. BACKGROUND AND EVENTS PRECIPITATING THE CHAPTER 11 FILINGS

A. History of the Debtors

1. Thorpe

Thorpe, formerly known as Plant Insulation Company, was incorporated in California on April 10, 1948. Robert W. Fults and Linda Fults own, respectively, 50.1% and 49.9% of the capital stock of Thorpe. Robert Fults is the President of Thorpe and Robert Fults and Linda Fults serve as its only directors. There are no other current officers or employees of Thorpe.

Thorpe was a union subcontractor whose primary business was to install and repair insulation on mechanical systems at commercial and industrial sites throughout the western United States. These sites included petrochemical plants, commercial office buildings, hotels, prisons, major public works projects, power generation plants, cryogenic and refrigeration plants and marine installations. At one time, Thorpe was the largest independent mechanical insulation contractor in the western United States. In addition to construction services, Thorpe provided insulation design and engineering assistance, budget estimating, proposal preparation and value engineering and scheduling services to its customers.

Between 1948 and 2000, Thorpe also was a distributor for insulation products. Between 1957 and 2000 Thorpe was the distributor for Johns-Manville products in Southern California. Before approximately 1972, some insulation material distributed and installed by Thorpe contained asbestos. After Thorpe ceased distributing and installing asbestos insulation products in 1972, some of Thorpe's operations also involved asbestos and lead abatement, including "ripping out" or repairing insulation that contained asbestos at commercial and industrial sites.

On or about June 30, 1998, Thorpe established a revolving line of credit with Mellon First Business Bank ("Mellon Bank") and granted Mellon Bank a security interest in substantially all of its assets as collateral for the line of credit. In order to pay off its indebtedness to Mellon Bank, on or about November 4, 2004, Thorpe obtained a loan from Pacific Funding Group, LLC ("PFG"), a Seattle financial institution, in the sum of $2,026,693.99. Concurrently therewith, Thorpe executed a promissory note (the "PFG Note") and a security agreement in favor of PFG, granting a security interest to PFG in substantially all of Thorpe's assets.

On December 4, 2004, Thorpe failed to make a required payment on the PFG Note. On or about December 14, 2004, PFG commenced foreclosure proceedings against Thorpe's assets. At or about the same time, PFG and Thorpe entered into an "Agreement To Surrender Designated Collateral Between Thorpe Insulation Company And Pacific Funding Group, LLC," pursuant to which Thorpe agreed to surrender to PFG the collateral pledged as security for the PFG Note.

On or about December 17, 2004, PFG sold its collateral at a foreclosure sale under the Uniform Commercial Code to Farwest Insulation, Inc. ("Farwest"). (Farwest is a party to many

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of the asbestos personal injury lawsuits as well as to the insurance coverage litigation, both as discussed below.) Farwest is owned by Eric Fults and David Fults (sons of Robert and Linda Fults) and various minority shareholders who are employees of Farwest. Following the foreclosure sale, Thorpe ceased its insulation contracting business.

At present, Thorpe has no ongoing operations (aside from managing the ongoing asbestos litigation asserted against it) and no material liabilities except for liabilities to parties seeking damages for exposure to asbestos. Thorpe's assets consist principally of cash derived from settlements with certain insurers whose policies cover Asbestos Related Claims and claims against insurers.

2. Pacific

Pacific was incorporated in California by Thorpe on May 23, 2000, to be a wholly owned subsidiary of Thorpe. On October 1, 2000, Thorpe transferred to Pacific the assets associated with its materials division (the "Materials Division") and Pacific agreed to assume Thorpe's accounts payable in relation to the Materials Division in exchange for Pacific transferring to Thorpe 100% of its issued and outstanding shares of stock. Subsequently, Thorpe distributed the Pacific shares of stock to Thorpe's sole shareholders, Robert W. Fults and Linda Fults in proportion to their interests in Thorpe. As a result, Robert W. Fults owns 50.1% of the shares of Pacific and Linda Fults owns the remaining 49.9%.

Pacific is the southwest's leading commercial and industrial insulation distributor/fabricator with locations in Southern California, Northern California, Arizona and Nevada. It provides quality pipe, air handling, fire barrier, board and blanket insulation as well as insulation adhesives, mastics and sealants. Pacific has never installed or sold any materials containing asbestos. It is headquartered in Los Angeles, California and has approximately fifty-five full time employees. Apart from any liability that Pacific may have to parties claiming injuries related to asbestos exposure (discussed below), Pacific's business operations have always been, and continue to be, profitable.

3. Unrelated Thorpe Entities

Thorpe was formed in 1948 and was formerly known as Plant Insulation Company.

There are several other companies and entities that also used the name "Thorpe" which are wholly unrelated to Thorpe.

In particular, Thorpe is not related to the family of companies known as J.T. Thorpe, Inc. (formerly known as Thorpe Constructors, Inc.), J.T. Thorpe, Inc., a dissolved California corporation ("Dissolved Thorpe"), Thorpe Technologies, Inc. (formerly known as Thermal Process, Inc.), and Thorpe Holding Company, Inc. At the turn of the century, the Debtors are informed that an individual named J.T. Thorpe had a business installing brick and other furnace linings in San Francisco. His business, J.T. Thorpe & Sons, was sold in the early 1920's to other individuals who the Debtors believe continue to operate the business. In 1932, Dissolved Thorpe was formed to acquire part of the business of J.T. Thorpe & Sons in the Southern California and Pacific Southwest area, although Dissolved Thorpe also performed services in other states. It had some of the same shareholders as J.T. Thorpe & Sons, but was not a subsidiary. Dissolved Thorpe subsequently sold its assets to J.T. Thorpe, Inc. (formerly known as Thorpe Constructors, Inc.) and was dissolved on December 30, 1986. J.T. Thorpe, Inc., Thorpe Technologies, Inc., Thorpe Holding Co., Inc, and Dissolved Thorpe are referred to collectively as the "J.T. Thorpe Entities."

The J.T. Thorpe Entities were principally engaged in the business of refractory contracting from the 1930s until 1992 throughout the western United States. Refractory contracting generally involves the installation and maintenance of refractory linings to contain heat, abrasion and corrosion. Common projects undertaken by the J.T. Thorpe Entities involved the design and installation of linings for furnaces, boilers and kilns used by the chemical, cement and glass industries. The J.T. Thorpe Entities were also subjected to numerous asbestos claims and, as a result, also filed cases under chapter 11 of the Bankruptcy Code in 2002 and 2004. These cases were administered by the same Bankruptcy Court that is now exercising jurisdiction over Thorpe's and Pacific's bankruptcy cases. In 2005, a joint plan of reorganization was confirmed for the four J.T. Thorpe Entities under which a trust was created to handle all asbestos-related claims against the J.T. Thorpe Entities.

In the 1950s, some of the shareholders of Dissolved Thorpe formed a company in Texas that was also named J.T. Thorpe Corporation ("Thorpe Corp."). Thorpe Corp. has also filed a

Chapter 11 bankruptcy case in Texas.

The Debtors are also informed and believe that there is a company known as Thorpe Insulation operating in Texas ("Thorpe Insulation Texas") and a Thorpe USA, Inc. operating in San Francisco, California.

The J.T. Thorpe Entities, Thorpe Corp., Thorpe Insulation Texas and Thorpe USA, Inc. are **completely unrelated** to the Debtors, and persons with claims against such entities should not file claims against the Debtors premised upon their claims against these unrelated entities.

B. Asbestos Claims

For the past thirty years, Thorpe has been embroiled in asbestos related litigation. To date it has been subjected to approximately 12,000 claims and lawsuits for personal injuries or wrongful death alleged to have been caused in whole or in part by exposure to asbestos-containing materials installed or supplied by Thorpe (collectively, the "Asbestos Cases"). Approximately 2,000 Asbestos Cases were pending against Thorpe on the date that it commenced its chapter 11 case. Thorpe anticipates that numerous additional Asbestos Related Claims will be asserted against it for many years to come. The potential liabilities represented by present and anticipated future Asbestos Related Claims against Thorpe far exceed the value of Thorpe's undisputed assets, which include distributions it receives from an asbestos trust that was established by Johns-Manville. Thorpe, however, believes that its historical comprehensive general insurance assets provide coverage for many of these present and future liabilities (although, as discussed in further detail below, Thorpe's insurers dispute that such coverage exists).

Although Pacific has never distributed, installed, repaired or removed any asbestos products, it has also been named as a defendant in many of the Asbestos Cases on the theory that it is a successor in interest to Thorpe. Pacific also anticipates that it will continue to be named as a defendant in lawsuits filed against Thorpe. Pacific denies it is responsible for any liabilities asserted in the lawsuits and has previously made written demand to Thorpe and its insurers that they indemnify it for all claims asserted against it arising from the Asbestos Related Claims. In order to control the costs of defending the numerous lawsuits filed against it, Pacific negotiated a "Stand Still" Agreement with several law firms representing plaintiffs in the asbestos lawsuits that provides

that those lawsuits would be stayed pending the determination of the scope of Thorpe's existing insurance coverage and that any applicable statutes of limitation with respect to claims that had not been filed be tolled.

C. Insurance Coverage Litigation

1. Insurance Policies

Thorpe purchased comprehensive general liability insurance from various insurers for the period May 1948 to October 1984. The policies provide "occurrence" based coverage that is triggered when injury happens during the policy period, regardless of when a claim is made. In California, these policies covered asbestos bodily injury lawsuits on a "continuous trigger" basis – *i.e.,* each policy in effect from first exposure to asbestos through manifestation of disease or death are responsive to a particular claim.

These standard policies provide two basic forms of coverage for the asbestos personal injury lawsuits: (i) bodily injury claims caused by asbestos exposure after a product is relinquished or an operation is completed ("Product Claims") and (ii) bodily injury claims caused by asbestos exposure before a product is relinquished or an operation is completed ("Operations Claims"). Product Claims are subject to aggregate limits. Operations Claims are not subject to aggregate limits.

In tendering the asbestos suits to its insurers, Thorpe requested that its insurers provide defense and indemnity coverage, as provided in the applicable insurance policies. From 1978, Thorpe's insurers have handled the asbestos suits through their appointed counsel and controlled the defense and settlement of the asbestos suits.

2. Coverage Disputes

Following its receipt of a notice from certain of its insurers that, in their view, coverage for the ongoing asbestos litigation was exhausted or approaching exhaustion, Thorpe filed an action in November 2005 seeking to determine its coverage rights and obligations for present and future asbestos claims in the California Superior Court for the County of San Francisco, captioned *Thorpe Insulation Company v. Allstate Insurance Company, et al.* (No. CGC-05-446 682) ("Thorpe Suit").

At the same time, certain insurers commenced similar actions in the Los Angeles Superior Court to seek an adjudication of their rights and duties under their policies with Thorpe (and their obligations, if any, to defend and indemnify Pacific and Farwest under such policies based upon Thorpe's distribution and installation of asbestos insulation materials). The first such action, filed in November 2005, is entitled *Chicago Insurance Company, et al. v. Allstate Insurance Company, et al.* (No. BC343014) ("First Chicago Suit"). The second action, filed in January 2006, is entitled *Chicago Insurance Company v. Pacific Insulation Company, et al.* (No. BC346667) ("Second Chicago Suit").

On March 6, 2006, pursuant to court order, the Thorpe Suit, the First Chicago Suit and the Second Chicago Suit (including all related cross-actions) were transferred to, and coordinated before, the Superior Court of the State of California for the County of Los Angeles in the coordinated proceeding entitled *In re: Thorpe Insulation Asbestos Coverage Cases*, Judicial Counsel Coordination Proceeding No. 4458 (the "Coordinated Proceeding").

The currently operative pleading seeking relief on behalf of Thorpe in the Coordinated Proceeding is Thorpe's *First Amended Complaint*, filed on February 16, 2007 in the Thorpe Suit. The Thorpe Suit states eight causes of action, for: (a) declaratory relief as to Thorpe's rights under the insurance policies issued to it by Defendants, (b) damages as a result of certain of the Defendants having breached their obligations under the insurance policies that those Defendants issued to Thorpe, (c) damages as a result of the tortious breach of the implied covenant of good faith and fair dealing by certain of the Defendants and (d) unjust enrichment. The Thorpe Suit also asserts that certain of the Defendants have acted inequitably toward Thorpe in certain respects, thereby affecting Thorpe's rights under the policies issued to it by such Defendants.

On October 16, 2007, immediately after the commencement of Thorpe's chapter 11 case, Thorpe removed each of the Thorpe Suit, the First Chicago Suit, the Second Chicago Suit and the Coordinated Proceeding (collectively hereinafter, the "Coverage Litigation") to the Bankruptcy Court. Shortly thereafter, on October 23, 2007, certain insurer defendants sought to remand the Coverage Litigation to state court. Thorpe opposed remand and filed an adversary complaint requesting a Preliminary Injunction against prosecution of the Coverage Litigation. At the same

time, certain of Thorpe's insurers sought relief from the automatic stay to pursue their claims against Thorpe in the Coverage Litigation. At a hearing on November 7, 2007, the Bankruptcy Court declined to immediately remand the Coverage Litigation but indicated that it would consider remand following further proceedings. As described below, the Bankruptcy Court subsequently remanded the actions comprising the Coverage Litigation, but denied the insurers' request to modify the automatic stay to allow the Coverage Litigation to proceed and issued a Preliminary Injunction staying their prosecution except for limited purposes.

Certain of the insurers disagree with the foregoing disclosures and have supplied alternative and/or additional disclosures that are contained in Appendix A. The information in Appendix A has not been approved or disapproved by any of the Proponents, does not necessarily reflect the views of any of the Proponents, and shall not constitute or be construed as an admission of any fact or liability, stipulation or waiver on behalf of any of the Proponents, but rather as a statement of position made by certain insurers.

3. Wellington Settlement Breach Claims

Among the insurance policies obtained by Thorpe were seventeen (17) primary comprehensive general liability (CGL) policies issued by Fireman's Fund Insurance Company ("Fireman's Fund") covering the years 1952-1971, and four similar policies issued by Harbor Insurance Company covering the years 1971-1979. (Continental Insurance Company has since succeeded to the rights and obligations of Harbor Insurance Company under the foregoing policies, and is referred to hereinafter as "Continental.") During the period from approximately 1978 through 1998, Thorpe tendered various asbestos personal injury claims to Fireman's Fund and Continental for defense and indemnity. According to Fireman's Fund and Continental, these claims were tendered by Thorpe and treated by the insurers as Product Claims subject to the applicable aggregate limits of liability under the policies. As noted above, Product Claims are based on claims for injuries arising ***after*** work has been completed or a product has been sent to market (unlike Operations Claims which are based upon injuries arising while operations are in progress). These limits of liability were apparently exhausted in April 1998 for the Continental policies and in September 1998 for the Fireman's Fund policies.

Previously, in June 1985, Thorpe, Fireman's Fund and Continental had entered into the so-called *Wellington Agreement,* an insurance coverage and claims handling protocol among approximately 35 asbestos product manufacturers and distributors and certain of their respective insurers. Among other provisions, the *Wellington Agreement* provides that any disputes arising under the agreement shall be resolved by binding arbitration.

Following the exhaustion of the Product Claims coverage under the Fireman's Fund and Continental CGL policies, Thorpe tendered additional asbestos injury claims for defense and indemnity under the Operations Claims coverage afforded by such policies, which is not subject to aggregate limits of liability. Fireman's Fund and Continental disputed Thorpe's right to such additional coverage and, in 1999, commenced arbitration proceedings under the *Wellington Agreement* to obtain a declaration that Thorpe's insurance coverage under their policies had been fully exhausted. In 2002, the arbitrator determined that, under the terms of the *Wellington Agreement*, Thorpe was not entitled to assert additional Operations Claims coverage for asbestos injury claims and that Thorpe had no remaining coverage rights under the Fireman's Fund and Continental policies. The arbitrator also awarded attorneys' fees to Fireman's Fund and Continental. Thorpe appealed the arbitrator's ruling.

In April 2003, while Thorpe's appeal was pending, Thorpe, Fireman's Fund and Continental entered into a *Settlement Agreement and Release* (the "Wellington Settlement"), under which, among other provisions, (a) Thorpe released any further rights to "coverage of any kind under or related to" the Fireman's Fund and Continental policies,[2] and (b) Fireman's Fund and Continental paid Thorpe approximately $500,000 and released their claims for attorneys' fees incurred in the arbitration proceeding. Pursuant to the Wellington Settlement, Thorpe warranted that it had not, and would not (i) assign any of the claims released in the Wellington Settlement to any third party, or (ii) "voluntarily assist any other person or entity in the establishment of any claim" against Fireman's Fund or Continental "arising out of, resulting from or in any way relating to the

[2] The Coverage Litigation referred to, *supra*, seeks a determination regarding, among other things, the ongoing availability of coverage for Operations Claims from insurers **other than** Fireman's Fund and Continental. Fireman's Fund and Continental are not parties to the Coverage Litigation.

matters released" in the Wellington Settlement. The Wellington Settlement also provides for the payment of attorneys' fees arising from the breach of any warranty made under the agreement. Last, the Wellington Settlement reserves the continuing jurisdiction of the arbitrator appointed under the *Wellington Agreement* to enforce the Wellington Settlement (but does not require mandatory arbitration of disputes under the Wellington Settlement).[3]

In February 2008, following the commencement of the Chapter 11 cases, Fireman's Fund and Continental each filed a contingent proof of claim for damages based on an alleged breach by Thorpe of its warranties under the Wellington Settlement (together, the "Wellington Settlement Claims"). At present, the liquidated amount of each claim is approximately $35,000, on account of attorneys' fees allegedly incurred by each insurer as a result of Thorpe's alleged breach of the Wellington Settlement (and the renewal by Fireman's Fund and Continental of arbitration proceedings related to such alleged breach). Fireman's Fund and Continental assert, however, that the full amount of their claims may potentially total "many millions of dollars."

The basis for the Wellington Settlement Claims is the assertion by the insurers that Thorpe, in violation of its warranties, (a) allegedly colluded with, encouraged and assisted asbestos claimants to bring direct suits against Fireman's Fund and Continental under the Thorpe CGL policies and (b) obtained the assignment of contribution rights held by certain Settling Asbestos Insurers against Fireman's Fund and Continental.

Thorpe disputes any breach of its obligations under the Wellington Settlement and contends that there is no basis to allow any portion of the Wellington Settlement Claims. Thorpe asserts that its warranties under the Wellington Settlement apply solely to claims that it held and released and could not, by definition, apply to (a) a third party insurer's rights of contribution against Fireman's Fund and Continental that Thorpe might acquire under settlement agreements, or (b) a third party asbestos claimant's direct action rights against Fireman's Fund and Continental. Such

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[3] Fireman's Fund and Continental did, in fact, initiate further arbitration proceedings in September 2007 to address the matters asserted in the Wellington Settlement Claims, discussed *infra*, and an initial hearing had been scheduled for October 16, 2007. Thorpe commenced its Chapter 11 Case on October 15, 2007, and the hearing was consequently stayed. Fireman's Fund and Continental have since requested relief from the automatic stay in order to resume the arbitration and to liquidate the matters raised in the Wellington Settlement Claims. The Bankruptcy Court has denied the motion for stay relief without prejudice to renewal of the motion at a later date.

rights were not held by Thorpe and, as a result, were wholly beyond Thorpe's capacity to release.

Thorpe anticipates filing prompt objections to the allowance of the Wellington Settlement Claims. In order to develop a thorough evidentiary basis for such objections, Thorpe sought an order of the Bankruptcy Court authorizing an examination under Bankruptcy Rule 2004 of each of Fireman's Fund and Continental. Fireman's Fund and Continental opposed the request for a Rule 2004 examination and sought a protective order to limit the duration and scope of any such examination. In April 2008, the Bankruptcy Court authorized the Rule 2004 examinations and overruled the objections of Fireman's Fund and Continental.

The Plan provides, at Section 4.4, for the payment in full by the Reorganized Debtor of all Allowed Unsecured Claims against Thorpe. If Allowed, the Wellington Settlement Claims would be classified and treated under Section 4.4 of the Plan. As noted above, however, Thorpe disputes the allowance of the Wellington Settlement Claims and intends to file an objection to the claims shortly.

One condition to confirmation of the Plan is the determination of the Bankruptcy Court, by a Final Order, to deny in full the allowance of the Wellington Settlement Claims. This determination is referred to in the Plan as the "Wellington Settlement Claims Favorable Determination." As noted above, the Debtors are taking active steps now to obtain such a determination and anticipate that it will be rendered before the Confirmation Hearing. Nevertheless, in order to avoid any possible delays in the Confirmation of the Plan, the Debtors have agreed that the Committee and the Futures Representative may override the pre-Confirmation requirement of a Wellington Settlement Claims Favorable Determination by providing an indemnity from the Trust to the Reorganized Debtor for any amounts that might, if any portion of either of the Wellington Settlement Claims is Allowed, be payable by the Reorganized Debtor under the Plan on account of such claims. The terms and conditions of this indemnification are set forth in Section 7.4 and Exhibit H of the Plan.

Certain of the insurers disagree with the foregoing disclosures and have supplied alternative and/or additional disclosures that are contained in Appendix B. The information in Appendix B has not been approved or disapproved by any of the Proponents, does not necessarily reflect the views of

any of the Proponents, and shall not constitute or be construed as an admission of any fact or liability, stipulation or waiver on behalf of any of the Proponents, but rather as a statement of position made by certain insurers.

D. Need for Chapter 11 Relief

Thorpe filed its chapter 11 case to ensure that the proceeds of its insurance were distributed equitably to all of its asbestos creditors, including those whose asbestos disease had not yet manifested itself, and to maximize the settlements that it could achieve with its insurers that elected to settle their disputes with Thorpe by affording those insurers with the protections provided for in Bankruptcy Code section 524(g). Pacific filed its Chapter 11 case shortly thereafter due to its alleged asbestos liability and the failure of Thorpe's insurers to pay asbestos claims asserted against Pacific.

The goal of Thorpe and Pacific in these chapter 11 cases is to obtain confirmation of the Plan, which provides for a channeling injunction pursuant to which all current and future asbestos-related personal injury and wrongful death claims will be channeled to a trust for liquidation and payment pursuant to section 524(g) of the Bankruptcy Code. The Plan also offers protection under Bankruptcy Code section 524(g) to various non-debtor parties, including insurers who elect to resolve the coverage litigation prior to the confirmation of that plan. **The Proponents support the Plan and urge those creditors entitled to vote to accept the Plan.**

V. SIGNIFICANT EVENTS DURING THE CHAPTER 11 CASES

A. Commencement of Chapter 11 Cases

On October 15, 2007, Thorpe filed a voluntary petition for relief under Chapter 11 of the Bankruptcy Code. On October 31, 2007, Pacific also filed a voluntary petition for relief under Chapter 11 of the Bankruptcy Code. The Chapter 11 Cases were assigned to the Honorable Sheri Bluebond, United States Bankruptcy Judge for the Central District of California (Los Angeles Division). Pursuant to an order of the Bankruptcy Court entered on November 6, 2007, the Chapter 11 cases are being jointly administered under Federal Rule of Bankruptcy Procedure 1015(b). Since their respective petition dates, the Debtors have continued to operate their businesses and manage their properties as debtors-in-possession under Sections 1107(a) and 1108 of the Bankruptcy Code.

No trustee or examiner has been appointed in either of Thorpe's or Pacific's chapter 11 cases.

B. Retention of Debtors' Professionals

On January 15, 2008, the Bankruptcy Court entered an order authorizing Thorpe to retain Pachulski Stang Ziehl & Jones LLP as general bankruptcy and reorganization counsel. On December 20, 2007, the Bankruptcy Court authorized Pacific to retain Clark & Trevithick as general bankruptcy and reorganization counsel. Certain insurers objected to the retention of both law firms, and have filed appeals from both of these orders. The appeal to the first order (authorizing retention of Pachulski Stang Ziehl & Jones LLP) has been dismissed by the appellants; the appeal of the second order (authorizing retention of Clark & Trevithick) has been dismissed by the District Court on the basis that the employment order is interlocutory and not yet subject to appeal.

The Debtors have also retained Snyder Miller & Orton LLP ("SMO"), as special litigation counsel, and Morgan Lewis & Bockius LLP ("MLB"), as special insurance counsel. Orders authorizing the employment of both law firms were entered by the Bankruptcy Court on January 9, 2007. Certain insurers objected to the retention of both law firms, and have filed appeals from both of these orders, which appeals are pending.

On January 31, 2008, the Debtors filed an application to employ Klee, Tuchin, Bogdanoff & Stern LLP as special counsel to represent the Debtors in the appeals from various Bankruptcy Court orders including, without limitation, the foregoing employment orders, that have been filed by various insurers. The application was approved by order entered February 20, 2008.

On March 28, 2008, the Debtors filed an application to employ Moore Stephens Wurth Frazer and Torbet, LLP as tax accountants.

Other than MLB and SMO all of the Debtors' professionals have been retained on an hourly basis. Each of SMO and MLB have been retained on a contingency fee basis, with the compensation to be received by those firms contingent upon net recoveries from the Debtors' insurers. In the aggregate, SMO and MLB are entitled to compensation as follows: (a) 25% of the first $25 million in net recoveries, (b) 20% of net recoveries between $25 million and $50 million, (c) 15% of net recoveries between $50 million and $150 million, (d) 9.5% of net recoveries between $150 million and $500 million and (e) 7% of net recoveries in excess of $500 million. In addition MLB and SMO

are entitled to be reimbursed for any expenses that they incur in connection with their representation of Thorpe. The foregoing is intended to be a summary of the terms and conditions of SMO's and MLB's engagement and is qualified in its entirety by the terms and conditions of the Bankruptcy Court's orders approving their employment, which include, as exhibits, the detailed fee agreements between Thorpe and the firms. Creditors desiring a more detailed description of the terms and conditions of SMO's and MLB's employment are encouraged to review that order, a copy of which may be obtained, upon request, from the Proponents or from Bankruptcy Court.

C. Official Unsecured Creditors' Committees

An official committee of unsecured creditors was appointed on October 26, 2007, in the Chapter 11 case of Thorpe (the "Thorpe Committee"). An identical official committee of unsecured creditors was appointed on November 16, 2007, in the chapter 11 case of Pacific (the "Pacific Committee"). Collectively, the Thorpe Committee and the Pacific Committee are referred to hereinafter as the "Committee." The Committee filed applications to retain Heller Ehrman LLP and Caplin & Drysdale, Chartered, as co-counsel to the Committee in both chapter 11 cases. These applications were approved on December 13, 2007 in the Thorpe case, and on January 15, 2008 in the Pacific case. On January 25, 2008, the Committee filed an application to employ Legal Analysis Systems Inc. as Asbestos Injury Consultants.

D. Appointment of Representative for Future Claimants

On October 31, 2007, Thorpe filed an application, pursuant to Section 524(g)(4)(B)(i) of the Bankruptcy Code, for the appointment of the Honorable Charles B. Renfrew (Ret.), as the legal representative on behalf of persons holding potential future claims on account of damages allegedly caused by exposure to asbestos (the "Futures Representative"). Pacific also filed an application, on November 12, 2007, to appoint Mr. Renfrew as the Futures Representative in its chapter 11 case. The qualifications and experience of Mr. Renfrew to serve as the Futures Representative are set forth more fully in Thorpe and Pacific's respective applications filed with the Bankruptcy Court. Orders approving the appointment of Mr. Renfrew were entered by the Bankruptcy Court in both cases on December 20, 2007. Certain insurers objected to the appointment of the Futures Representative and filed appeals from those orders on December 26, 2007. The Futures Representative filed an

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application to employ Fergus, A Law Firm, as his counsel in the chapter 11 cases, which was granted on December 12, 2007. The Futures Representative also filed an application to retain Hamilton Rabinovitz & Associates as an expert consultant, which was granted on December 12, 2007.

E. Routine Matters in Chapter 11 Cases

Thorpe has filed various motions seeking miscellaneous relief in its chapter 11 case, such as an order limiting the scope and manner of notice of proceedings in its case, and an order directing the joint administration of the Thorpe and Pacific chapter 11 cases. On November 6, 2007, the Bankruptcy Court ordered that the chapter 11 cases be jointly administered. On November 16, 2007, Thorpe and Pacific filed a motion to implement an interim compensation procedure for professionals employed in the chapter 11 cases, which was granted on December 13, 2007.

On November 30, 2007, the Debtors filed a motion to establish a bar date for the filing of proofs of claim. On January 10, 2008, the Bankruptcy Court entered its order establishing March 7, 2008 as the general bar date, for filing claims other than asbestos-related personal injury claims and inter-company claims.

Unlike Thorpe, which has ceased ongoing operations, Pacific continues to operate its insulation distribution business. Hence, Pacific has sought administrative relief in the Bankruptcy Court that is routine and customary for operating debtors. In particular, Pacific has filed, among other motions, (i) a motion for an order determining that it has supplied adequate assurance of payment for post-petition utility services, which was granted on December 11, 2007, (ii) a motion for an order authorizing it to honor and pay costs associated with its pre-petition employee benefit programs, which was granted on December 13, 2007, (iii) a motion to approve a settlement of Johns Manville's reclamation claim, which was granted on December 26, 2007, (iv) a motion to assume certain executory contracts and unexpired leases, which was granted on March 12, 2008, (v) a motion for authority to assume executory contracts re: (1) Johns Manville and (2) Employees' Profit Sharing Plan, which was filed on April 29, 2008 and granted, and (vi) a motion for a final order authorizing post-petition financing from California Bank & Trust in the amount of two million dollars, authorizing post-petition financing, granting senior security interests and superpriority

administrative expense status, and authorizing use of cash collateral and modifying the automatic stay, which is scheduled for hearing on June 18, 2008.

F. Intra-District Transfer

In November 2007, certain insurers filed a motion with the Bankruptcy Court to transfer the chapter 11 cases from the Los Angeles division of the Bankruptcy Court to its Santa Ana division (*i.e.*, the cases would remain venued in the Central District of California, albeit in a different division of the district). Thorpe opposed the transfer of its case on various grounds, principally because its offices, officers and assets were all located within the territory of the court's Los Angeles division. Moreover, inasmuch as Thorpe's chapter 11 case is closely related to Pacific's case (and there is no dispute regarding the venue of its case), the continued venue of the Thorpe case in the court's Los Angeles division would be appropriate. The Bankruptcy Court considered the motion to transfer venue at a hearing conducted on December 4, 2007, and denied the motion by order entered on December 11, 2007.

G. Remand of Coverage Litigation

As noted above, shortly after the commencement of Thorpe's Chapter 11 case, Thorpe filed notices to remove each of the four actions subsumed within the Coverage Litigation from the State courts to the Bankruptcy Court. Subsequently, certain of the defendant insurers filed motions seeking to remand the Coverage Litigation back to the State court.

The Bankruptcy Court initially considered the remand motion at a hearing on November 7, 2007 and issued a tentative ruling in favor of the remand of the Coverage Litigation. The court, however, continued a final decision on remand pending the filing of, and the Court's consideration of: (a) a proceeding by the Debtors seeking to stay the Coverage Litigation and (b) a motion by certain of the insurers seeking relief from the automatic stay to prosecute their claims in the Coverage Litigation.

On December 4, 2007, the Bankruptcy Court conducted a further hearing and determined to remand the four actions to state court. Remand orders were entered in one action on December 5, 2007 and in the remaining three actions on December 28, 2007. As set forth below, although the Bankruptcy Court remanded these actions to the State court, it did not grant relief from the automatic

stay to prosecute them, and enjoined the prosecution of the Coverage Litigation, except in limited respects.

H. Resumption of Coverage Litigation – Complaint for Injunction & Relief from Automatic Stay

In anticipation of the possible remand of the Coverage Litigation to the state court, the Debtors and the Committee commenced an adversary proceeding in the Bankruptcy Court by filing their *Complaint for Injunctive Relief* (the "Complaint"), on November 16, 2007 (Adversary Proceeding No. AD 07-01850-BB). The Complaint seeks an injunction that, in effect, stays the Coverage Litigation pending the formulation and confirmation of the Plan. Concurrently with the Debtors' filing of the Complaint, certain of the Debtors' insurers filed motions seeking orders modifying the automatic stay so as to allow those insurers to proceed to litigate their claims against the Debtors in the event that the Bankruptcy Court determined to remand the Coverage Litigation to the State Court.

On December 28, 2007, the Bankruptcy Court entered an order granting a Preliminary Injunction and staying prosecution of the Coverage Litigation in the state court until March 18, 2008, except as to two matters then pending California Court of Appeal. Various insurers filed an appeal from this ruling on December 31, 2007. On April 15, 2008, the District Court having jurisdiction of the insurers' appeal dismissed that appeal as moot, the injunction appealed from having expired by its terms on March 18, 2008.

On March 18, 2008, the Bankruptcy Court conducted a further hearing, and ordered that the Preliminary Injunction be extended until June 18, 2008. Certain insurers filed a notice of appeal from the Bankruptcy Court's oral ruling extending the injunction. On April 4, 2008, the Bankruptcy Court implemented its oral ruling and entered a preliminary injunction staying the Coverage Litigation until June 18, 2008 and scheduling a hearing on that date to consider whether or not the injunction should be further extended. At the June 18 hearing, the Bankruptcy Court extended the preliminary injunction staying the Coverage Litigation until October 2, 2008.

I. Motion to Appoint Chapter 11 Trustee

On November 16, 2007, certain insurers filed a motion to appoint a Chapter 11 trustee for

Thorpe. The motion was based on allegations that Thorpe's management and professionals held interests adverse to the Estate in Thorpe's Chapter 11 case and were also acting contrary to Thorpe's alleged duty to cooperate with its insurers under its insurance policies. The Bankruptcy Court initially considered the motion to appoint a Chapter 11 trustee at a hearing conducted on December 12, 2007, and limited discovery requested by the moving insurers pending a further hearing on January 14, 2008. After the January 14, 2008 hearing, the Bankruptcy Court denied the motion to appoint a Chapter 11 trustee, and entered an order on January 16, 2008. Certain insurers filed an appeal from the Bankruptcy Court's order denying their motion on the same date, January 16, 2008. By order entered June 16, 2008, the District Court affirmed the Bankruptcy Court's order denying the motion to appoint a chapter 11 trustee.

J. Selected Insurer Settlements

To date, the Debtors have successfully negotiated settlements with five of Thorpe's insurers, Pacific Indemnity Company, Great American Insurance Company, Republic Indemnity Company of North America, Associated International Insurance Company and American Centennial Insurance Company. Under these settlements, the Debtor has received, or will receive, in the aggregate, a minimum of $47.5 million. In addition, should Thorpe successfully confirm a plan of reorganization in its bankruptcy case providing protection to two of the settling insurers pursuant to Bankruptcy Code section 524(g), Thorpe will receive additional payments from those insurers of at least $20 million and, depending upon the amounts, if any, recovered from Thorpe's other insurers, potentially as much as an additional $45 million, which would result in total recoveries from the foregoing insurers of as much as $92.5 million.

Certain of the insurer settlements referred to above were conditioned upon the entry of orders of the Bankruptcy Court approving and implementing those agreements. On January 24, 2008, the Bankruptcy Court entered an order approving notice procedures, including notice by publication, of the settlement with Great American and Republic. On February 1, 2008, the Debtors filed motions seeking Bankruptcy Court approval of each of the settlements, and asking the Bankruptcy Court to assume jurisdiction over a Qualified Settlement Fund that had been established prior to the petition date with funds from the settlement with Pacific Indemnity Company. The Debtors later withdrew

the motion to approve the prepetition settlement with Associated International, for which immediate approval was not required. On March 12, 2008, the Bankruptcy Court conducted a hearing and approved each of the other settlements. Orders approving the settlements were entered on May 20, 2008. Certain insurers have appealed entry of these orders to the District Court and said appeals are currently pending. The Bankruptcy Court also assumed jurisdiction over the Qualified Settlement Fund, by order entered on March 14, 2008.

The foregoing discussion of the terms and conditions of the settlements with the above named insurers is qualified in its entirety by the terms and conditions of the settlement agreements with those insurers. Copies of those settlement agreements may be obtained from the Proponents upon request, and were filed with the Bankruptcy Court as exhibits to the motions seeking Bankruptcy Court approval of the settlements.

The Debtors continue to have settlement discussion with certain of Thorpe's insurers. In the event that the Debtors are successful in compromising their claims against other insurers prior to the conclusion of the confirmation hearing on the Plan, the Debtors will provide notice of such settlements to all parties in interest.

VI. THE PLAN

A copy of the Plan accompanies this Disclosure Statement as Exhibit A. The following summary of the material provisions of the Plan is qualified in its entirety by the specific provisions of the Plan, including the Plan's definitions of certain terms used below. The following is intended only to provide a general description of the Plan. For more specific information concerning the Plan, the Plan should be referenced. **In the event of any inconsistency between the terms of the Plan and the description of those terms in this Disclosure Statement, the terms and conditions of the Plan are controlling.**

A. Overview of the Plan

The Plan is the product of extensive, post-petition negotiations among the Debtors, the Committee, the Futures Representative and their respective bankruptcy counsel and advisors. The Plan is based primarily upon a compromise and agreement reached among these parties concerning: (a) the establishment and terms of the Trust, (b) the funding of the Trust, (c) the terms of discharges

and releases, (d) the issuance of injunctions under Section 524(g) of the Bankruptcy Code that will result in the channeling into the Trust of **all** present and future Asbestos Related Claims against the Debtors and certain other parties, and the conditions upon which such other parties may become entitled to the benefit of such injunctive relief and (e) the resolution of inter-company claims among Thorpe, Pacific and Farwest. These agreements are discussed below.

The Debtors have thoroughly evaluated, and discussed with the Committee and Futures Representative, the complexity, expense, inconvenience and delay involved in any alternative plan, and the interests of creditors. For the reasons set forth below, the Proponents believe that the terms and conditions of the Plan are fair, reasonable, in the best interests of creditors and otherwise meet the applicable requirements under the Bankruptcy Code for confirmation.

If the Debtors' current estimates regarding the amount of allowed Claims are accurate, the Proponents believe that, if the Plan is confirmed, all of the Debtors' creditors (other than creditors holding Asbestos Related Claims, will receive payment in full. Given the uncertainties inherent in predicting the quantity and amount of Asbestos Related Claims that may be filed and the outcome of the Coverage Litigation, it is difficult to predict the dividend that might be received by the holders of Asbestos Related Claims. Nevertheless, the Proponents believe that the holders of Asbestos Related Claims will receive treatment under the Plan that is significantly better than the distributions Creditors would achieve in a chapter 7 case

1. Establishment of Trust

Confirmation of the Plan will result in the establishment and (initial) funding of the Trust. The Trust will qualify as a "qualified settlement fund" under applicable regulations promulgated pursuant to Section 468B of the Internal Revenue Code (*e.g.*, 26 C.F.R. §1.486B-1(c)). The Trust will assume the liabilities, obligations, costs and expenses associated with the verification, liquidation, allowance and payment of all Asbestos-Related Claims.

The procedures for the determination and payment of Asbestos-Related Claims are set forth in that certain *Asbestos Personal Injury Settlement Trust Distribution Procedures* appended to the Plan as Exhibit I (the "TDP"). The TDP to be established and adopted by the Trust pursuant to the Trust Agreement will be used to assign a value to all Asbestos Related Claims that are timely

filed with the Trust and not rejected or denied and to determine the timing and amount of payments to be made in satisfaction of Asbestos Related Claims. In addition to resolving promptly Asbestos Related Claims, the TDP will significantly reduce operating expenses, which expenses would otherwise reduce Trust Assets available for distribution to holders of Asbestos Related Claims. All holders of Allowed Asbestos Related Claims will benefit from such cost savings, by maximizing the assets that are to be used for the payment of Asbestos Related Claims

The Trust will be funded with the Trust Assets, which include, among other things, the following assets to be delivered to the Trust pursuant to the Plan or otherwise: (a) the Asbestos Insurance Rights, (b) cash as of the Effective Date (including qualified settlement funds) constituting the proceeds of Asbestos Insurance Settlements, less amounts deposited in the Professional Fee Reserve, (c) the Reorganized Debtor Notes, (d) the Farwest Contribution, (e) the Debtors' rights of contribution, reimbursement, indemnity or subrogation on account of the payment by or on behalf of the Debtors prior to the Petition Dates of all or any part of any Asbestos Related Claim, other than rights against the Protected Parties, (f) all Business Losses, subject to the Business Loss Allocation payable to the Reorganized Debtor, and any income, profits and proceeds derived from the foregoing, and (g) all rights to future payments from the Manville Personal Injury Settlement Trust.

The Trust will be administered by the Trustees pursuant to the TDP, in consultation with, and with the consent as to certain matters of, the Futures Representative and the Trust Advisory Committee ("TAC"). The mechanisms of the Trust have been designed, as a result of extensive discussion, to provide reasonable assurance that the Trust will value, and will be in a financial position to pay, similar present and future Asbestos Related Claims in substantially the same manner.

2. Discharge and Injunctions

Upon confirmation of the Plan, the Debtors will each receive a discharge of all Claims. In addition, as noted, the Plan contemplates the issuance of Injunctions under Section 524(g) of the Bankruptcy Code that will result in the channeling into the Trust of **all** present and future Asbestos Related Claims against the Protected Parties who include, among others, the Debtors, Farwest, the principals of the Debtors and Farwest, Bayshore Partners, LLC and the

Settling Insurers. These Injunctions are the Channeling Injunction (Exhibit A to the Plan), the Settling Asbestos Insurer Injunction (Exhibit B to the Plan) and the Asbestos Insurer Injunction (Exhibit C to the Plan).

a. Channeling Injunction

The Channeling Injunction provides that pursuant to Bankruptcy Code Sections 524(g) and 105(a), certain Asbestos Related Claims shall be channeled to, and paid solely from, the Trust. Upon the Effective Date, all entities (except as expressly allowed below) which have held or asserted, which hold or assert, or which may in the future hold or assert any Asbestos Related Claim shall be permanently stayed, restrained and enjoined from taking any legal action for the purpose of directly or indirectly collecting, recovering or receiving payment or recovery with respect to any such claim from or against any Protected Party, including, but not limited to:

(i) commencing, conducting or continuing in any manner any action or other proceeding of any kind (including a judicial arbitration or other proceeding) against any Protected Party, or against the property of any Protected Party, with respect to any Asbestos Related Claim;

(ii) enforcing, attaching, levying, collecting or recovering, by any manner or means, any judgment, award, decree, or other order against any Protected Party, or against the property of any Protected Party, with respect to any Asbestos Related Claim;

(iii) creating, perfecting, or enforcing in any manner any Lien of any kind against any Protected Party, or against the property of any Protected Party, with respect to any Asbestos Related Claim;

(iv) asserting or accomplishing any setoff, right of subrogation, indemnity, contribution or recoupment of any kind, directly or indirectly, against any obligation due any Protected Party, or against the property of any Protected Party, with respect to any Asbestos Related Claim; and

(v) taking any act, in any manner, in any place whatsoever, that does not conform to, or comply with, the provisions of the Plan relating to any Asbestos Related Claim.

The provisions of the Channeling Injunction shall not shall bar (i) any action pursuant to

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Section 5.1.6 of the Plan against the Reorganized Debtor that strictly conforms to the pleading requirements of Section 5.1.6 of the Plan, and/or (ii) any action against any Asbestos Insurer that is neither a Settling Asbestos Insurer nor an Asbestos Insurer protected, at the time such action is brought, by the Asbestos Insurance Injunction.

b. Settling Asbestos Insurer Injunction

The Settling Asbestos Insurer Injunction provides that pursuant to Sections 524(g) and 105(a) of the Bankruptcy Code, upon the Effective Date, all entities which have held or asserted, which hold or assert, or which may in the future hold or assert any Asbestos Insurance Policy Claim shall be permanently stayed, restrained and enjoined from taking any legal action for the purpose of directly or indirectly collecting, recovering or receiving payment or recovery with respect to any such claim from or against any Settling Asbestos Insurer, only to the extent that such Settling Asbestos Insurer has been released from any claim under one or more Asbestos Insurance Policies pursuant to one or more Asbestos Insurance Settlements, including, but not limited to:

(i) commencing, conducting or continuing in any manner any action or other proceeding of any kind (including a judicial arbitration or other proceeding) against any Settling Asbestos Insurer, or against the property of any Settling Asbestos Insurer, with respect to any Asbestos Insurance Policy Claim;

(ii) enforcing, attaching, levying, collecting or recovering, by any manner or means, any judgment, award, decree, or other order against any Settling Asbestos Insurer, or against the property of any Settling Asbestos Insurer, with respect to any Asbestos Insurance Policy Claim;

(iii) creating, perfecting, or enforcing in any manner any Lien of any kind against any Settling Insurer, or against the property of any Settling Asbestos Insurer, with respect to any Asbestos Insurance Policy Claim;

(iv) asserting or accomplishing any setoff, right of subrogation, indemnity, contribution or recoupment of any kind, directly or indirectly. against any obligation due any Settling Asbestos Insurer, or against the property of any Settling Asbestos Insurer, with respect to any Asbestos Insurance Policy Claim; and

(v) taking any act, in any manner, in any place whatsoever, that does not conform to, or comply with, the provisions of the Plan relating to any Asbestos Insurance Policy Claim.

c. Asbestos Insurer Injunction

The Asbestos Insurer Injunction provides that pursuant to Section 105(a) of the Bankruptcy Code, to carry out the provisions of Section 524(g) of the Bankruptcy Code, upon the Effective Date, all entities (except as expressly allowed below), which have held or asserted, which hold or assert, or which may in the future hold or assert any Asbestos Related Claim shall be permanently stayed, restrained and enjoined from taking any legal action for the purpose of directly or indirectly collecting, recovering or receiving payment or recovery with respect to any such claim from or against any Asbestos Insurer (except Fireman's Fund or Continental), including, but not limited to:

(i) commencing, conducting or continuing in any manner any action or other proceeding of any kind (including a judicial arbitration or other proceeding) against any Asbestos Insurer, or against the property of any Asbestos Insurer (except Fireman's Fund or Continental), with respect to any Asbestos Related Claim;

(ii) enforcing, attaching, levying, collecting or recovering, by any manner or means, any judgment, award, decree, or other order against any Asbestos Insurer (except Fireman's Fund or Continental), or against the property of any Asbestos Insurer (except Fireman's Fund or Continental), with respect to any Asbestos Related Claim;

(iii) creating, perfecting, or enforcing in any manner any Lien of any kind against any Asbestos Insurer (except Fireman's Fund or Continental), or against the property of any Asbestos Insurer (except Fireman's Fund or Continental), with respect to any Asbestos Related Claim;

(iv) asserting or accomplishing any setoff, right of subrogation, indemnity, contribution or recoupment of any kind, directly or indirectly. against any obligation due any Asbestos Insurer (except Fireman's Fund or Continental), or against the property of any Asbestos Insurer (except Fireman's Fund or Continental), with respect to any Asbestos Related Claim; and

(v) taking any act, in any manner, in any place whatsoever, that does not conform to, or comply with, the provisions of the Plan relating to any Asbestos Related Claim.

The provisions of the Asbestos Insurer Injunction shall not preclude the Trust from pursuing any claim that may exist under any Asbestos Insurance Policy against any Asbestos Insurer. The provisions of the Asbestos Insurer Injunction shall not apply to protect either of Fireman's Fund or Continental. The provisions of the Asbestos Insurer Injunction shall not impair or affect (i) any Asbestos Insurance Litigation brought by the Trust or the Reorganized Debtor against any Asbestos Insurer, or (ii) any Asbestos Insurance Rights held by the Trust or on behalf of the Reorganized Debtor. The provisions of the Asbestos Insurer Injunction are not issued for the benefit of any Asbestos Insurer and no such insurer is a third-party beneficiary of the Asbestos Insurer Injunction. The Trust shall have the sole and exclusive authority at any time, upon written notice to any affected Asbestos Insurer, to terminate, or reduce or limit the scope of the Asbestos Insurer Injunction with respect to any Asbestos Insurer.

3. Reorganized Debtor

Following the Effective Date of the Plan, other than with respect to those assets to be contributed to the Trust, each of Thorpe and Pacific will be revested with all of the assets of their respective bankruptcy estates, free and clear of any interests, and Pacific shall be merged into Thorpe, which will continue to operate the business theretofore operated by Pacific and use, acquire, and dispose of its property free of any restrictions of the Bankruptcy Code. As a result of the Merger Agreement, all of the equity interests in Pacific will be exchanged for equity interests in Thorpe and Pacific shall cease to exist as an independent entity.

4. Agreements and Settlements with Debtors and Related Parties

As noted, the Plan is the product of numerous compromises and agreements negotiated among and between the Debtors, the Committee, the Futures Representative and related parties concerning the establishment and terms of the Trust, the funding of the Trust, the terms of discharges and releases, and the contributions and/or other conditions upon which parties may become entitled to the benefit of injunctive relief under Section 524(g) of the Bankruptcy Code.

The settlements embodied in the Plan relate to two major subjects. The first concerns the

Trust, its structure and funding, and the amount and form of the "substantial contribution" to be made by the Debtors, and by or on behalf of affiliated entities and individuals, to meet the requirements and entitle them to the benefits and protections of §524(g). The second involves the resolution of a number of rights, claims, and purported entitlements asserted between Thorpe and its estate, on the one hand (including rights that Thorpe, as debtor in possession, is authorized to assert under the Bankruptcy Code), and Pacific, Farwest, their respective equity holders, and various other related entities and individuals, on the other hand. Although individual elements of the settlements are logically related to one or another of these two major subjects, it is important to recognize that the settlements reflected in the Plan between and among the Debtors, their affiliates, the Committee and the Futures Representative comprise a single "global" integrated compromise, and that no individual element is independent of or severable from the other elements or from the compromise agreement taken as a whole.

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Section 524(g) Requirements: As described above in Article VI.A.2, Section 524(g) of the Bankruptcy Code authorizes the issuance of an injunction that "channels" all asbestos personal injury claims – including future claims that arise after the bankruptcy case – to a trust (thus expanding the protection of the bankruptcy discharge given to the debtor, which otherwise would not affect future claims), and that protects non-debtor parties against liability on asbestos personal injury claims – both present and future – asserted against the debtor (protection that otherwise would not be available at all since a bankruptcy discharge otherwise protects only the debtor and not third parties). There are complex requirements established by the statute for a debtor and for non-debtor third parties to obtain this protection against present and future asbestos personal injury claims. One of those requirements, applicable to both debtors and non-debtor third parties, is the requirement to make a substantial contribution to the trust to which the present and future claims are channeled.

Disputed Rights, Claims and Entitlements: The disputes resolved by the plan settlements include primarily the following:

- Avoidance claims against or involving Pacific and Farwest. The Committee and the Futures Representative have asserted that the transactions in which Pacific was organized and spun off to the shareholders of Thorpe in 2000, and Farwest acquired the remaining operating assets and

business of Thorpe in 2004, may have constituted transfers that are avoidable (*i.e.*, could be reversed) by creditors of Thorpe and on behalf of Thorpe's bankruptcy estate, principally on the basis that they were "fraudulent transfers" under applicable state and bankruptcy law. Pacific and Farwest and their respective shareholders dispute this assertion on a variety of grounds, including that the transactions at issue were undertaken for legitimate business reasons, that any asset transfers were made for fair value, and (in the case of Pacific) that the statute of limitations bars any action to challenge the transaction.

- Pre-petition loan from Thorpe to Pacific. In October 2007, Thorpe loaned Pacific $1,850,000. The Thorpe estate therefore asserts a claim against Pacific for repayment of that amount.

- Claims asserted by Pacific, Farwest and their respective shareholders against Thorpe for indemnification, reimbursement and/or damages arising from the assertion against Pacific and Farwest of asbestos personal injury claims based on the asbestos-related activities of Thorpe.

- Assertion by Pacific, Farwest, and their respective shareholders of an entitlement to or interest in claims against Thorpe's insurers for extra-contractual damages, based principally on the theory that some of the insurers tortiously breached obligations owed to their policyholders, and that, because of the relationship of these other entities to Thorpe, and the nature of the injuries incurred by these affiliated entities, the affiliated entities also have claims against the insurers or a right to share in recoveries on Thorpe's claims.

To address and resolve the foregoing matters, the parties have agreed on the following plan provisions:

Reorganized Debtor Promissory Note. The Reorganized Debtor will deliver a promissory note to the Trust (to be filed as Exhibit K to the Plan, at least ten days prior to the hearing to consider approval of the disclosure statement) (the "Promissory Note"), with the following economic terms: (i) principal amount of $750,000, (ii) interest fixed at a rate per annum equal to the "discount rate" established by the Federal Reserve Bank of San Francisco in effect on the Confirmation Date plus 3%, (iii) term of five years, (iv) mandatory annual payments of principal of not less than $150,000, but subject to voluntary prepayment without penalty in whole or in part, and (v) secured by 51% of

the stock in the Reorganized Debtor. Any entitlement of the Reorganized Debtor to payments from the Trust may be offset against any sums due under the Promissory Note.

Reorganized Debtor Earnout Note. The Reorganized Debtor shall also deliver a promissory note to the Trust (to be filed as Exhibit L to the Plan) (the "Earnout Note"), with the following economic terms: (i) principal amount of $500,000, (ii) interest fixed at a rate per annum equal to the "discount rate" established by the Federal Reserve Bank of San Francisco in effect on the Confirmation Date plus 3%, payable annually in arrears, and (iii) all principal and interest due in 10 years, with mandatory annual payments of principal equal to 50% of the annual profits of the Reorganized Debtor for the year just ended, not to exceed $50,000 per year, subject to the right to prepay, in whole or in part, without penalty, at any time.

Farwest Contribution and Settlement. On the Effective Date, Farwest shall pay the Trust $500,000 in cash, for itself and on behalf of the Identified Parties (identified in the Plan as Bayshore Partners, LLC, formerly known as Bayshore Group, which was formerly known as Fults Development Co.; Robert W. Fults; Debra Fults; Linda E. Fults; Eric W. Fults; Vicky Fults; David A. Fults; and Stacie Fults) as, inter alia, their contribution pursuant to Section 524(g) and in consideration for the Farwest Settlement. Under the Farwest Settlement (Exhibit G to the Plan) all Intercompany Claims among the Debtors, on the one hand, and Farwest, on the other hand, shall be deemed fully and finally settled and the parties shall exchange mutual general releases. In particular, but without limitation, Farwest shall be deemed to have waived and released any and all claims it has, or may have, to some or all of the Business Loss Allocation which is otherwise being fully allocated to the Reorganized Debtor pursuant to the Plan. Farwest reserves the right to file a request for payment of an Administrative Claim for a substantial contribution pursuant to Sections 503(b)(3)(D) and (4) of the Bankruptcy Code for the fees and expenses incurred by its counsel in connection with these Chapter 11 Cases in an amount to be determined by the Bankruptcy Court.

Business Loss Allocation. The claims against insurers to be transferred to the Trust under the Plan include claims for damages for lost business opportunities, business interruption or other cost, loss or damage to the Debtors' businesses, or impairment of Asbestos Insurance Coverage, based on, arising under or related to any Asbestos Insurance Litigation ("Business Losses"). As noted above,

Pacific and Farwest and their owners contend that such claims are valuable and that they are entitled to a portion of any net recoveries from insurers on account of such claims. In resolution of this dispute, the parties have agreed that: (a) the Reorganized Debtor shall not receive certain insurance settlement monies already received (although some of such funds are being and will continue to be used to pay the administrative expenses of the Thorpe bankruptcy case, including the professional fees of counsel to Thorpe, the Committee and the Futures Representative); and (b) with respect to other funds received by the Trust from settlements with, or judgments against, insurers (including future amounts received under the settlements with Great American and American Centennial) ("Net Recoveries"), the Reorganized Debtor would receive a specified percentage of such recoveries up to the maximum aggregate amount of $5,250,000.

The portion of the aggregate Business Losses sustained by the Debtors that shall be paid by the Trust to the Reorganized Debtor will be determined as follows: The sum of (i) 2% of all Net Recoveries up to $200 million, plus (ii) .75% of all Net Recoveries between $200 million and $300 million, plus (iii) .25% of all Net Recoveries between $300 million and $500 million. The Trust shall not pay the Reorganized Debtor any amounts for Business Losses on account of any Net Recoveries in excess of $500 million. The Business Loss Allocation shall not exceed, under any circumstances, $5.25 million.

Pacific Merged Into Thorpe. The effect of this merger is to reverse the transaction in 2000 by which Pacific was spun off from Thorpe, *i.e.*, the transaction which the Committee and the Futures Representative assert may be avoidable as a fraudulent transfer.

The Committee and the Futures Representative have agreed to these terms based upon an assessment of the legal and factual bases of the claims that could be asserted by or on behalf of the Thorpe Estate, and the claims, rights and entitlements asserted by Pacific, Farwest, and their affiliated entities and individuals against or with respect to the Thorpe Estate and its assets, including rights to recover under insurance policies, and defenses to such claims or asserted rights or entitlements. In addition, the Committee and the Futures Representative have taken into account a range of practical and pragmatic considerations, including the cost to the estate of litigating over these matters, the likely net recovery if the matters were to be litigated to conclusion, the desirability

of reaching a prompt resolution on these matters to enable the parties to proceed as expeditiously as possible with confirmation of the Plan, the relative financial significance of these matters in relation to the other assets currently available or anticipated to be available to the estate and the Trust (primarily from recoveries from Thorpe's insurers), and the desirability of providing an economic incentive to the owners of the Debtor to assist in the efforts to recover on the Business Loss claims against Thorpe's insurers. In light of all of these considerations, the Committee and the Futures Representative believe that the terms to which they have agreed, as reflected in the Plan and as described in substantial part above, are fair and reasonable from the standpoint of, and hence are in the best interest of, Thorpe's creditors and future claimants.

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

The following describes the Plan's classification of Claims against and Equity Interests in Thorpe and Pacific and the treatment the holders of Allowed Claims and Allowed Equity Interests would receive under the Plan. The treatment of Claims set forth below is consistent with the requirements of Section 1129(a) of the Bankruptcy Code.

Class 1	Priority Employee Claims	Class 1 Claims are to be paid in full. The Debtors are not currently aware of any Class 1 claims. Class 1 is unimpaired and holders of Class 1 Claims are deemed to have accepted the Plan.
Class 2	Miscellaneous Secured Claims (each secured creditor in a separate class identified as class 2a, Class 2b, etc.)	Class 2 Claims are to be paid in full, or the collateral securing such claims will be surrendered. The Debtors are not currently aware of any Class 2 Claims. Class 2 is unimpaired and holders of Class 2 Claims are deemed to have accepted the Plan.
Class 3	Pacific Unsecured Claims	Class 3 Claims shall be paid in full, with interest at the Plan Interest Rate from the Petition Date through the date of Distribution. Class 3 is unimpaired and holders of Class 3 Claims are deemed to have accepted the Plan.
Class 4	Thorpe Unsecured Claims	Class 4 claims shall be paid in full, with interest at the plan interest rate from the petition date through the date of distribution. Holders of Class 4 claims are deemed to have accepted the Plan.

Class 5	Asbestos Injury Claims	Upon the Effective Date, the Trust shall assume responsibility for all Asbestos Injury Claims and Asbestos Indirect Claims. The amount that each holder of such a Claim shall be entitled to receive from the Trust shall be determined in accordance with the TDP, shall remain subject to the Asbestos Related Defenses and shall be paid at the times and in the manner set forth in the TDP. In no event shall the Trust's obligation to pay the holder of an Asbestos Injury Claim or Asbestos Indirect Claim the amount of such claim as determined in accordance with the TDP be satisfied other than by the payment in full of such amount.
Class 6	Pacific Interests	On the Effective Date, the Merger shall be consummated and all Pacific Equity Securities shall automatically be terminated and extinguished and Pacific shall be merged into Thorpe with Thorpe to be the Surviving Corporation. Pursuant to the Merger Agreement, each holder of a Pacific Interest shall receive, in exchange for such interest, the Reorganized Debtor New Common Stock identified in the Merger Agreement. Upon and following the occurrence of the Effective Date, the Reorganized Debtor New Common Stock shall be subject to the Reorganized Debtor Stock Pledge Agreement, which shall encumber 51% of the Reorganized Debtor New Common Stock held by each holder of such stock. Class 5 is impaired and holders of Class 5 Pacific Interests are entitled to vote.

Class 7	Thorpe Interests	On the Effective Date, the Merger shall be consummated and all Thorpe Equity Securities shall automatically be terminated and extinguished and Pacific shall be merged into Thorpe with Thorpe to be the Surviving Corporation. Pursuant to the Merger Agreement, each holder of a Thorpe Interest shall receive, in exchange for such interest, the Reorganized Debtor New Common Stock identified in the Merger Agreement. Upon and following the occurrence of the Effective Date, the Reorganized Debtor New Common Stock shall be subject to the Reorganized Debtor Stock Pledge Agreement, which shall encumber 51% of the Reorganized Debtor New Common Stock held by each holder of such stock. Class 6 is impaired and holders of Class 6 Thorpe Interests are entitled to vote.

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C. Means of Implementation of the Plan

The following shall constitute the principal means for the implementation of the Plan, as set forth in Article 5 of the Plan.

1. Establishment of the Trust

On the Effective Date, the Trust shall be established in accordance with the Trust Documents, and all Trust Assets shall be paid, transferred to, vested in, and assumed by the Trust. On the Effective Date, (i) all Asbestos Related Claims shall be assumed by the Trust, subject in all respects to any Asbestos Related Defenses, (ii) except as provided in the Plan, Asbestos Related Claims shall thereafter automatically and perpetually be transferred and channeled to the Trust, and (iii) the Trust shall be solely responsible for any and all obligations of the Trust under the terms of the Asbestos Insurance Settlements and the Trust Agreement.

THE FORMATION, FUNDING, MANAGEMENT, CLAIMS LIQUIDATION PROCEDURES, DISTRIBUTION PROCEDURES AND OTHER OPERATIONS AND PROVISIONS OF THE TRUST ARE SUMMARIZED IN ARTICLE VII OF THIS DISCLOSURE STATEMENT BELOW.

2. Approval and Implementation of Reorganized Debtor and Farwest Contributions to Trust.

The Confirmation Order shall constitute the determination by the Bankruptcy Court that the

Farwest Settlement contained in Exhibit G to the Plan is approved. On the Effective Date, (a) the Farwest Contribution shall be paid to the Trust, and (b) the Reorganized Debtor Notes and the Reorganized Debtor Stock Pledge Agreement shall be delivered to the Trust. Any amounts due and outstanding by the Trust to the Reorganized Debtor on account of the Business Loss Allocation shall, as long as the Reorganized Debtor Promissory Note remains unpaid and outstanding, be retained by the Trust and offset against amounts due to the Trust by the Reorganized Debtor under the Reorganized Debtor Promissory Note (as such offset may be effectuated pursuant to the terms specified in the Reorganized Debtor Promissory Note).

3. Issuance of Injunctions.

On the Effective Date, the Injunctions described in Article VI.A.2 above shall be deemed issued, entered, valid and enforceable according to their terms. Except as permitted by their terms, the Injunctions shall be permanent and irrevocable and may only be modified by the District Court to the extent permitted under Section 524(g)(2)(A) of the Bankruptcy Code.

4. Vesting of Asbestos Insurance Rights.

Transfer of Asbestos Insurance Rights to Trust. Upon the Effective Date, pursuant to Sections 1123(a)(5)(B) and 1123(b)(3)(B) of the Bankruptcy Code and without any further action of the Bankruptcy Court or further act or agreement of any entity, the Debtors shall automatically and irrevocably transfer to the Trust all of their Asbestos Insurance Rights, subject to any Asbestos Insurance Defenses. The foregoing transfer is made, and shall be effective, to the maximum extent permissible under applicable law and the terms of the Asbestos Insurance Policies, and shall not be construed (a) as an assignment of any Asbestos Insurance Policy, Asbestos Insurance Settlement, or other settlement agreement itself, or (b) to entitle any other person or entity to any Asbestos Insurance Coverage. The Trust shall assume responsibility for, and be bound by, all obligations of the Debtors under any Asbestos Insurance Settlement, any other settlement agreement with an Asbestos Insurer, and any Asbestos Insurance Policy, provided however, that the Trust's assumption of such responsibility shall not relieve the Debtors or the Reorganized Debtor from any obligation that the Debtors or the Reorganized Debtor may have under such agreements. In the event that the Reorganized Debtor incurs any out of pocket cost or expense in performing any obligation that the

Debtors or Reorganized Debtor may have under any Asbestos Insurance Settlement, any other settlement agreement with an Asbestos Insurer, or any Asbestos Insurance Policy, the Trust shall reimburse the Reorganized Debtor for such cost or expense.

Plan Is Insurance Neutral. All Asbestos Insurance Defenses shall be adjudicated in the Asbestos Insurance Litigation. No provision of the Plan shall diminish or impair the right of any Asbestos Insurer, in any Asbestos Insurance Litigation or otherwise, to assert any Asbestos Insurance Defense, and all of such defenses shall be preserved in all respects. Any evidence adduced as part of the Confirmation Hearing with respect to the Asbestos Related Claims, and any findings of the court related to that evidence, shall be solely for the purpose of establishing the requirements of Sections 524(g) and 1129 of the Bankruptcy Code in connection with Confirmation and shall not (a) bind any Asbestos Insurer in any Asbestos Insurance Litigation, or (b) limit the right of any Asbestos Insurer to assert any Asbestos Insurance Defense. Neither the assumption by the Trust of the Asbestos Related Claims, nor the ensuing obligations of the Trust to liquidate, resolve, pay and satisfy all Asbestos Related Claims in accordance with the TDP, shall be construed in any way to diminish any obligation of any Asbestos Insurer under any Asbestos Insurance Policy to any of the Debtors or the Trust, subject to any applicable Asbestos Insurance Settlement or Asbestos Insurance Defense. The duties and obligations of each Asbestos Insurer under such insurer's Asbestos Insurance Policies shall not be impaired, altered, reduced or diminished by the: (1) discharge of all obligations and liabilities of the Debtors under the Plan, (2) assumption of responsibility and liability for all Asbestos Related Claims by the Trust, or (3) protections granted to Protected Parties under the Plan. Notwithstanding the foregoing, this Section 5.4.2 shall not affect or limit, or be construed as affecting or limiting, (i) the binding effect of the Plan and Confirmation Order and the Injunctions on the Debtors, the Reorganized Debtor, the Trust or the beneficiaries of the Trust; (ii) the protections afforded to entities addressed by the Injunctions, or (iii) the binding effect of any finding in the Confirmation Order that the vesting of the Asbestos Insurance Rights in and for the benefit of the Trust pursuant to Section 5.4.1 of the Plan is valid and enforceable and otherwise does not breach the terms of any Asbestos Insurance Policy, Asbestos Insurance Settlement, or any other agreement with any Asbestos Insurer.

5. Merger of Thorpe and Pacific.

Upon the Effective Date, Pacific shall be merged into Thorpe, the separate existence of Pacific shall thereupon cease (i.e., Pacific shall be the "disappearing corporation" under the Merger), and Thorpe, as the Surviving Corporation in the Merger, shall continue its corporate existence under the laws of the State of California. Upon the completion of the Merger, Thorpe shall be the Reorganized Debtor for purposes of consummating the transactions required in connection with the Plan. The name of the Surviving Corporation shall be "Pacific Insulation Company."

Intercompany Claims Extinguished. Upon the Effective Date, pursuant to the Merger, all Intercompany Claims between Thorpe and Pacific shall be deemed extinguished.

Pacific Officers and Pacific Directors. Upon the Effective Date, and without any further action by the shareholders or directors of Pacific, the Pacific Officers and the Pacific Directors shall be deemed to have fulfilled their respective duties and shall be released and discharged from all further responsibilities with respect to the management, business and affairs of Pacific, as the "disappearing corporation" under the Merger, provided that, all outstanding amounts that may be due the Pacific Officers and the Pacific Directors shall remain payable according to the terms, and subject to the conditions of, such service.

No Liability. The Reorganized Debtor shall, pursuant to Section 524(g)(3)(A)(ii) of the Bankruptcy Code, have no liability for any Asbestos Related Claims against Pacific.

6. Resumption of Coverage Litigation.

Continuation in State Court. Upon the Effective Date, (a) any injunction that stays the prosecution of the Coverage Litigation shall be deemed dissolved, without any further action of the Bankruptcy Court, (b) the Injunction Action shall be dismissed without prejudice, and Proponents shall lodge an order of dismissal without prejudice, which the Court shall sign, and (c) the parties to the Coverage Litigation shall resume the prosecution and defense of such litigation in the State Court, at such times and according to the procedures that may be established by such court.

Trust As Representative of Debtors. The Trust is appointed as the representative of the Debtors under Section 1123(b)(3)(B) of the Bankruptcy Code to enforce, manage, settle, transfer or otherwise dispose of all Asbestos Insurance Litigation including, without limitation, the Coverage

Litigation, at its sole direction and expense. The Trust shall be permitted, if necessary or appropriate, to substitute as the real party in interest for the Debtors in the Coverage Litigation. All Proceeds of any Asbestos Insurance Litigation shall be paid to the Trust or to the Reorganized Debtor for remittance to the Trust consistent with the Plan. The Reorganized Debtor shall assist and cooperate with the Trust in the prosecution of the Asbestos Insurance Litigation.

7. Transfer and Retention of Property of the Estates.

Revesting of Pacific Assets. Upon the Effective Date, with the exception of all Trust Assets that are transferred to the Trust pursuant to Section 5.4.1 of the Plan, Pacific shall be vested with all right, title and interest in the Pacific Assets (and all such property shall be deemed to vest concurrently with the Merger), and all such property shall become the property of the Reorganized Debtor pursuant to the Merger.

Revesting of Thorpe Assets. Upon the Effective Date, with the exception of all Trust Assets that are transferred to the Trust pursuant to Section 5.4.1 of the Plan, Thorpe shall be vested with all right, title and interest in the Thorpe Assets subject to the obligations to make (a) the Reorganized Debtor Contribution to the Trust, and (b) Distributions to the Creditors of the Debtors at the times, in the amounts and according to the treatment provisions of the Plan.

8. Postconfirmation Operations.

Continued Business of Reorganized Debtor. Following the Merger, the Reorganized Debtor shall continue to maintain its separate corporate existence for all purposes under the Plan with all the powers of a corporation under applicable law in the jurisdiction in which it is incorporated. The Reorganized Debtor shall continue to engage in business and may use, acquire and dispose of the Thorpe Assets (and all Pacific Assets acquired pursuant to the Merger), to the extent revested in the Reorganized Debtor pursuant to Section 5.7 of the Plan, without supervision by the Bankruptcy Court, free of any restrictions under the Bankruptcy Code or the Bankruptcy Rules.

Payment of Reorganized Debtor Expenses. All Reorganized Debtor Expenses shall be paid directly by the Trust (or, to the extent previously paid by the Reorganized Debtor, shall be reimbursed in full by the Trust from the Trust Assets, provided that, if such payments were made from funds contributed, or to be contributed, to the Trust as Trust Assets, no reimbursement shall be

made), in the ordinary course of business without further notice to Creditors or approval of the Bankruptcy Court. The fees and expenses incurred after the Effective Date by any Professionals that remain employed as a professional, following the Effective Date, by any of the Reorganized Debtor, the Disbursing Agent, the Committee or the Futures Representative shall constitute Reorganized Debtor Expenses payable according to Section 5.8.3 of the Plan.

Creditors' Committee. On the Effective Date, the Committee shall be dissolved and the members of the Committee shall be released and discharged from any further authority, duties, responsibilities, liabilities and obligations related to, or arising from, the Chapter 11 Cases, except that the Committee shall continue in existence and have standing and capacity to: (i) prosecute its pre-Effective Date intervention in any adversary proceedings; (ii) object to any proposed modification of the Plan; (iii) participate in any appeals of the Confirmation Order; (iv) participate as a party in interest in any proceeding involving Section 524(g) of the Bankruptcy Code; (v) participate as a party in interest in any applications for interim or final award of compensation and reimbursement of expenses to the members of the Committee and any Professional for services rendered prior to the Effective Date, and prepare and prosecute applications for the payment of fees and reimbursement of expenses; and (vi) participate as a party in interest in any proceeding relating to the Trust.

Management of Reorganized Debtor.

(a) New Board of Directors. Upon the Effective Date, the Thorpe Directors shall be deemed to have fulfilled their respective duties and shall be released and discharged from all further responsibilities with respect to the management, business and affairs of Thorpe, as the Surviving Corporation. Immediately thereafter, the management, control and operation of the Reorganized Debtor shall become the general responsibility of the board of directors of the Reorganized Debtor. The initial board of directors of the Reorganized Debtor shall be composed of the Reorganized Debtor Directors. Each of the members of such initial board of directors shall serve in accordance with applicable nonbankruptcy law and the Reorganized Debtor's Charter, as the same may be amended from time to time. From and after the Effective Date, the members of the board of directors of the Reorganized Debtor shall be selected and determined in accordance with the

provisions of applicable law and the Reorganized Debtor's Charter. Entry of the Confirmation Order shall ratify and approve all actions taken by the board of directors of Pacific and Thorpe from the Petition Date through and until the conclusion of the Confirmation Hearing.

(b) New Officers. Upon the Effective Date, the Thorpe Officer shall be deemed to have fulfilled his duties and shall be released and discharged from all further responsibilities with respect to the management, business and affairs of Thorpe, as the Surviving Corporation. Immediately thereafter, the Reorganized Debtor Officers shall be deemed appointed to serve as officers of the Reorganized Debtor without further action under applicable law, regulation, order or rule including, without limitation, any action by the stockholders or directors of the Reorganized Debtor. The Reorganized Debtor Officers shall serve in accordance with applicable nonbankruptcy law, any employment agreement with the Reorganized Debtor, and the Reorganized Debtor's Charter, as the same may be amended from time to time.

9. Certain Claims and Defenses.

a. No Preclusive Effect.

None of the Retained Claims or Defenses, the Asbestos Insurance Litigation or any Asbestos Related Defense shall be precluded, barred or subject to principles of res judicata or collateral estoppel because the Plan or the Disclosure Statement does not specifically identify any such claims or defenses or the Person against whom such claims or defenses may be asserted. Parties in interest, including Creditors, may not rely on the absence of a reference to a particular claim or defense in the Disclosure Statement or the Plan as any indication that the Debtors will not pursue any available claims and defenses against such parties.

b. Retained Claims and Defenses.

Following the Effective Date, the Reorganized Debtor may assert, compromise or dispose of the Retained Claims and Defenses without further notice to Creditors or authorization of the Bankruptcy Court.

c. Avoidance Actions Deemed Waived.

Upon the Effective Date, all Avoidance Actions of the Debtors shall be deemed waived and released, provided that, the waiver and releases of Avoidance Actions against Farwest shall be

subject to the Farwest Settlement.

d. Appointment of Estate Representative for Pacific.

The Reorganized Debtor is appointed as the representative of Pacific under Section 1123(b)(3) of the Bankruptcy Code to carry out the Plan. The Reorganized Debtor shall be authorized to: (i) make all Distributions required to be made on or after the Effective Date to the holders of Allowed Claims against Pacific in the amounts, at the times and according to the treatment provisions of the Plan; (ii) settle, resolve and object to Disputed Claims against Pacific; (iii) pay all fees payable by Pacific under 28 U.S.C. § 1930; (iv) file any post-confirmation reports on behalf of Pacific required by the Bankruptcy Code or the Bankruptcy Court; and (vii) close Pacific's Chapter 11 Case.

10. No Substantive Consolidation.

Nothing in the Plan is intended to substantively consolidate the Estates of Thorpe and Pacific, and each such entity shall maintain its separate corporate existence and Assets (except that, upon the Merger, all right, title and interest in the Pacific Assets--with the exception of the Trust Assets transferred to the Trust--shall become the property of Thorpe by operation of law).

11. Distributions.

a. Disputed Claims.

The Reorganized Debtor shall file all objections to Disputed Claims on or before the 120th day following the Effective Date, unless the Bankruptcy Court, for cause shown, extends such deadline. The Reorganized Debtor shall be authorized to settle, or withdraw any objections to, any Disputed Claims following the Confirmation Date without further notice to Creditors or authorization of the Bankruptcy Court, in which event such Claim shall be deemed to be an Allowed Claim in the amount compromised for purposes of the Plan. No Distributions shall be made by the Disbursing Agent on account of (i) Disputed Claims, unless and to the extent such Claims become Allowed Claims, or (ii) Claims that may be or become Disputed by the Reorganized Debtor, unless and to the extent the deadline to object to such claims under Section 5.12.3 of the Plan has expired without an objection being filed and such Claims are otherwise Allowed Claims.

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b. Unclaimed Distributions.

Any entity which fails to claim any Cash within ninety (90) days from the date upon which a Distribution is first made to such entity shall forfeit all rights to any Distribution under the Plan and the Disbursing Agent shall be authorized to cancel any Distribution that is not timely claimed, provided that, prior to and as a condition to such forfeiture, the Disbursing Agent shall file with the Bankruptcy Court and serve (by first-class mail, using addresses or forwarding instructions that are reasonably available to the Disbursing Agent), a notice of forfeiture specifying the amount and payee of each Distribution that is subject to forfeiture if it is not claimed within thirty (30) days of the date of service of the notice. Pursuant to Section 347(b) of the Bankruptcy Code, upon forfeiture, such Cash (including interest thereon, if any) shall revert to the Reorganized Debtor free of any restrictions under the Plan, the Bankruptcy Code or the Bankruptcy Rules. Upon forfeiture, the claim of any Creditor with respect to such funds shall be discharged and forever barred notwithstanding any federal or state escheat laws to the contrary, and such Creditors shall have no claim whatsoever against the Reorganized Debtor or any holder of an Allowed Claim to whom distributions are made by the Disbursing Agent.

c. Setoff.

Nothing contained in the Plan shall constitute a waiver or release by the Debtors of any right of setoff or recoupment the Debtors may have against any Creditor. The Reorganized Debtor may, but is not required to, set off or recoup against any Claim or Interest and the payments or other distributions to be made under the Plan in respect of such Claim, claims of any nature whatsoever that arose before the Petition Date that the Debtors may have against the holder of such Claim or Interest.

d. Taxes.

Pursuant to Section 346(f) of the Bankruptcy Code, the Disbursing Agent shall be entitled to deduct any federal, state or local withholding taxes from any Cash payments made with respect to Allowed Claims, as appropriate. The Reorganized Debtor shall be authorized to take all actions necessary to comply with applicable withholding and recording requirements. Notwithstanding any other provision of the Plan, each holder of an Allowed Claim that has received a distribution of Cash

shall have sole and exclusive responsibility for the satisfaction or payment of any tax obligation imposed by any governmental unit, including income, withholding and other tax obligation, on account of such distribution. For tax purposes, distributions received in respect of Allowed Claims will be allocated first to the principal amount of such Claims, with any excess allocated to unpaid accrued interest.

D. Assumption and Rejection of Executory Contracts and Unexpired Leases

1. Assumption.

On the Effective Date, pursuant to Section 1123(b)(2) of the Bankruptcy Code, Thorpe and Pacific will assume the executory contracts and unexpired leases of Thorpe and Pacific that (i) have been expressly identified for assumption on Exhibit E to the Plan (together with any additions, deletions, modifications or other revisions to such exhibit as may be made by the Proponents prior to the Confirmation Date) and (ii) are specified in Section 6.8 of the Plan. Each executory contract and unexpired lease listed in Exhibit E shall include any modifications, amendments and supplements to such agreement, whether or not listed in Exhibit E. Any agreement found by the Bankruptcy Court to be an executory contract of Thorpe which has not been expressly assumed by Thorpe shall be deemed rejected; any agreement which is found by the Bankruptcy Court to be an executory contract of Pacific which has not been expressly rejected by Pacific shall be deemed assumed. Notwithstanding the foregoing, although the Proponents contend that prepetition insurance contracts or agreements to which Thorpe is a party are not executory contracts subject to assumption, to the extent the Bankruptcy Court determines otherwise, said prepetition insurance contracts and agreements shall be deemed assumed by the Reorganized Debtor pursuant to the Plan.

In the case of Thorpe, Exhibit E to the Plan identifies for assumption (to the extent necessary, if not otherwise assumed by order of the Bankruptcy Court), the Asbestos Insurance Settlements with the Asbestos Insurers listed in Exhibit D to the Plan. In the case of Pacific, Exhibit E does not identify for assumption any executory contracts or unexpired leases. For the avoidance of doubt, Exhibit E to the Plan clarifies that certain pre-petition agreements have been previously assumed by

orders of the Bankruptcy Court.[4] Under Section 6.4 of the Plan, the Plan does not affect any executory contracts or unexpired leases that have been assumed prior to the Confirmation Date.

In addition, Exhibit E to the Plan clarifies that certain pre-petition tort litigation settlement agreements between Thorpe and various Asbestos Claimants are not considered executory contracts (notwithstanding their prior inclusion in Schedule G to the Schedules filed by Thorpe), and, accordingly, are not listed for either assumption or rejection by Thorpe under the Plan. Nevertheless, any Asbestos Injury Claims against Thorpe arising under such agreements will be assumed by the Trust pursuant to the Plan.

Thorpe, Fireman's Fund and Continental are parties to a Wellington Agreement dated June 1985. The Wellington Agreement is an omnibus insurance coverage and claims handling protocol among approximately 35 asbestos product manufacturers and distributors and certain of their respective insurers. The Wellington Agreement and the Wellington Settlement Agreement are not executory contracts and, accordingly, are not listed for either assumption or rejection by Thorpe under the Plan.

2. Rejection.

On the Effective Date, pursuant to Section 1123(b)(2) of the Bankruptcy Code, Thorpe and Pacific will reject the executory contracts and unexpired leases of Thorpe and Pacific that have been expressly identified for rejection on Exhibit F to the Plan (together with any additions, deletions, modifications or other revisions to such exhibit as may be made by the Proponents prior to the Confirmation Date). Each executory contract and unexpired lease listed in Exhibit F shall include any modifications, amendments and supplements to such agreement, whether or not listed in Exhibit F. Any Person asserting any Claim for damages arising from the rejection of an executory contract or unexpired lease of Thorpe or Pacific under the Plan shall file such Claim on or before the Rejection Claim Bar Date, or be forever barred from (i) asserting such Claim against the Reorganized Debtor, Thorpe, Pacific or any property of Thorpe or Pacific, and (ii) sharing in any

[4] See, for example, the (a) *Amended Order Approving the Motion of Pacific Insulation Company for Authority to Assume Certain Executory Contracts and Unexpired Leases*, entered by the Bankruptcy Court on April 9, 2008, and (b) *Order Granting Pacific Insulation Authority to Assume Certain Executory Contracts re (1) Johns Manville and (2) Employees' Profit Sharing Plan*, entered by the Bankruptcy Court on May 22, 2008.

distribution under the Plan.

Exhibit F to the Plan does not identify any executory contracts or unexpired leases of either Thorpe or Pacific to be rejected under the Plan.

3. Assumption Obligations.

The Reorganized Debtor shall satisfy all Assumption Obligations, if any, by making a Cash payment in the manner provided in Section 2.2 of the Plan, equal to the amount specified in Exhibit E to the Plan, unless an objection to such proposed amount is filed with the Bankruptcy Court and served on counsel to the Debtors on or prior to the date set by the Bankruptcy Court for filing objections to Confirmation of the Plan and the Bankruptcy Court, after notice and hearing, determines that the applicable Debtor is obligated to pay a different amount under Section 365 of the Bankruptcy Code, in which case, the applicable Debtor shall have the right within ten (10) days after such determination to seek an order of the Bankruptcy Court rejecting such executory contract or unexpired lease. Any Person that fails to object to the Assumption Obligation specified in Exhibit E to the Plan on or prior to the date set by the Bankruptcy Court for filing objections to Confirmation of the Plan shall be forever barred from (i) asserting any other, additional or different amount on account of such obligation against the Reorganized Debtor, Thorpe, Pacific or any property of Thorpe or Pacific, and (ii) sharing in any other, additional or different distribution under the Plan on account of such obligation.

4. Effect of Confirmation Order.

The Confirmation Order shall constitute an order of the Bankruptcy Court approving, as of the Effective Date, the assumption or rejection by Thorpe and Pacific, as the case may be, pursuant to Sections 365(a) and 1123(b)(2) of the Bankruptcy Code, of all executory contracts and unexpired leases identified under Article VI of the Plan.

5. Post-Petition Agreements.

Unless inconsistent with the provisions of the Plan, all contracts, leases and other agreements entered into or restated by either of the Debtors on or after their respective Petition Dates, or previously assumed by either of the Debtors prior to the Confirmation Date (or the subject of a pending motion to assume by either of the Debtors as of the Confirmation Date that is granted by the

Bankruptcy Court), which have not expired or been terminated in accordance with their terms, shall be performed by the Reorganized Debtor in the ordinary course of business and shall survive and remain in full force and effect following the Effective Date.

6. Insurance of Debtors.

Any insurance policy acquired for the benefit of the Debtors (or any officers and directors of any of the Debtors) before or after the Petition Date, including any Asbestos Insurance Policy, shall remain in full force and effect after the Effective Date according to its terms, except as otherwise provided in any Asbestos Insurance Settlement.

7. Employee Benefit Programs.

All Employee Benefit Programs shall be treated as "executory contracts" and shall be assumed pursuant to Sections 365 and 1123(b)(2) of the Bankruptcy Code by operation of the Plan. The Debtors do not provide "retiree benefits" as that term is defined in Section 1114(a) of the Bankruptcy Code. Therefore, on and after the Effective Date the Debtors will not pay retiree benefits.

8. Survival of Indemnification Obligations.

Any and all obligations of Thorpe or Pacific to indemnify, reimburse or limit the liability of its past and present Agents pursuant to the applicable Charter, applicable law or specific agreements, or any combination of the foregoing, against any actions, suits and proceedings based upon any act or omission related to service with or for Thorpe or Pacific shall not be discharged or impaired by Confirmation.

E. Conditions to Confirmation and Effectiveness

1. Conditions to Confirmation.

The following are conditions precedent to confirmation of the Plan:

(a) The Bankruptcy Court shall have entered a Final Order approving a Disclosure Statement with respect to this Plan in form and substance satisfactory to the Proponents;

(b) The Confirmation Order shall be in a form and substance reasonably acceptable to the Proponents; and

(c) The Wellington Settlement Claims Favorable Determination shall have occurred.

2. Conditions to Effectiveness.

The following are conditions precedent to the occurrence of the Effective Date:

(a) The Confirmation Date shall have occurred;

(b) The Confirmation Order shall be a Final Order;

(c) No request for revocation of the Confirmation Order under Section 1144 of the Bankruptcy Code has been made, or, if made, remains pending;

(d) The Trust Agreement shall have been executed and delivered;

(e) The Professional Fee Reserve shall have been established and funded in an amount sufficient (as determined by the Debtors, in their reasonable discretion) to pay all anticipated Allowed Professional Fees accrued through the Effective Date and to reimburse Pacific for all Allowed Professional Fees previously paid by it during the course of its Chapter 11 Case, provided that, such reimbursement shall be reduced by $250,000 on account of amounts previously funded by Pacific for retainers to Professionals; and

(f) The Proponents shall have obtained a QSF Opinion in a form and substance reasonably acceptable to the Proponents.

3. Waiver of Conditions.

Conditions to Confirmation and the Effective Date may be waived, in whole or in part, by agreement of the Proponents at any time without notice, an order of the Bankruptcy Court, or any further action other than proceeding to Confirmation and consummation of the Plan, provided that, (i) the condition to Confirmation set forth in Section 7.1(c) of the Plan may only be waived pursuant to Section 7.4 of the Plan, and (ii) the condition to the occurrence of the Effective Date set forth in Section 7.2(e) of the Plan may be waived by the Committee and the Futures Representative (notwithstanding the disagreement of any other Proponent), by the delivery to the Debtors of a written, irrevocable election to cause the Trust to satisfy, or reimburse the Reorganized Debtor for, the sum of (x) all Allowed Professional Fees accrued through the Effective Date, plus (y) the amount necessary to reimburse Pacific for all Allowed Professional Fees previously paid by it during the course of its Chapter 11 Case, provided that, such amount shall be reduced by $250,000 on account of amounts previously funded by Pacific for retainers to Professionals. Upon the Effective Date, the

election set forth in Section 7.3(ii) of the Plan shall be immediately and automatically valid and enforceable, and the Trust shall be irrevocably bound to perform in accordance with such election, without any further action of the Bankruptcy Court or further act or agreement of any Person.

4. Waiver of Wellington Settlement Claims Favorable Determination.

In the event that, following the commencement of the Confirmation Hearing, the only condition to Confirmation that has not been satisfied is the condition to Confirmation set forth in Section 7.1(c) of the Plan, the Committee and the Futures Representative may elect to waive such condition (notwithstanding the disagreement of any other Proponent), by making the Indemnity Election in writing delivered to the Debtors prior to the conclusion of the Confirmation Hearing. Upon the Effective Date, the Indemnity Election set forth in Section 7.4 of the Plan shall be immediately and automatically valid and enforceable, and the Trust shall be irrevocably bound to perform in accordance with such election, without any further action of the Bankruptcy Court or further act or agreement of any Person.

5. Filing of Merger Agreement.

The Debtors shall file the Merger Agreement with the Secretary of State of the State of California on, or as soon thereafter as practicable, the later, but subject to the occurrence, of: (a) the first Business Day that is at least thirty one (31) days after the Confirmation Date and on which no stay of the Confirmation Order is in effect; and (b) the Business Day, on which all of the conditions set forth in Section 7.2 of the Plan have been satisfied or waived as provided in Section 7.3 of the Plan.

F. Effects of Confirmation

1. Binding Effect.

The rights afforded under the Plan and the treatment of all Claims and Interests under the Plan shall be the sole and exclusive remedy on account of such Claims against, and Interests in the Debtors, the Reorganized Debtor, the Thorpe Assets and the Pacific Assets, including any interest accrued on such Claims from and after the pertinent Petition Date or interest which would have accrued but for the commencement of the Chapter 11 Cases. Confirmation of the Plan shall bind and govern the acts of the Reorganized Debtor and all holders of all Claims against, and Interests in the

Debtors, whether or not: (i) a proof of Claim or proof of Interest is filed or deemed filed pursuant to Section 501 of the Bankruptcy Code; (ii) a Claim or Interest is allowed pursuant to Section 502 of the Bankruptcy Code, or (iii) the holder of a Claim or Interest has accepted the Plan.

2. Revesting of Assets.

Upon the Effective Date, with the exception of all Trust Assets that are transferred to the Trust pursuant to Section 5.4.1 of the Plan, title to all remaining Pacific Assets and Thorpe Assets shall vest in Pacific and Thorpe, respectively (and all such property shall be deemed to vest in the Reorganized Debtor concurrently with the Merger), for the purposes contemplated under the Plan. Except as otherwise provided in the Plan, upon the Effective Date all Pacific Assets and Thorpe Assets shall be free and clear of all Claims and Interests, including Liens, charges or other encumbrances of Creditors of Pacific and Thorpe.

3. Discharge.

Confirmation of the Plan shall discharge Thorpe, Pacific and the Reorganized Debtor from all Claims or other debts that arose at any time before the Effective Date, and all debts of the kind specified in Sections 502(g), 502(h) or 502(i) of the Bankruptcy Code, whether or not: (i) a proof of claim based on such debt is filed or deemed filed under Section 501 of the Bankruptcy Code; (ii) a Claim based on such debt is Allowed under Section 502 of the Bankruptcy Code; or (iii) the holder of a Claim has accepted the Plan. As of the Effective Date, all entities that have held, currently hold or may hold a Claim or other debt or liability that is discharged or any other right that is terminated under the Bankruptcy Code or the Plan are permanently enjoined, to the full extent provided under Section 524(a) of the Bankruptcy Code, from "the commencement or continuation of an action, the employment of process, or an act, to collect, recover or offset any such debt as a personal liability" of Thorpe, Pacific or the Reorganized Debtor. Nothing contained in the foregoing discharge shall, to the full extent provided under Section 524(e) of the Bankruptcy Code, affect the liability of any other entity on, or the property of any other entity for, any debt of the Debtors that is discharged under the Plan.

4. Injunctions.

Upon the occurrence of the Effective Date, the Injunctions shall be deemed issued, entered

and enforceable by the District Court and shall supplement the discharge of the Debtors and the Reorganized Debtor according to their terms to the fullest extent permissible by Sections 524(g) and 105(a) of the Bankruptcy Code.

5. Limitation of Liability.

The Debtors, the Reorganized Debtor, the Committee and the Futures Representative, and each of their respective Agents, shall have all of the benefits and protections afforded under 11 U.S.C. § 1125(e) and applicable law.

6. Exoneration and Reliance.

The Debtors, the Reorganized Debtor, Farwest, the Identified Parties, the Committee, the Futures Representative and the Settling Asbestos Insurers, and each of their respective Agents, shall not be liable, other than for gross negligence or willful misconduct, to any holder of a Claim or Interest or any other entity with respect to any action, omission, forbearance from action, decision, or exercise of discretion taken at any time after the Petition Date and prior to the Effective Date in connection with: (a) the management or operation of the Debtors or the discharge of their duties under the Bankruptcy Code, (b) the implementation of any of the transactions provided for, or contemplated in, this Plan, (c) any action or inaction taken in connection with either the enforcement of the Debtors' rights against any entities or the defense of Claims asserted against the Debtors with regard to the Chapter 11 Cases, (d) any action taken in the negotiation, formulation, development, proposal, disclosure, Confirmation or implementation of the Plan, or (e) the administration of this Plan or the Trust or the assets and property to be distributed pursuant to this Plan. The Debtors, the Reorganized Debtor, Farwest, the Identified Parties, the Committee, the Futures Representative and the Settling Asbestos Insurers, and each of their respective Agents may reasonably rely upon the opinions of their respective counsel, accountants, and other experts and professionals and such reliance, if reasonable, shall conclusively establish good faith and the absence of gross negligence or willful misconduct; provided however, that a determination that such reliance is unreasonable shall not, by itself, constitute a determination or finding of bad faith, gross negligence or willful misconduct; further provided, however, that nothing in Section 8.7 of the Plan shall prevent the enforcement by any party to an Asbestos Insurance Settlement of the terms of such settlement

against any other party to such settlement. In any action, suit or proceeding by any holder of a Claim or Interest or any other entity contesting any action, omission, forbearance from action, decision or exercise of discretion in connection with the matters in subsections (a) through (e) above, by the Debtors, the Reorganized Debtor, Farwest, the Identified Parties, the Committee, the Futures Representative and the Settling Asbestos Insurers, and each of their respective Agents, the reasonable attorneys' fees and costs of the prevailing party shall be paid by the losing party. Any action, suit or proceeding by any holder of a Claim or Interest or any other entity contesting any action, omission, forbearance from action, decision or exercise of discretion by the Debtors, the Reorganized Debtor, Farwest, the Identified Parties, the Committee the Futures Representative, and the Settling Asbestos Insurers and each of their respective Agents, whether before or after the Effective Date, shall be commenced only in the Bankruptcy Court.

7. Asbestos Insurance Policy with Pacific Indemnity Company.

Upon the Effective Date, in accordance with the terms and conditions of the Asbestos Insurance Settlement with Pacific Indemnity Company (and subject to receipt of the final payment from Pacific Indemnity Company under such settlement), the Asbestos Insurance Policies with Pacific Indemnity Company that are referenced in such settlement, and all interests of the Debtors under such policies, shall be deemed transferred to Pacific Indemnity Company free and clear of all Claims and Interests, including Liens, charges or other encumbrances of Creditors of the Debtors.

G. Retention of Jurisdiction

Pursuant to the Plan, notwithstanding the entry of the Confirmation Order and the occurrence of the Effective Date, the Bankruptcy Court shall retain jurisdiction over the Chapter 11 Cases after the Effective Date to the extent legally permissible, including, without limitation, jurisdiction to:

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

(b) Grant or deny any applications for allowance of compensation or reimbursement of expenses authorized under the Bankruptcy Code or the Plan;

(c) Resolve any matters related to the assumption, assumption and assignment, or

rejection of any executory contract or unexpired lease to which any Debtor is a party and to hear, determine and, if necessary, liquidate, any Claims arising from, or cure amounts related to, such assumption or rejection;

(d) Ensure that Distributions to holders of Allowed Claims are accomplished in accordance with the Plan;

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

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

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

(h) Modify the Plan before or after the Effective Date under Section 1127 of the Bankruptcy Code or modify the Disclosure Statement or any contract, instrument, release, or other agreement or document created in connection with the Plan or the Disclosure Statement; or remedy any defect or omission or reconcile any inconsistency in any Bankruptcy Court order, the Plan, the Disclosure Statement, or any contract, instrument, release, or other agreement or document created in connection with the Plan and the Disclosure Statement, in such manner as may be necessary or appropriate to consummate the Plan, to the extent authorized by the Bankruptcy Code;

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

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

(k) Hear and determine any applications by the Trust to amend, modify, alter or repeal

any provision of the Trust Agreement or the TDP pursuant to applicable provisions of such instruments;

(l) Hear and determine Retained Claims and Defenses commenced by the Debtors or the Reorganized Debtor;

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

(n) Enter an order closing the Chapter 11 Cases which provides for the retention of jurisdiction by the Bankruptcy Court for purposes of Article 9 of the Plan.

H. Amendment and Withdrawal of the Plan

At any time before the Confirmation Date, the Proponents may alter, amend, or modify the Plan under Section 1127(a) of the Bankruptcy Code including, without limitation, the right to add additional Settling Asbestos Insurers to Exhibit D to the Plan, provided that, such alteration, amendment, or modification does not materially and adversely affect the treatment and rights of the holders of Claims under the Plan. After the Confirmation Date and before substantial consummation of the Plan as defined in Section 1101(2) of the Bankruptcy Code, the Proponents may, under Section 1127(b) of the Bankruptcy Code, institute proceedings in the Bankruptcy Court to remedy any defect or omission or reconcile any inconsistencies in the Plan, the Disclosure Statement, or the Confirmation Order, or as otherwise may be necessary to carry out the purposes and effects of the Plan so long as such proceedings do not materially and adversely affect the treatment of holders of Claims under the Plan; provided, however, that prior notice of such proceedings shall be served in accordance with the Bankruptcy Rules or applicable order of the Bankruptcy Court.

The Proponents reserve the right to revoke or withdraw the Plan in the event that the Proponents determine in good faith that any condition to Confirmation or the effectiveness of this Plan is unlikely to be satisfied as required herein. If the Plan is withdrawn or revoked, then the Plan shall be deemed null and void, and nothing contained in the Plan shall be deemed a waiver of any Claims by or against the Debtors or any other Person in any further proceedings involving the Debtors or an admission of any sort, and this Plan and any transaction contemplated by this Plan

shall not be admitted into evidence in any proceeding.

VII. FORMATION OF TRUST, RESOLUTION OF ASBESTOS-RELATED CLAIMS AND ESTIMATE OF ASBESTOS LIABILITIES

The following is a summary of certain significant features of the Trust. This summary is qualified in its entirety by reference to the complete text of the Trust Documents and the Plan.

A. Establishment and Purpose of the Trust.

On the Effective Date, the Trust shall be established pursuant to Section 524(g) of the Bankruptcy Code in accordance with the Trust Documents. The Trustees shall decide on the principal office and the jurisdiction of organization for the Trust. The Trust shall be a "qualified settlement fund" within the meaning of Treasury Regulations issued pursuant to sections 468B of the IRC. The purpose of the Trust shall be, among other things, to (a) liquidate, resolve, pay and satisfy all Asbestos Related Claims in accordance with the Plan, the TDP and the Confirmation Order; (b) preserve, hold, manage and maximize the Trust Assets for use in paying and satisfying Asbestos Related Claims; and (d) prosecute, settle and manage the Asbestos Insurance Litigation. The TDP shall provide for the liquidation and payment or the outright rejection or denial of Asbestos Related Claims in accordance with the terms of the Plan..

1. Receipt of Trust Assets.

On the Effective Date, all Trust Assets shall be transferred to, vested in and assumed by the Trust: (a) the Asbestos Insurance Rights, (b) cash as of the Effective Date (including qualified settlement funds) constituting the proceeds of Asbestos Insurance Settlements, less amounts deposited in the Professional Fee Reserve, (c) the Reorganized Debtor Notes, (d) the Farwest Contribution, (e) the Debtors' rights of contribution, reimbursement, indemnity or subrogation on account of the payment by or on behalf of the Debtors prior to the Petition Dates of all or any part of any Asbestos Related Claim, other than rights against the Protected Parties, (f) all Business Losses, subject to the Business Loss Allocation payable to the Reorganized Debtor, (g) all rights to future payments from the 2002 Manville Personal Injury Settlement Trust (described in the next paragraph), and any income, profits and proceeds derived from the foregoing. To the extent that certain Trust Assets, because of their nature or because they will accrue subsequent to the Effective

Date, cannot be transferred to, vested in and assumed by the Trust on the Effective Date, such Trust Assets shall be transferred to, vested in and assumed by the Trust as soon as practicable after the Effective Date.

Thorpe was a distributor of Johns-Manville asbestos containing products. Under Section 1.7 of the 2002 Manville Personal Injury Settlement Trust, Trust Distribution Procedures ("Manville TDP") (a copy of which is attached to the Disclosure Statement as Exhibit "B"). Thorpe has the right to submit certain claims for payment. Proponents believe that the claim percentage assigned to Thorpe by the Manville Personal Injury Settlement Trust is 47.77%. Any future payments by the Manville Personal Injury Settlement Trust to Thorpe are hard to predict and will depend upon the total amount of payments that would qualify for payment under the Manville TDP as well as the funds available to the Manville Personal Injury Settlement Trust to pay claimants.

2. Discharge of Liabilities to Holders of Asbestos Related Claims.

Except as provided in the Plan and Confirmation Order, the transfer to, vesting in, and assumption by the Trust of the Trust Assets as contemplated by the Plan, among other things, shall discharge the Reorganized Debtor, enjoin further proceedings against the Reorganized Debtor and release the Protected Parties other than the Reorganized Debtor from and in respect of all Asbestos Related Claims. Except as provided in the Plan, the Trust shall assume the Debtors' liabilities for all Asbestos Related Claims.

3. Excess Trust Assets.

To the extent there are any Trust Assets remaining after the payment, in full, of all Asbestos Related Claims and the payment, in full, of all Trust Expenses, such excess Trust Assets shall be used to adjust the Funds Received Ratio and distributed to claimants who are still entitled to receive distributions from the Trust pursuant to Section 2.3 of the TDP.

4. Trust Expenses.

The Trust shall pay all Trust Expenses from the Trust Assets. None of the Protected Parties shall have any obligation to pay any Trust Expenses. Professional Fees shall be paid pursuant to the Professional Fees Reserve set forth in Section 1.92 of the Plan unless the Committee and the Futures Representative exercise their waiver rights under Section 7.3 of the Plan in which case the Trust

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shall reimburse the Reorganized Debtor for all paid Allowed Professional Fees through the Effective Date.

5. Selection of the Initial Trustees.

The three initial Trustees of the Trust shall be selected by the Committee and the Futures Representative on or before the Effective Date. If the Committee and the Futures Representative cannot agree on the three initial Trustees of the Trust, the Bankruptcy Court shall resolve any dispute. All successor Trustees shall be appointed in accordance with the terms of the Trust Agreement.

6. The Futures Representative.

The Futures Representative shall serve as the Futures Representative pursuant to Article 5 of the Trust Agreement, on and after the Effective Date, and shall have the functions and rights provided in the Trust Documents. Prior to the Effective Date, the Futures Representative shall have the functions, rights and obligations asset forth in the Bankruptcy Code.

7. Trust Advisory Committee.

The Trust Advisory Committee ("TAC") has the functions and rights provided in the Trust Documents. On or before the Confirmation Date, the TAC shall be selected by the Committee and appointed to serve from and after the Effective Date pursuant to the terms of the Plan and the Confirmation Order.

8. Trust Obligations to Assist Defense of the Injunctions.

The Trust and, to the extent necessary for the Trust to act, the Trustees, shall cooperate as set forth in the Plan with and assist any Protected Party, at the request of any such Protected Party, to resist and oppose any Entity claiming a right against any Protected Party in violation of any of the Injunctions.

9. Assumption of Liabilities by the Trust.

Except as set forth in the Plan, pursuant to Section 1.4 of the Trust Agreement, on the Effective Date, the Trustees on behalf of the Trust will expressly assume all liability arising from or based on Asbestos Related Claims, remaining obligations, if any, for bankruptcy court appointed insurance coverage counsel according to the terms of the order of appointment and Trust Expenses.

In addition, the Trust may assume liability arising from contingent obligations set forth in Section 7.3 (certain Allowed Professional Expenses) and Section 7.4 (certain Wellington Settlement Claims).

10. Indemnification of the Indemnified Parties by the Trust.

Pursuant to Sections 1.4 and 4.7 of the Plan, each Indemnified Party shall be entitled to indemnification from the Trust for any expenses, costs and fees (including attorneys' fees and costs but excluding any such expenses, costs and fees incurred prior to that Debtor's respective Petition Date), judgments, settlements or other liabilities arising from or incurred in connection with any action based on an Asbestos Related Claim, including, but not limited to, indemnification or contribution for Asbestos Related Claims prosecuted against the Reorganized Debtor.

B. Distributions pursuant to the TDP.

1. Trust Goals.

The goal of the Trust is to pay all claimants the entire liquidated value of their claims. However, the amount of the total liquidated value that the Trust will be able to pay will depend upon the amount of assets available to date. Until the Trust has collected all of the assets available, the interim goal of the Trust is to pay claimants the same percentage of their liquidated Asbestos Related Claims, whether the Asbestos Related Claims were liquidated before the Effective Date or will be liquidated after the Effective Date. The TDP, attached to the Plan as Exhibit I, furthers that goal by setting forth procedures for processing and paying claims generally on an impartial, first-in-first-out ("FIFO") basis, with the intention of paying all claimants over time as equivalent a share as possible of the value of their claims based on historical values for substantially similar claims in the tort system. To this end, the TDP establishes for unliquidated claims in the Case Valuation Matrix (the "Matrix"), attached to the Plan as Exhibit I, a schedule of five asbestos-related diseases (the "Compensable Diseases"), which have presumptive medical and exposure requirements (the "Medical/Exposure Criteria"), criteria for establishing liquidated values (the "Matrix Values"), the anticipated average values (the "Average Values"), the indicated base case values ("Base Case"), and caps on liquidated values ("Maximum Values"). The Compensable Diseases, Medical/Exposure Criteria, Matrix Values, which are set forth in the Matrix, have all been selected and derived by the Futures Representative and Committee with the intention of achieving a fair

allocation of the Trust funds as among claimants suffering from different disease processes in light of the best available information, considering the settlement history of the Debtors and the rights claimants would have in the tort system absent the bankruptcy.

These disease criteria have been used in substantially the same form in two other confirmed and court approved asbestos related bankruptcy. *In re Western Asbestos*, 2004 WL 1944792 (N.D.Cal.) ("Western Asbestos"); *In re J.T. Thorpe*, Case No. LA02-14216- BB, United States Bankruptcy Court for the Central District of California. An adjustment has been made here because by definition the claimant population has aged. They generally reflect the disease categories and criteria that exist in the tort system as asbestos cases that have been settled and tried in California. Because the asbestos victims have direct claims against some of the debtors and derivative claims against other debtors arising from the same exposure, using the same disease criteria and values for all claimants assures more evenhanded treatment among claimants past and future. The tort system results do not reflect material differences between direct and derivative claims for the same exposures.

Insurers of the Debtors have refused to make historical settlement data available to the Futures Representative or the Committee in a form to enable evaluation of that data in relation to the Matrix, and the Debtors have declined to provide this information based on the Insurers' objections. However, given the passage of time and the changing settlement values in the tort system for asbestos related claims, if that data is made available, the Futures Representative and the Committee believe it is quite likely that adjustments will be necessary to reflect tort system values as of the petition date. There are significant similarities between the Debtors here and the former debtors in the Western Asbestos case: both were Mansville Distributors of asbestos containing products during similar time periods in California (Thorpe in the South and Western in the North); both were relatively similar in size; and both installed and removed asbestos containing pipe insulation in commercial, industrial and some shipyard settings. Because of the similarity between these two companies and their profile the same Matrix Values and Base Case Values are being used as were approved in Western Asbestos. But because those values were calculated a number of years ago, those values have been adjusted by the United States Department of Labor Statistics Urban Wage

Earners and Clerical Workers index (CPI-W)("Inflation Adjustment"). The Average Values for the five disease categories contained in the Matrix are as follows:

Disease	**Average Value for Thorpe Insulation Several Share**
Mesothelioma	$597,913
Lung Cancer	$227,282
Other Cancer	$85,575
Grade I Non-Malignancy	$58,827
Grade II Non-Malignancy	$24,892

The Proponents reserve the right to change the terms of the TDP and the Matrix at anytime prior to the conclusion of the Confirmation Hearing. Once additional data is available, these settlement values may be adjusted as appropriate to current settlement values using settlement data from Thorpe and derived from other defendants who remained active in the tort system. In connection with the Confirmation Hearing, to the extent there are any modifications, the Proponents will file with the Court the modified TDP and/or modified Matrix and will request that the Court approve such documents as part of the plan confirmation process. A copy of the current versions of the TDP, the Trust Agreement and the Matrix are attached as Exhibit I to the Plan. To date, the Debtors have not participated in the development of the TDP or the Matrix.

All claims must be liquidated before they can be paid. The Plan contemplates payments to holders of Pre-Confirmation Liquidated Claims shortly after the Effective Date. Unliquidated Claims cannot be paid until after the Trust established by the Plan has determined a liquidated value for those claims. Some of the Insurers assert that the TDP may violate the insurers' contractual right to investigate claims and participate in or control the defense of claims, and, as a result, these insurers assert that the Insurers may have no obligation to pay claims that are liquidated pursuant to the TDP.

2. Trust Claim Liquidation Procedures.

Claims not liquidated prior to the Effective Date cannot be paid until after the Trust established by the Plan has determined a liquidated value for those claims. A Trust claim form will be created with the consent of the TAC and Futures Representative. Section VI of the TDP outlines the process by which the Trust claim form materials will be created and establishes minimum requirements for the claim form. The Trust claim form will require certain information including: the information contained in standard interrogatory answers to establish personal data, smoking history and occupational history; medical reports and/or death certificates to establish diagnosis of the asbestos related disease; economic reports to establish the level of wage and pension loss; medical bills; the face page of the complaint or equivalent proof of commencement of litigation; and social security records to verify work history. All claimants the Trust is aware of as of the Effective Date who allege that they have an Asbestos Related Claim against the Debtors will be sent such a

claim form by the Trust and will be invited to complete the claim form and submit it to the Trust.

The Trust will order all submitted unliquidated Trust claims for processing purposes on a first-in-first-out (i.e., FIFO) basis except as otherwise provided in the TDP (the "FIFO Processing Queue"). For all claims filed on or before the date six months after the Effective Date (the "Initial Claims Filing Date"), a claimant's position in the FIFO Processing Queue shall be determined as of the earlier of: (i) the date prior to the Petition Dates that the specific claim was either served or filed against Debtors in a court in which the Debtors could properly have been sued; (ii) the date prior to the Petition Dates that a claim was filed or served against another defendant in the tort system if at the time the claim was subject to a tolling agreement with the Debtors; (iii) the date after the Petition Dates but before the Effective Date that the claim was filed or served against another defendant in a court in which the Debtors could properly have been sued; or (iv) the date after the Effective Date but on or before the Initial Claims Filing Date that the claim was filed with the Trust. Following the Initial Claims Filing Date, the claimant's position in the FIFO Processing Queue shall be determined by the date the claim was served or filed with the Trust. For all claims filed on the same date, the claimant's position in the FIFO Processing Queue shall be determined by the date of the diagnosis of the asbestos-related disease.

The information and documentation required to be provided in the Trust claim form will permit the Trust to determine whether a submitted claim meets the presumptive Medical/Exposure Criteria required under the Matrix. The Trust shall liquidate all claims submitted to the Trust that meet the presumptive Medical/Exposure Criteria in accordance with the Matrix, and shall reject all claims that do not meet such requirements, subject to the Trust's Individual Review Process described in the Matrix.

Claimants who do not meet the presumptive Medical/Exposure Criteria for the relevant Compensable Disease can pursue the Trust's Individual Review Process described in the Matrix. If the Trust is satisfied that the claimant has presented a claim that would be cognizable, valid and compensable in the tort system, the Trust can offer the claimant an amount up to the Average Value as defined in the Matrix of that Compensable Disease, notwithstanding that the claim does not meet the presumptive Medical/Exposure Criteria for the relevant Compensable Disease.

All unresolved disputes over a claimant's medical condition, exposure history and/or the liquidated value of the claim shall be subject to binding or non-binding arbitration, at the election of the claimant, under the Arbitration Rules. Disputes with the Trust that cannot be resolved by non-binding arbitration may enter the tort system as provided in Section 5.10 and 7.3 of the TDP. However, if and when such a claimant obtains a judgment in the tort system, to the extent the judgment will be payable by the Trust (subject to the Funds Received Ratio, Maximum Annual Payment and Claims Payment Ratio provisions set forth below) it will be paid as provided in Section 7.4 of the TDP.

3. Trust Application of the Funds Received Ratio.

After the liquidated value of a Trust Claim is determined, the claimant will ultimately receive a pro-rata share of that value based on a Funds Received Ratio calculated as described in Section 4.2 of the TDP. Because assets received to date (after taking into account the expenses of administration of the Chapter 11 case, the costs of administering the Trust, anticipated contingencies as well as interest rates and rates of inflation) are small relative to the Debtors total asbestos liability, the Initial Funds Received Ratio will be set by the Trustees subject to the consent of the TAC and the Futures Representative. The Funds Received Ratio shall be adjusted upwards or downwards from time to time by the Trust with the consent of the TAC and the Futures Representative to reflect then current estimates of the Trust's assets and its liabilities, as well as the estimated value of then pending and future claims. The Funds Received Ratio will be reviewed no less frequently than every three years, or sooner if requested by the TAC or the Futures Representative, the then current Funds Received Ratio will be reviewed to ascertain whether in light of current information any adjustment should be made. However, any adjustment to the Funds Received Ratio shall be made only pursuant to Section 4.2 of the TDP. If the Funds Received Ratio is increased over time, claimants who have previously been paid by the Trust will receive a proportional additional payment unless the Trust with consent of the TAC and the Futures Representative concludes that the amount is so modest and the administrative costs and burdens are so great in comparison to the benefits to claimants that such additional payments shall be omitted or deferred. A claimant may only participate in such additional payments which have been approved pursuant to Section 4.2 of the TDP on or before the later of the

following dates: (i) the fifteenth anniversary of the Trust's first payment to the claimant; or (ii) the tenth anniversary of the resolution of the Asbestos Insurance Litigation. If it becomes relevant, the date of resolution of the Asbestos Insurance Litigation will be determined by the Trust with the consent of the Futures Representative.

An estimate at this time of the actual Initial Funds Received Ratio is difficult as it is not possible to know now the exact amount of assets available for distribution on the Effective Date of the Plan. Accordingly the Trustees, with the consent of the TAC and the FCR, will compute the Initial Funds Received Ratio when the Trust has sufficient assets and information to make payments worth the expense and burden on claimants to do so.

At this time it is known that there are assets from settlements. However, from these assets must be deducted further costs of administration as well as from some of these settlement assets certain amounts needed to pay to the Debtors as part of the Net Recoveries. As discussed in Article IV.C.2 in this Disclosure Statement, various other insurers have been sued. It is impossible to determine if further settlements will be entered prior to the Confirmation Hearing or the Effective Date of the Plan, which would increase amounts available for distribution.

The actual liability of the Debtors for Asbestos Related Claims is unknown at this time because of the objections of Debtors' insurers to (a) production of relevant claims information for the expert of the Futures Representative; and (b) the employment by the Committee of an expert. As a result, this calculation will be done at a later time by the Trust with the consent of the TAC and the Futures Representative.

4. Trust's Determination of the Maximum Annual Payment.

The Trust shall estimate or model the amount of cash flow anticipated to be necessary over its entire life to ensure that funds will be available to treat all present and future claimants as similarly as possible. In each year, the Trust will be empowered to pay out all of the interest earned during the year, together with a portion of its principal, calculated so that the application of Trust Assets over its life shall correspond with the needs created by the anticipated flow of claims (the "Maximum Annual Payment"). The Trust's distributions to claimants for that year shall not exceed the Maximum Annual Payment determined for that year; provided, however, that the Maximum

Annual Payment limitation shall not apply to any Pre-confirmation Liquidated Claims. (*See* Section VII.B.6 below.)

If the Maximum Annual Payment is not reached in a given year, the Trustees, with the consent of the Futures Representative and the TAC, may increase the amount paid to past, present and future claimants as described in Section 4.2 of the TDP.

The Maximum Annual Payment limitation provides a process to control the Trust's payments to claimants should the Trust be faced with unexpectedly high volumes of claim filings not consistent with the Debtors' claims history or the projection of future claims, so that the Trust can reexamine its claims forecast in an orderly fashion, avoiding a run on Trust assets. This limitation may impose a short term delay on some claims filed during any period of unanticipated increases in claims filings in order to assure that the Trust can adjust to such increases in an informed and orderly manner.

5. Trust Claims Payment Ratio.

Because certain of the Debtors' insurers have objected to providing the Futures Representative and the Committees Debtors' historical claims history data, it has not been possible to analyze that history independently and determine the appropriate ratio between the category of disease claim against the Debtors (the "Disease Categories").

The Disease Category Claim Payment Ratio will be set by the Trustees with the consent of the TAC and the Futures Representative at a certain percentage (the "Category A Percentage") for "Category A" claims, which consist of Trust Claims involving malignant claims that were unliquidated as of the Confirmation Date, and a certain percentage for "Category B" claims (the "Category B Percentage"), which are Trust Claims involving non-malignant claims that were similarly unliquidated as of the Confirmation Date. In each year, after the determination of the Maximum Annual Payment, the Category A Percentage of that amount will be available to pay liquidated Category A claims and the Category B Percentage will be available to pay liquidated Category B claims that have been liquidated since the Confirmation Date.

In the event there are insufficient funds in any year to pay the liquidated claims against the Debtors within either or both of the Disease Categories, the available funds within the particular

Disease Category shall be paid to the maximum extent to claimants in the particular Disease Category based on their place in the FIFO Payment Queue. Claims for which there are insufficient funds will be carried to the next year where they will be placed at the head of the FIFO Payment Queue. If there are excess funds in either or both Disease Categories, because there was an insufficient amount of liquidated claims to exhaust the respective Maximum Annual Payment amount for that Disease Category, then the excess funds for either or both Disease Categories will be rolled over and remain dedicated to the respective Disease Category to which they were originally allocated.

The Disease Category Claims Payment Ratio and its rollover provision shall be continued absent circumstances, such as a significant change in law or medicine, necessitating amendment to avoid a manifest injustice. The accumulation, rollover and subsequent delay of claims resulting from the application of the Claims Payment Ratios, shall not, in and of itself, constitute such circumstances. Nor may an increase in the numbers of Disease Category B claims beyond those predicted or expected be considered as a factor in deciding whether to reduce the percentage allocated to Disease Category A. In considering whether to make any amendments to the Disease Category Claims Payment Ratio and/or its rollover provisions, the Trustees are directed by the TDP also to consider the reasons for which the Disease Category Claims Payment Ratio and its rollover provisions were adopted, the settlement history that gave rise to its calculation, and the foreseeability or lack of foreseeability of the reasons why there would be any need to make an amendment. In that regard, the Trustees are directed by the TDP also to keep in mind the interplay between the Funds Received Ratio and the Disease Category Claims Payment Ratios as it affects the net cash actually paid to claimants. In any event, no amendment to the Disease Category Claims Payment Ratio may be made without the consent of the TAC and the Futures Representative pursuant to the consent process set forth in Section 2.2(f) of the Trust Agreement. However, the Trustees may offer the option of a reduced Funds Received Ratio to either Disease Category in return for prompter payment (the "Reduced Payment Option"), after first obtaining the consent of the TAC and Futures Representative.

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6. Payment of Pre-Confirmation Liquidated Claims.

As soon as practicable after the Effective Date, the Trust shall make an initial distribution on all Trust Claims that were liquidated by (i) a settlement agreement entered into prior to the Petition Date for the particular claim or (ii) pursuant to the Pre-Confirmation Claims Liquidation Process (collectively, the "Pre-Confirmation Liquidated Claims"). The liquidated value of a Pre-Confirmation Liquidated Claim shall be the amount agreed to in the binding settlement agreement, or the amount at which the claim is liquidated pursuant to the Pre-Confirmation Claims Liquidation Process, as applicable. Moreover, to the extent that a claim is the subject of a written settlement agreement executed prior to the Petition Date, the holder of that claim shall have the option of (i) having the liquidated value be the amount agreed to in the binding settlement agreement, or (ii) having his or her claim re-liquidated pursuant to the Pre-Confirmation Liquidated Process and having the liquidated value be the amount at which the claim is liquidated pursuant to the Pre-Confirmation Liquidated Process. Pursuant to Section 7.2 of the TDP, the liquidation value of a Pre-Confirmation Liquidated Claim shall not include any punitive or exemplary damages. Whether pre-petition interest has accrued on Pre-Petition Liquidated Claims will depend on state law or the specific contract agreements entered into by the Debtor pre-petition.

Pre-Confirmation Liquidated Claims shall be processed and paid within 90 days of the Effective Date, if feasible, or as soon thereafter as possible. The amounts payable with respect to such claims shall not be subject to or taken into account in consideration of the Maximum Annual Payment or Disease Category Claims, but shall be subject to the Funds Received Ratio provisions set forth in Section 4.2 of the TDP.

7. Payment of Claims That Are Liquidated Post-Effective Date.

The Plan's proposed claims procedures are intended to pay all anticipated Asbestos Related Claims in a timely manner-as such claims are filed with the Trust and thereafter liquidated.

The claims procedures proposed for the Trust are designed to provide equivalent treatment of all Asbestos Related Claims both with regard to the percent of their claims that can be paid and the timing of their payments.

The claims procedures apply the same pro rata payment process for all Asbestos Related

Claims. Whether a claim was liquidated by application of the Matrix either before or after the Effective Date, the Trust's payment for every claimant will be determined by multiplying the allowed value of the claim times the then current Funds Received Ratio.

In establishing the Initial Funds Received Ratio the Proponents assume that all present and future claimants will be paid solely from the presently available cash or cash equivalents. When the Trust receive additional settlements, then the Funds Received Ratio would be recalculated as set forth in Section 4.2 of the TDP.

The claims procedures are designed to permit pending and forecasted future claims to be liquidated and paid within a year after their submission. Pre-Confirmation Liquidated Claims will receive the first payment, within 90 days of the Effective Date if at all possible. It has become standard in bankruptcies of asbestos defendants to place such earlier liquidated claims at the head of the queue for payment of asbestos bodily injury claims, both because those claims typically have already had the longest wait for payment and also because those claims do not have to wait for the trust's liquidation processes. For these reasons, the Plan places Pre-Confirmation Liquidated Claims at the head of the queue.

The proposed claims procedures include provisions that would allow the Trust to continue to allow and pay claims even if it were overwhelmed with an unexpectedly large number of future claims. In such circumstances, the Trustees are required to reconsider and, if necessary, adjust the Funds Received Ratio to provide equivalent treatment of then pending and future claimants.

The claims procedures provide a process to control the Trust's payments to claimants should the Trust be faced with unexpectedly high volumes of claims filings, so that the Trust can reexamine its claims forecast in an orderly fashion, avoiding unanticipated increases in total claims payment. The claims procedures require that the Trust pay claims in numbers that are no greater than those forecasted by the claims projections that are used in the Trust's then current calculations of its Funds Received Ratios. This means that the volume of payments will always be consistent with the assumptions underlying the Funds Received Ratio calculation. Should actual claim filings materially exceed the forecast, then the Trust must reconsider and adjust its Funds Received Ratio using new and larger forecasts based on this increased volume of claims. Upon such

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reconsideration, the Trust will then increase the volume of its claim payments to reflect this increased volume of filings. This process may impose a short term delay on some claims filed during any period of unanticipated increases in claims filings in order to assure that the Trust can adjust to such increases in an informed and orderly manner.

8. Inflation Adjustments

The TDP provides that claims paid in the future will be adjusted for inflation. *See* Section 5.3(d) of the TDP.

9. Interest

No interest will accrue or be paid on any post-petition Trust Claim. See Section 5.3(e). Whether pre-petition interest has accrued on Pre-Petition Liquidated Claims will depend on state law or the specific contract agreements entered into by the Debtor pre-petition. *See* Section 5.4 of the TDP.

10. Trust Indemnity and Contribution Claims.

As set forth in Section 5.6 of the TDP, Trust Claims for indemnity and contribution will be subject to the same categorization, evaluation and payment provisions of the TDP as all other Trust Claims.

C. Statute of Limitations

All claims barred by a statute of limitations or repose on the Petition Dates shall remain barred. All claims not so barred shall be tolled for a period of one year after the date the Trust begins accepting new claims. *See* Section 5.3a(2) of the TDP.

D. Extraordinary Claims

For those claimants who can demonstrate that more than 80% of their exposure to asbestos containing products as a result of Debtors' activities, Trust payments can exceed the cap for maximum claim payments. *See* Section IX of the Matrix.

E. Hardship or Exigent Claims

If the Trust determines in its sole discretion that a claimant is in dire financial need and requires financial assistance on an immediate basis as a result of that claimant's asbestos related disease, such claims may be processed at the head of the FIFO claim queue. *See* Section 5.5 of the

TDP

F. **Secondary Exposure Claims**

Claimants who assert that they have an asbestos related disease as a result of derivative exposure from a family member may be compensated under the TDP if they meet specific criteria set forth in Section VII(a)(2) of the Matrix.

G. **Evidentiary Requirements**

Trust Claimants will need to meet the medical evidence criteria for the disease alleged as set forth in the Matrix and in the TDP with respect to claims materials. *See* Section 6 of the TDP. All claims materials are subject to audit in the discretion of the Trustees. Generally speaking Trust claimants must have a diagnosis from a qualified medical professional who has actually examined the claimant or the claimant's pathology and provided a written diagnosis of an asbestos related disease. Medical reports based upon a finding that a claimant's medical condition is "consistent with" an asbestos related disease are not sufficient.

H. **Exposure Evidence**

The evidence required to prove exposure to asbestos as a result of Debtors' activities are set forth in Section 6 of the TDP and Section VII of the Matrix. Generally speaking there requirements include deposition testimony, invoices, affidavits, business records, deck logs, military service records or other credible evidence acceptable to the Trust, that establishes the Injured Person's presence at a particular ship, facility, job site, building or buildings, or location during a time period in which the asbestos-containing material for which Thorpe is responsible was present.

I. **Second Disease (Malignancy Claims)**

Those claimants who are first diagnosed with a non-malignant asbestos related disease may file a new claim for a malignant disease that is subsequently diagnosed. *See* Section 5.8 of the TDP.

VIII. TAX CONSEQUENCES OF THE PLAN

The following discussion is a summary of certain federal income tax aspects of the Plan. This discussion is provided for general information only and should not be relied upon for purposes of determining the specific tax consequences of the Plan to a particular holder of a Claim. This

discussion does not purport to be a complete analysis or listing of all potential tax considerations. The Plan may have significant tax consequences for all Creditors and Equity Holders of the Debtors. Accordingly, each holder of a Claim or Equity Interest is strongly urged to consult with his or her tax advisor regarding the federal, state, local and foreign tax consequences of the Plan.

This discussion is based upon existing provisions of the IRC, existing and proposed regulations thereunder, and current administrative rulings and court decisions. No assurance can be given that legislative or administrative changes or court decisions may not be forthcoming which would require significant modification to the statements expressed in Article VIII of the Plan. Moreover, the tax consequences to holders of Claims may vary based upon the individual tax circumstances of each such holder.

NO RULING HAS OR WILL BE REQUESTED OR OBTAINED FROM THE INTERNAL REVENUE SERVICE WITH RESPECT TO ANY OF THE TAX ASPECTS OF THE PLAN AND NO OPINION OF COUNSEL HAS BEEN OR WILL BE OBTAINED BY EITHER OF THE DEBTORS IN RESPECT THEREOF. ACCORDINGLY, NO REPRESENTATIONS OR ASSURANCES ARE BEING MADE WITH RESPECT TO THE FEDERAL INCOME TAX CONSEQUENCES AS DESCRIBED HEREIN. CERTAIN HOLDERS OF CLAIMS MAY BE SUBJECT TO SPECIAL RULES NOT ADDRESSED IN THIS SUMMARY OF FEDERAL INCOME TAX CONSEQUENCES. THERE ALSO MAY BE STATE, LOCAL OR FOREIGN INCOME TAX CONSIDERATIONS APPLICABLE TO EACH HOLDER OF A CLAIM OR INTEREST WHICH ARE NOT ADDRESSED HEREIN. THE DEBTORS AND THE REORGANIZED DEBTOR MAY WITHHOLD ALL AMOUNTS REQUIRED BY LAW TO BE WITHHELD FROM PAYMENTS TO HOLDERS OF ALLOWED CLAIMS. ADDITIONALLY, SUCH HOLDERS MAY BE REQUIRED TO PROVIDE CERTAIN TAX INFORMATION TO THE DEBTORS AND THE REORGANIZED DEBTOR AS A CONDITION TO RECEIVING DISTRIBUTIONS UNDER THE PLAN.

A. Tax Consequences to the Debtors

1. Discharge of Indebtedness

Under the IRC, a taxpayer will generally be deemed to realize and recognize gross income to the extent its indebtedness is discharged during the taxable year. Section 108(a)(1)(A) of the IRC provides an exception to this rule when a taxpayer is subject to the jurisdiction of a bankruptcy court and where the discharge of indebtedness is granted by that court or is effected pursuant to a plan approved thereby, subject to the condition, imposed by section 108(b) of the IRC, that the income realized from the indebtedness discharge be applied to reduce certain tax attributes of the taxpayer in the following order: net operating losses, tax credit carryforwards, capital loss carryforwards, the basis of the taxpayer's assets and foreign tax credit carryforwards (the "Tax Attributes"). Section 108(b)(5) of the IRC provides that a taxpayer may elect to first apply the reduction to the basis of the taxpayer's assets, with any remaining balance applied to the other Tax Attributes. Section 108(e)(2) of the IRC provides a further exception, to the effect that the taxpayer will be deemed not to have realized income from the discharge of indebtedness to the extent that the taxpayer's satisfaction of the debt would have given rise to an income tax deduction. The effect of section 108(e)(2) of the IRC, where applicable, is to allow the taxpayer to discharge indebtedness without recognizing income and avoid any reduction of its Tax Attributes.

With respect to payment of holders of Claims, the satisfaction and discharge of such Claims should not result in discharge of indebtedness income pursuant to section 108(e)(2) because payment of the Claims would have given rise to income tax deductions to the Debtor. Therefore, any discharge relating to these Claims will not result in income to the Debtor or a reduction of the Debtor's Tax Attributes.

2. Transfers to the Trust

Assuming that the Trust receives certain approvals from the Bankruptcy Court, the Trust should qualify as a "qualified settlement fund" ("QSF") within the meaning of section 468B of the IRC and the regulations thereunder, and the Debtors should be treated as qualified transferors thereto.

A qualified transferor must treat a transfer of property to a QSF as a sale or exchange of that

property. In computing gain or loss, the amount realized by the transferor is the fair market value of the property on the date the transfer is made to the QSF. A transferor must obtain a so-called "qualified appraisal" to support a loss or deduction claimed with respect to a transfer to a QSF with respect to certain types of property.

If an accrual-method transferor makes a transfer to a QSF to resolve or satisfy a liability, so-called "economic performance" occurs at the time and to the extent of the transfer (subject to limitations for transfers of debt instruments of the transferor, and amounts that are subject to a right of current reversion or refund to the transferor (or refunds certain to occur at a future time)) and the transferor is generally entitled to an income tax deduction at such time.

A transferor must include in gross income the fair market value of any distribution (or deemed distribution) received by it from a QSF.

B. Tax Consequences to the Holders of Claims

To the extent that payments from the Trust to holders of Claims constitute damages received by holders of such Claims on account of personal physical injuries, such payments should not constitute gross income to such recipients under section 104 of the IRC, except to the extent that such payments are attributable to medical expense deductions allowed under section 213 of the IRC for a prior taxable year. To the extent that payments from the Trust to holders of Claims constitute damages received by holders of such Claims on account of claims other than personal injuries (such as lost wages), such payments will be includible in gross income to such holders.

The tax consequences of payments received by holders of Claims will depend upon the individual nature of each Claim and the particular circumstances and facts applicable to the holder of the Claim at the time each such payment is made. If required by the IRS, the Trust will issue Form 1099s to holders of Claims. Neither the Trust, the Debtors nor the Reorganized Debtor will attempt to allocate amounts paid with respect to Claims between physical and non-physical injuries.

C. Tax Consequences to the Trust

The Trust should qualify as a QSF within the meaning of section 468B of the IRC and the regulations thereunder at the time it receives certain approvals from the Bankruptcy Court (or earlier to the extent a relation-back election" is made) and the Debtors and the Reorganized Debtor should

be treated as qualified transferors to the Trust. The Trust will be required to pay taxes on modified gross income as defined within the Treasury regulations (generally at the highest rate applicable to estates and trusts). For certain federal income tax purposes, the Trust will be treated as a corporation. The Trust will generally not be required to include in income amounts transferred to it by or on behalf of the Debtors and the Reorganized Debtor to satisfy their asbestos liabilities. The Trust will not be entitled to deduct for federal income tax purposes amounts paid out to holders of Claims, provided that, the Trust will be entitled to deduct amounts paid for administrative costs and other incidental costs of the Trust. The Trust's basis in the assets received by it under the Plan will be the fair market value of such assets at the time of receipt.

THE FOREGOING IS INTENDED TO BE A SUMMARY ONLY AND NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING WITH A TAX ADVISOR. THE FEDERAL, STATE, LOCAL AND FOREIGN INCOME TAX CONSEQUENCES OF THE PLAN ARE COMPLEX AND, IN SOME CASES, UNCERTAIN. SUCH CONSEQUENCES ALSO MAY VARY BASED UPON THE INDIVIDUAL CIRCUMSTANCES OF EACH HOLDER OF A CLAIM OR INTEREST. ACCORDINGLY, EACH HOLDER OF A CLAIM OR INTEREST IS URGED STRONGLY TO CONSULT WITH HIS, HER OR ITS OWN TAX ADVISOR REGARDING THE FEDERAL, STATE, LOCAL AND FOREIGN INCOME TAX CONSEQUENCES OF THE PLAN

IX. RISK FACTORS

As with any plan of reorganization or other financial transaction, there are certain risk factors that must be considered. This Disclosure Statement contains forward-looking statements that involve risks and uncertainty. All risk factors cannot be anticipated, some events will develop in ways that were not foreseen, and actual results could differ materially from those anticipated in such forward-looking statements. **HOLDERS OF CLAIMS AND EQUITY INTERESTS SHOULD CONSIDER CAREFULLY THE FOLLOWING FACTORS, IN ADDITION TO THE OTHER INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT, BEFORE SUBMITTING A VOTE TO ACCEPT OR REJECT THE PLAN.**

A. Appointment of Professionals and Fiduciaries

The Bankruptcy Court has appointed the Honorable Charles B. Renfrew (Ret.) as the legal representative for the purpose of protecting the rights of persons that might subsequently assert Asbestos Related Claims. The Debtors' insurers objected to the appointment of the Futures Representative and appealed the order authorizing his retention to the District Court. The District Court has dismissed the appeal, on the grounds that the order appointing the Futures Representative is interlocutory (and not subject to immediate appeal) and that the appellants lack standing to pursue the appeal.

In addition, the Debtors' insurers have objected to the employment by the Debtors of numerous professionals. The Debtors' insurers have appealed the Bankruptcy Court's orders overruling their objections. For example, in April 2008, the District Court remanded to the Bankruptcy Court for further evidentiary hearings concerning aspects of the Bankruptcy Court's approval of the employment of the Debtors' insurance coverage counsel. If the Debtors' insurance coverage counsel are not employed, there is the possibility of resulting delay.

Fireman's Fund and Continental, and possibly other Asbestos Insurers, may continue to dispute the Debtors' employment of its special insurance coverage counsel, or the terms of such employment, and may seek to appeal any further determinations made by the Bankruptcy Court relating to such employment. Such efforts may delay or impede Confirmation of the Plan.

B. Appointment of Trustee

The Debtors' insurers filed a motion seeking appointment of a trustee to manage Thorpe's estate. The Bankruptcy Court denied the motion and the insurers appealed. There is a risk that the District Court could reverse the bankruptcy court's decision. If a Trustee is appointed, there could be a delay and there is the possibility that the proposed plan of reorganization would not be acceptable to a court-appointed Trustee.

C. Insurance Coverage Litigation

The Debtors' insurers assert that there is no remaining insurance coverage for Asbestos Related Claims. The Debtors believe that there is substantial insurance coverage for certain Asbestos Related Claims and that it has meritorious extra-contractual or punitive damage

claims against various insurers based upon their conduct. If the Debtors' insurers are correct and there is no remaining insurance coverage, then it is unlikely that the Trust will have sufficient assets to cover the costs of administration of the bankruptcy and the Trust, and still make a meaningful distribution on Asbestos Related Claims.

D. Investment Risks

While the Trust Agreement provides prudent rules for guiding Trustees in making Trust investments with Trust assets, there is still the risk that the Trust will not earn as much money as expected or that its investments will decrease in value such that future asbestos claimants may be paid less for substantially the same claim.

E. Legislation Risks

In the past there have been proposals for the United States government to acquire or seize the assets of trusts established by Section 524(g) trusts to fund a national asbestos compensation system. Those legislative efforts were not successful in the past. There is a risk that that those efforts could begin again.

F. Claims Risk

The Plan calls for the Trust to set the Matrix Average Values, Base Case Values as well as the Funds Received Ratio. There is the possibility that despite the best efforts of the Trustees, the TAC and the Futures Representative, more legitimate claims will be presented to the Trust than anticipated. If that happens, there is the possibility that the Funds Received Ratio would have to be lowered, resulting in some asbestos claimants being paid less for substantially the same claim.

G. Inflation Risk

The Plan calls for inflation adjustments for future claim payments. There is a risk that the level of inflation will outstrip the after tax return on Trust investments. If that happens, there is a risk that future asbestos claimants will be paid less for substantially the same claim.

H. Wellington Settlement Claims

As described, *supra*, at Section IV(C)(3) of this Disclosure Statement, one condition to Confirmation of the Plan is the issuance of the Wellington Settlement Claims Favorable

Determination. Although this condition may be waived by the Committee and the Futures Representative by making the Indemnity Election, there can be no assurance that such election will be made, or that it will be made before the conclusion of the currently scheduled date for the Confirmation Hearing. As a result, depending on the nature and status of the Debtors' objections to the Wellington Settlement Claims, the Confirmation of the Plan may be delayed. In addition, if the Debtors are not able to obtain the Wellington Settlement Claims Favorable Determination (and the Indemnity Election is not made), the Plan may need to be withdrawn or modified.

I. Risk of Non-Confirmation of the Plan

Although the Proponents believe that the Plan will satisfy all requirements necessary for Confirmation by the Bankruptcy Court, there can be no assurance that the Bankruptcy Court will reach the same conclusion. There can also be no assurance that modifications of the Plan will not be required for Confirmation, that such negotiations would not adversely affect the holders of Allowed Claims and Equity Interests, or that such modifications would not necessitate the re-solicitation of votes.

As discussed below, if any impaired class of Claims or Equity Interests does not accept a plan of reorganization, the Bankruptcy Court may nevertheless confirm such a plan of reorganization at a proponent's request if at least one impaired class has accepted the plan of reorganization (without including the acceptance of any "insider" in such class) and, as to each impaired class that has not accepted the plan of reorganization, the Bankruptcy Court determines that the plan of reorganization "does not discriminate unfairly" and is "fair and equitable" with respect to rejecting impaired classes.

J. Disputes Regarding "Insurance Neutrality" of Plan

Fireman's Fund and Continental, and possibly other Asbestos Insurers, may contend that the Plan is not truly "insurance neutral" and that selected provisions of the Plan or the Trust Documents may undermine, or interfere with, their respective Asbestos Insurance Defenses. They may also contend that the Asbestos Insurance Defenses that are preserved under the Plan (as defined in Section 1.12 of the Plan), impermissibly exclude certain defenses that should nonetheless be retained by the insurers. The insurers may therefore object to Confirmation of the Plan on the grounds that

the Plan impairs their rights, claims or defenses in the Coverage Litigation, under their Asbestos Insurance Policies or otherwise. The Proponents believe that the Plan has been carefully structured to preserve in all respects all Asbestos Insurance Defenses and that any exclusions from such retained defenses are authorized under well-established precedent. Nevertheless, there can be no assurance that the Bankruptcy Court will not require modifications to "insurance neutrality" provisions of the Plan that may or may not be acceptable to the Proponents.

K. Other Confirmation Risks Articulated by Certain Insurers

Fireman's Fund and Continental, and possibly other Asbestos Insurers, may contend that the Plan is objectionable on a number of other grounds and that Confirmation of the Plan may be denied or delayed as a result. In particular, certain insurers may contend that the provisions of Section 5.4.1 of the Plan, relating to the transfer of Asbestos Insurance Rights to the Trust, is unlawful, impermissible, inappropriate or otherwise objectionable. The Proponents believe that the provisions of Section 5.4.1 of the Plan are authorized under the Bankruptcy Code and well-established precedent. Certain insurers may also dispute the scope of the Channeling Injunction under the Bankruptcy Code, or may contend that the inclusion of certain Protected Parties within the reach of the Channeling Injunction is not fair and equitable. The Proponents believe that the Protected Parties under the Channeling Injunction are permissible beneficiaries of an injunction issued under Section 524(g) of the Bankruptcy Code and that the pertinent requirements of the Bankruptcy Code will be established at the Confirmation Hearing. Certain insurers believe that the Debtors cannot be merged pursuant to the Plan without the Plan proposing to "substantively consolidate" the assets and liabilities of the Debtors (i.e., treat the assets and liabilities of the entities as if they belong to a consolidated, single entity), which the Plan does not do. The Proponents believe that it is unnecessary for the Plan to treat the Debtors' assets and liabilities on a substantively consolidated basis in order for the Plan to be implemented by a merger of the Debtors. Nevertheless, as with all litigation, the outcome of such disputes is uncertain and there can be no assurance that the Proponents will prevail. There will be other objections to the Plan that will be raised and strenuously prosecuted by numerous insurers, any one of which may constitute a risk factor affecting Confirmation.

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X. CHAPTER 7 LIQUIDATION AS AN ALTERNATIVE TO THE PLAN

If the Plan is not timely confirmed the most likely alternative is a chapter 7 liquidation proceeding. The Debtors assume that, under chapter 7, two separate trustees would be appointed for each of the Debtors. Presumably, the trustees would hire new counsel and consultants to pursue and defend litigation. The delays and uncertainty caused by the failure to confirm the Plan would increase the liquidation costs and reduce recoveries to Creditors. Moreover, absent confirmation of the Plan under chapter 11 of the Bankruptcy Code, the Debtors would not be able to obtain the benefits of the provisions of Section 524(g) of the Bankruptcy Code which would materially reduce recoveries under existing settlements with certain insurers, and would likely reduce the recoveries from future settlements with insurers by eliminating the ability to grant settling insurers protection under the provisions of Section 524(g). Under the circumstances, the Debtors believe that confirmation of the Plan is preferable to liquidation under chapter 7.

XI. LIQUIDATION ANALYSIS

Section 1129(a)(7) of the Bankruptcy Code requires that a holder of a Claim in an impaired Class receive or retain under the Plan not less than the holder would receive or retain on account of the Claim if the debtor were liquidated under chapter 7 of the Bankruptcy Code. This test is often referred to as the "best interest of creditors" test. Under the Plan, all Claims other than Asbestos Injury Claims are paid in full, and thus the best interest of creditors test is inapplicable to holders of Claims other than Asbestos Injury Claims.

To apply the "best interests" test, the Bankruptcy Court must first calculate the aggregate dollar amount that would be generated from a liquidation of each Debtor's assets in hypothetical liquidations on the Effective Date of the Plan under chapter 7, including the amount of cash and other tangible assets held by such Debtor and the value of any projected recoveries on actions against third parties and other intangible assets held by such Debtor (the "Liquidation Value"). The Liquidation Value must then be reduced by the costs of liquidation, including administrative costs of the chapter 7 estates and compensation to the chapter 7 trustees and other professionals retained by the trustees (the "Liquidation Costs"). After estimating the Liquidation Value and the Liquidation Costs, the Bankruptcy Court must ascertain the potential chapter 7 recoveries by Creditors and then

compare those recoveries with the distributions offered under the Plan to determine if the Plan is in the "best interests" of Creditors in each Class.

In a hypothetical chapter 7 case, the Debtors' rights in the Coverage Litigation would be preserved. It cannot be assumed, however, that the settlement value of the Debtors' claims in the Coverage Litigation would be as great in chapter 7 as in chapter 11. The benefits of the provisions of Section 524(g) of the Bankruptcy Code can be obtained only through confirmation of a chapter 11 plan of reorganization. If such a plan is not confirmed, Thorpe will be unable to satisfy the conditions for receiving additional sums of at least $20 million from its settlements with Pacific Indemnity Company, Great American Insurance Company and Republic Indemnity Company of North America. In addition, conversion to chapter 7 could reduce the value of future settlements with insurers by eliminating the ability to grant settling insurers protection under the provisions of Section 524(g).

Accordingly, the Debtors believe that the Liquidation Value is no greater than, and likely is less than, the value of the assets to be distributed under the Plan. In addition, the Debtors believe that the Liquidation Costs in chapter 7 would exceed the costs of administering the Plan. The fees of possibly two chapter 7 trustees (one in each case) can be avoided by confirming the Plan. Moreover, the new, outside professionals retained by a trustee would have to expend substantial time in familiarizing themselves with the intricacies of these cases that would not be necessary in chapter 11. A trustee might choose to explore further legal actions and increase his or her legal expenses even more than has been projected. In addition, the creation of a new bar date for claims would allow previously late-filed claims to be filed in a timely fashion and permit claims that are presently time-barred to be timely filed. This would increase the claims pool and further dilute the recoveries to creditors.

Accordingly, the Debtors believe that Creditors will receive distributions under the Plan that are **at least** equal in value to the distributions they would receive in a chapter 7 liquidation and, therefore, the Plan is in their best interests.

XII. ACCEPTANCE AND CONFIRMATION OF THE PLAN

The following is a brief summary of the provisions of the Bankruptcy Code relevant to

acceptance and confirmation of a plan of reorganization. Holders of Claims and Equity Interests are encouraged to review the relevant provisions of the Bankruptcy Code with their own attorneys.

A. Acceptance of the Plan

This Disclosure Statement is provided in connection with the solicitation of acceptances of the Plan. The Bankruptcy Code defines acceptance of a plan of reorganization by a Class of Claims as acceptance by holders of at least two-thirds in dollar amount, and more than one-half in number, of the Allowed Claims of that Class that have actually voted or are deemed to have voted to accept or reject a plan. The Bankruptcy Code defines acceptance of a plan of reorganization by a Class of interests as acceptance by at least two-thirds in amount of the allowed interests of that Class that have actually voted or are deemed to have voted to accept or reject a plan.

If one or more impaired Classes reject the Plan, the Debtor may, in their discretion, nevertheless seek confirmation of the Plan if the Debtors believe that the requirements of Section 1129(b) of the Bankruptcy Code for Confirmation of the Plan (which are summarized below) will be met, despite the lack of acceptance by all Impaired Classes.

B. Confirmation

Section 1128(a) of the Bankruptcy Code requires the Bankruptcy Court, after notice, to hold a hearing on confirmation of a plan. Notice of the Confirmation Hearing regarding the Plan has been provided to all known holders of Claims and Equity Interests or their respective representatives along with this Disclosure Statement. The Confirmation Hearing may be adjourned from time to time by the Bankruptcy Court without further notice except for an announcement of the adjourned date made at the Confirmation Hearing or any subsequent adjourned Confirmation Hearing.

Section 1128(b) of the Bankruptcy Code provides that any party in interest may object to confirmation of a plan. Any objection to Confirmation of the Plan must be in writing, must conform with the Bankruptcy Rules and the Local Rules of the Bankruptcy Court, must set forth the name of the objecting party, the nature and amount of Claims or Equity Interests held or asserted by that party against the Debtors' Estates or property, and the specific basis for the objection. Such objection must be filed with the Bankruptcy Court, together with a proof of service, and served on all parties and by the date set forth on the notice of the Confirmation Hearing.

At the Confirmation Hearing, the Proponents will request that the Bankruptcy Court determine that the Plan satisfies the requirements of Section 1129 of the Bankruptcy Code. If the Bankruptcy Court so determines, the Bankruptcy Court will enter an order confirming the Plan. The applicable requirements of Section 1129 of the Bankruptcy Code are as follows:

- The Plan must comply with the applicable provisions of the Bankruptcy Code;
- The Debtors must have complied with the applicable provisions of the Bankruptcy Code;
- The Plan must have been proposed in good faith and not by any means forbidden by law;
- Any payment made or promised to be made by the Debtors under the Plan for professional services or for costs and expenses in, or in connection with, the chapter 11 Cases, or in connection with the Plan, must have been disclosed to the Bankruptcy Court, and any such payment made before Confirmation of the Plan must be reasonable, or if such payment is to be fixed after Confirmation of the Plan, such payment must be subject to the approval of the Bankruptcy Court as reasonable;
- The Debtors must have disclosed the identity and affiliates of any individual proposed to serve, after Confirmation of the Plan, as a director, officer, or voting trustee of the Debtors under the Plan. Moreover, the appointment to, or continuance in, such office of such individual, must be consistent with the interests of holders of Claims and Equity Interests and with public policy, and the Debtors must have disclosed the identity of any insider that the Reorganized Debtor will employ or retain, and the nature of any compensation for such insider. The Proponents will disclose the identity of the officers and directors of the Reorganized Debtor in the Plan Supplement;
- With respect to each Class of Impaired Claims or Equity Interests, either each holder of a Claim or Equity Interest of such Class must have accepted the Plan, or must receive or retain under the Plan on account of such Claim or Equity Interest, property of a value, as of the Effective Date of the Plan, that is not less than the amount that such holder would receive or retain if the Debtors were liquidated on such date under chapter 7 of the Bankruptcy Code;
- Each Class of Claims or Equity Interests must have either accepted the Plan or not be Impaired under the Plan;
- In order to issue the injunctions contemplated by the Plan and authorized under Section 524(g) of the Bankruptcy Code, at least 75% of those voting in Class 5 must vote to accept the Plan;
- Except to the extent that the holder of a particular Claim has agreed to a different treatment of such Claim, the Plan provides that Allowed Administrative and Priority and Priority Tax Claims will be paid in full on the Effective Date;
- At least one impaired Class of Claim must have accepted the Plan, determined without including any acceptance of the Plan by any insider holding a Claim of such Class; and

- Confirmation of the Plan must not be followed by the liquidation, or the need for further financial reorganization of the Debtors or any other successor.

C. Confirmation Without Acceptance by All Impaired Classes.

Section 1129(b) of the Bankruptcy Code allows a Bankruptcy Court to confirm a plan, even if such plan has not been accepted by all of the impaired Classes entitled to vote, provided that such plan has been accepted by at least one impaired Class, and the plan does not "discriminate unfairly" and is "fair and equitable" with respect to each Class of impaired Claims or Interests that has not accepted the plan. This procedure is commonly known as "cramdown."

If any impaired Classes reject or are deemed to have rejected the Plan, the Debtors reserve their right to seek the application of the requirements set forth in Section 1129(b) of the Bankruptcy Code for Confirmation of the Plan despite the lack of acceptance by all impaired Classes.

XIII. MISCELLANEOUS PROVISIONS

1. Objections to Claims

After the Effective Date, objections to Administrative Claims and all other Claims may be made and objections to Administrative Claims and Claims made before the Effective Date may be pursued by the Reorganized Debtor or any other Person properly entitled to do so after notice to the Reorganized Debtor and approval by the Bankruptcy Court. Any objections to Administrative Claims and Claims made after the Effective Date shall be filed and served on the holders of such Administrative Claims and Claims not later than one hundred-twenty (120) days after the Effective Date or such later date as may be approved by the Bankruptcy Court.

2. Settlement of Objections after the Effective Date

From and after the Effective Date, the Reorganized Debtor may litigate to Final Order, propose and consummate settlements of, or withdraw objections to, all pending or filed Disputed Claims and may settle or compromise any Disputed Claim without notice and a hearing and without approval of the Bankruptcy Court.

3. Holding of, and Failure to Claim, Undeliverable Distributions

All Distributions are to be made by the Reorganized Debtor to the holder of each Allowed Claim at the address of such holder as listed on the Schedules at the time of such Distribution. If any

holder's distribution is returned as undeliverable, no further Distributions to such holder shall be made unless and until the Reorganized Debtor are notified of such holder's then current address, at which time all required Distributions shall be made to such holder. Undeliverable distributions shall be held by the Reorganized Debtor until such Distributions are claimed. All claims for undeliverable Distributions shall be made on or before the first anniversary of the Effective Date. After such date, all unclaimed distributions shall revert to Reorganized Debtor and the Claim of any holder or successor to such holder with respect to such distribution shall be discharged and forever barred notwithstanding any federal or state escheat laws to the contrary.

4. Transfer Taxes

In accordance with Section 1146(c) of the Bankruptcy Code: (a) the transfer of the Equity Interests; (b) the making, assignment, modification, or recording of any lease or sublease; or (c) the making, delivery, or recording of a deed or other instrument of transfer under, in furtherance of, or in connection with, the Plan, the Confirmation Order, or any transaction contemplated above, or any transactions arising out of, contemplated by, or in any way related to, the foregoing shall not be subject to any document recording tax, stamp tax, conveyance fee, intangibles or similar tax, mortgage tax, stamp act or real estate transfer tax, mortgage recording tax or other similar tax or governmental assessment and the appropriate state or local government officials or agents shall be directed to forego the collection of any such tax or assessment and to accept for filing or recordation any of the foregoing instruments or other documents without the payment of any such tax or assessment.

5. United States Trustees' Fees

The Reorganized Debtor shall pay all quarterly fees payable to the Office of the United States Trustee for the Debtors after Confirmation, consistent with applicable provisions of the Bankruptcy Code, Bankruptcy Rules, and 28 U.S.C. § 1930(a)(6).

6. Method of Payment

Payments of Cash required to be made under the Plan shall be made by check drawn on a domestic bank or by wire transfer from a domestic bank at the election of the Person making such payment. Whenever any payment or distribution to be made under the Plan is due on a day other

than a Business Day, such payment or distribution may instead be made, without interest, on the immediately following Business Day.

XIV. RECOMMENDATION AND CONCLUSION

The Proponents have analyzed different scenarios and believe that the Plan will provide for a larger distribution to holders of Claims and Equity Interests than would otherwise result if an alternative restructuring plan were proposed or if the Debtors were liquidated under chapter 7. In addition, any alternative other than Confirmation of the Plan could result in extensive delays and increased administrative expenses resulting in potentially smaller distributions to the holders of Claims and Equity Interests. Accordingly, the Proponents recommend confirmation of the Plan and urge all holders of Impaired Claims and Equity Interests to vote to accept the Plan and to indicate acceptance by returning their Ballots so as to be received by no later than the voting deadline.

[Signature Page Follows]

Dated: Los Angeles, California
July 24, 2008

Respectfully submitted,

Pachulski Stang Ziehl & Jones LLP

By: */s/ Jeremy V. Richards*
Jeremy V. Richards
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Counsel to Official Committees of Unsecured Creditors of Thorpe Insulation Company and Pacific Insulation Company

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By: */s/ Peter Van N. Lockwood*
Peter Van N. Lockwood
Unsecured Creditors of Thorpe Insulation Company and Pacific Insulation Company

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By: */s/ Gary S. Fergus*
Gary S. Fergus
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APPENDIX A

DISCLAIMER: *The information set forth below in this Appendix A has been supplied by Fireman's Fund and Continental, and certain other insurers, to provide alternative and/or additional disclosures regarding the Debtors' Asbestos Insurance Policies, the Coverage Litigation and the Wellington Settlement Claims. The information provided below has not been approved or disapproved by any of the Proponents, does not necessarily reflect the views of any of the Proponents, and shall not constitute or be construed as an admission of any fact or liability, stipulation or waiver on behalf of any of the Proponents, but rather as a statement of position made by certain insurers.*

Certain of Thorpe's insurers ("Insurers") strongly disagree with the adequacy of the Plan Proponents' description in Section IV.C of the Disclosure Statement as to, *inter alia,* Thorpe's insurance coverage and pending coverage disputes. The Insurers submit the summary below to supplement the Plan Proponents' description recognizing that the Plan Proponents do not agree with it:

A principal issue to be decided in the Coverage Litigation[5] is whether, as Thorpe contends, certain of its asbestos-related bodily injury claims are "non-products" or "operations" claims for which Thorpe contends it is entitled to additional insurance coverage. The Insurers, conversely, contend that Thorpe's asbestos claims fall within the products and/or completed operations hazards of Thorpe's policies, and are therefore subject to those policies' aggregate limits of liability. The Insurers' interpretation was the holding of the United States Court of Appeals for the Fourth Circuit in *In re Wallace & Gale Co.,* 385 F.3d 820 (4th Cir. 2004), the only federal appellate court decision that has addressed this issue. The Insurers' aggregate limits of liability were exhausted by payment to Thorpe of more than $180 million in coverage over a 28-year period. Accordingly, it is the Insurers' position that Thorpe's insurance policies are fully exhausted, the Insurers' coverage obligations under those policies are fully satisfied, and Thorpe is entitled to no additional coverage for asbestos-related claims.

Because Thorpe waited almost three decades before asserting an alleged right to "nonproducts" coverage, the Insurers contend that even assuming *arguendo* certain of Thorpe's claims are "operations" claims, Thorpe waived, is time-barred and/or estopped from asserting an alleged right to such coverage. The factual basis for these and related defenses is outlined in the recent California Court of Appeal opinion establishing that course of performance pursuant to the applicable policies is admissible to interpret the policy language. *See Employers Reinsurance Co.* v. *Superior Court,* 161 Cal. App. 4th 906, 918-25 (2d Dist. 2008).

Moreover, Thorpe executed a: settlement agreement with its primary insurers in 1984, which certain of Thorpe's primary insurers contend released them from any further liability for Thorpe claims upon exhaustion of their policies' aggregate limits. *Id.* at 925 (outlining factual basis of release defense). As a result, certain of Thorpe's excess carriers contend that such a release of Thorpe's underlying primary coverage constituted a breach of the excess policies, obviating some or all of Thorpe's excess coverage as well. *See Qualcomm, Inc.* v. *Certain Underwriters at Lloyd's, London,* 73 Cal. Rptr. 3d 770 (Cal. App. 4th Dist. 2008). These and other defenses set forth in the Insurers' pleadings in the Coverage Litigation, in the Insurers' view, make any further Thorpe recovery from them highly unlikely.

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[5] As Wellington Agreement signatories, Fireman's Fund and Harbor are not parties to the pending Coverage Litigation.

APPENDIX B

DISCLAIMER: *The information set forth below in this Appendix B has been supplied by Fireman's Fund and Continental, and certain other insurers, to provide alternative and/or additional disclosures regarding the Debtors' Asbestos Insurance Policies, the Coverage Litigation and the Wellington Settlement Claims. The information provided below has not been approved or disapproved by any of the Proponents, does not necessarily reflect the views of any of the Proponents, and shall not constitute or be construed as an admission of any fact or liability, stipulation or waiver on behalf of any of the Proponents, but rather as a statement of position made by certain insurers.*

Continental and Fireman's Fund strongly disagree with the Plan Proponents' description provided in Section IV.C of the Disclosure Statement as to, *inter alia*, (a) Thorpe's insurance coverage, (b) the coverage disputes, and (c) Continental's and Fireman's Fund's claims against Thorpe. Consequently, Continental and Fireman's Fund submit the factual summary below to supplement the Plan Proponents' narrative. Continental and Fireman's Fund expressly recognize that the Plan Proponents do not agree with the factual summary set forth below.

The Wellington Agreement, The Wellington Settlement, and the Wellington Arbitration

Before the Petition Date, Harbor Insurance Company ("Harbor"), issued four primary liability policies to Thorpe (collectively, the "Harbor Policies") covering the years 1971-1979. Fireman's Fund also issued or allegedly issued 17 primary policies to Thorpe covering the years 1952-1970. Each of Continental (as the successor-in-interest to Harbor with respect to the Harbor Policies), Thorpe, and Fireman's Fund are signatories to the Wellington Agreement, an omnibus insurance coverage and claims handling agreement executed in 1985 by approximately 35 asbestos producers and certain of their insurers. The Wellington Agreement provided for binding arbitration as the exclusive procedure for resolving disputes between the signatories.

Between 1978 and 1998, Thorpe sought, and both Continental (as the successor-in-interest to Harbor with respect to the Harbor Policies) and Fireman's Fund paid, a combined $23.5 million in coverage. Continental and Fireman's Fund paid such amounts with the agreement and understanding that the asbestos claims against Thorpe were "products" and/or "completed operations" claims subject to their policies' aggregate limits of liability. The aggregate limits of the policies exhausted in April, 1998 for Continental and in September, 1998 for Fireman's Fund.

Upon exhaustion of its primary coverage, Thorpe began tendering claims to, and accepting coverage from, its excess carriers. These excess carriers were obligated to pay such claims only if the underlying primary policies were in fact exhausted. At approximately the same time, however, Thorpe tendered claims to Continental (as the successor-in-interest to Harbor with respect to the Harbor Policies) and Fireman's Fund as so-called "non-products" or "operations" claims. Thorpe argued that such claims were not subject to aggregate limits under their insurance policies. Continental and Fireman's Fund responded to Thorpe's claim by initiating arbitration under the Wellington Agreement to obtain a declaration that their primary policies were exhausted and that Thorpe was not entitled to additional "non-products" coverage thereunder.

The Honorable Abraham Sofaer, a former United States District Judge for the Southern District of New York, conducted the arbitration. Judge Sofaer rejected Thorpe's claim for additional coverage, and ruled that Thorpe was not entitled to "non-products" coverage from Continental or

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Fireman's Fund for its asbestos bodily injury claims. Judge Sofaer further ordered Thorpe, as the losing party, to pay Fireman's Fund's and Continental's attorneys' fees.

The Wellington Agreement provides for appeals from the decisions of Wellington arbitrators to a panel of Wellington arbitrators. Thorpe appealed Judge Sofaer's decision within the appeal structure established by the Wellington Agreement. On April 17, 2003, Fireman's Fund, Continental (as the successor-in-interest to Harbor with respect to the Harbor Policies), and Thorpe entered into that certain Wellington Settlement and Release (the "Wellington Settlement"), pursuant to which Thorpe released all claims of any kind, no matter how constituted, that it had or ever could have against Fireman's Fund and Continental. Among other things, Thorpe, defined to include any successor-in-interest, such as the Trust, released Continental, Harbor, and Fireman's Fund "from any claims for coverage of any kind under or related to the Policies," including "known and unknown" claims, "future" claims, claims "which do not yet exist and which could not be foreseen," and "unanticipated claims of any kind." Further, the Wellington Settlement was a "full and complete accord and satisfaction of any and all obligations that [Fireman's Fund and/or Continental (as the successor-in-interest to Harbor with respect to the Harbor Policies)] have or may ever have for any claim of any kind under the policies, whether described above or otherwise." In addition, the parties made the following warranties:

> The parties to this Agreement each represent and warrant that they have not and will not in any manner assign, transfer, conveyor sell, or purport to assign, transfer, conveyor sell to any entity or person any cause of action, chose in action, or part thereof, arising out of or connected with the matters released herein, and that they are the only person or entities. entitled to recover for damages under such claims, causes of action, actions, and rights. The parties to this Agreement each further represent and warrant that they will not in any way voluntarily assist any other person or entity in the establishment of any claim, cause of action, action, or right against the other party to this Agreement arising out of, resulting from or in any way relating to the matters released.

The Wellington Settlement provided the following remedies for breach of these warranties:

> Each party to this Agreement expressly agrees to indemnify the other for all expenses, reasonable fees, including reasonable attorneys' fees, and other consequences, of any breach by the indemnifying Party of a warranty expressly stated in this Agreement, provided that neither this provision nor any provision other than paragraph 27 limits the rights, obligations or duties of the parties hereto under the Wellington Agreement.

Finally, adhering to the Wellington Agreement's arbitration mandate, the parties agreed "to the continuing jurisdiction of Trial Judge Abraham D. Sofaer to enforce this Agreement and its terms."

The Coverage Litigation.

Following the Wellington Settlement, Fireman's Fund and Continental have contended that Thorpe continued to submit and accept payment from its excess carriers for claims as products claims subject to its excess limits. Fireman's Fund and Continental have contended that, in late 2005, as the remainder of these limits were approaching exhaustion, Thorpe asserted for the first time that it was entitled to "non-products" coverage from its non-Wellington carriers. To resolve this and other issues, Thorpe and two of its excess insurers filed competing declaratory judgment actions in California Superior Court. The actions were consolidated as coordinated proceedings before Judge Carolyn Kuhl in the Superior Court of California, County of Los Angeles (the "Coverage Litigation"). None of Continental, Harbor, or Fireman's Fund are parties to the Coverage Litigation. The parties litigated the Coverage Litigation for almost two years before the Petition Date.

Thorpe Cooperates With The Asbestos Claimants in Filing Direct Actions Against Fireman's Fund and Continental.

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Fireman's Fund and Continental have contended that Thorpe has aligned itself with the very asbestos claimants who are suing it, and has taken the position that it has a "common interest" with the asbestos claimants against its insurers. To this end, and despite (a) Thorpe's contractual duty to cooperate with the insurers to minimize its potential liability and (b) Thorpe's express warranty in the Wellington Settlement that it would not assist any party in the establishment of a claim against Fireman's Fund or Continental, Fireman's Fund and Continental believe that Thorpe has worked with asbestos claimants' counsel to develop and coordinate a strategy designed to coerce settlements from the insurers, including Fireman's Fund and Continental. Among other things, Fireman's Fund and Continental have contended that Thorpe has been colluding with counsel for the asbestos claimants to try and coerce settlements from Continental and Fireman's Fund by, inter alia, encouraging the claimants to bring "direct actions" against Continental and Fireman's Fund.

In particular, in late 2006, Brayton Purcell LLP (an asbestos plaintiffs' firm), on behalf of certain of its clients, filed several "direct actions" seeking coverage from the insurers who are parties to the Coverage Litigation. None of these actions named Continental, Harbor, or Fireman's Fund as parties. But after meeting with counsel for Thorpe in mid-September 2007, Brayton Purcell LLP filed several additional direct action lawsuits against Thorpe's insurers, this time naming as defendants Harbor and Fireman's Fund. Accordingly, Fireman's Fund and Continental have contended that Thorpe cooperated with and provided assistance to the asbestos claimants in bringing direct actions against Harbor and Fireman's Fund, which cooperation and assistance plainly violates the terms of the Wellington Settlement. Fireman's Fund and Continental contend that the Plan, as proposed, continues and extends this pre-petition breach. Fireman's Fund and Continental contend that in the Plan, Thorpe, as a Plan Proponent, has agreed with the claimants to a scheme by which Fireman's Fund and Continental alone are excepted from the Asbestos Insurer Injunction (see Exhibit C to the Plan) and thus subject to direct actions. As such, Fireman's Fund and Continental believe that Thorpe's apparent participation in this scheme to establish claims against Fireman's Fund and Continental should subject Thorpe and the Trust to substantial liability under the Wellington Settlement.

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Thorpe Obtains and Assigns Contribution Rights From Settled Carriers.

Under certain circumstances, Fireman's Fund and Continental have contended that California courts have held that settlements between an insurer and its policyholder may not extinguish the contribution rights of other insurers against the settling insurer. As discussed in Section V.1. hereof, Thorpe has settled its coverage claims with at least five of its insurers. These settlement agreements include an assignment to Thorpe and the Trust of the various carriers' alleged contribution rights against, inter alia, Continental and Fireman's Fund. Fireman's Fund and Continental have contended that this attempt by Thorpe to acquire and assign to the claimants and the Trust claims against Continental and Fireman's Fund plainly violates the Wellington Settlement terms set forth above.

On September 28, 2007, both Fireman's Fund and Continental requested that Thorpe confirm that it was not: (a) taking any action to assist any party in asserting claims against Fireman's Fund, Continental, or Harbor; (b) acquiring, assigning or asserting any alleged rights against Fireman's Fund, Continental, or Harbor; or (c) taking any action to pursue or assist with . an insurance recovery from Fireman's Fund, Continental, or Harbor. Thorpe did not respond to these inquiries. As a result, Continental and Fireman's Fund initiated arbitration proceedings in September, 2007 with Judge Sofaer to enforce the terms of the Wellington Settlement. Thorpe responded by disputing Judge Sofaer's jurisdiction and opposing Continental's and Fireman's Fund's claim. Judge Sofaer agreed to exercise his exclusive jurisdiction over the dispute, and scheduled a hearing for October 16,2007.

Before the scheduled hearing, counsel for Continental and Fireman's Fund again asked Thorpe's counsel if Thorpe was acquiring contribution rights from settling carriers or in any way assisting with the filing of direct actions against Harbor and Fireman's Fund. Thorpe's counsel Fireman's Fund and Continental submit that the Debtors cannot seek resolution of the Wellington Settlement Claims before the Bankruptcy Court including through a proof of claim objection or the

estimation of claims for voting purposes. As such, Fireman's Fund and Continental contend that the filing of proofs of claim did not and does not constitute consent by Fireman's Fund and Continental to the jurisdiction of the Bankruptcy Court with respect to the resolution of the Wellington Settlement Claims.

EXHIBIT A

FIRST AMENDED JOINT PLAN OF REORGANIZATION

EXHIBIT B

SECTION I.7 OF MANVILLE TDP

7. **Distributor Indemnity Claims.** Any Trust Beneficiary that is a Distributor may present Distributor Indemnity Claims to the Trust for processing and payment pursuant to the provisions of this subsection 7.

(a) **Definitions.** A Distributor is any entity that: (i) was engaged in the business of distributing Manville asbestos or asbestos-containing products; (ii) was not engaged in the business of mining asbestos or manufacturing asbestos-containing products; and (iii) is not a member of the MacArthur Subclass. A Distributor Indemnity Claim means any Indemnity Claim by a Distributor which constitutes a valid claim for indemnification under applicable law. Distribution means the purchase, shipment, storage, sale and delivery of asbestos or asbestos-containing products which were not remanufactured, altered, re-labelled or installed by the Distributor.

(b) **Distributor Indemnity Claims Not Waived.** No Distributor shall be deemed to have waived Distributor Indemnity Claims by any of the following: (i) failing to comply with the provisions of Sections II and III.D.1 of the Co-Defendants' Procedures, including not filing a timely proof of claim for Indemnity in the Cases; (ii) the making of the Contribution Claim Election; or (iii) the expungement of any Proof of Claim for Indemnity by the Bankruptcy Court.

(c) **Distributor Indemnity Claim Percentage.** The Distributor Indemnity Claim percentage is the proportion of a Distributor's asbestos-related loss in any particular case which shall be treated by the Trust as constituting a Distributor Indemnity Claim. Distributors who meet the following two requirements shall have the right to process Indemnity Claims against the Trust using the Distributor Indemnity Claim percentage described below: (i) 35% or more of the asbestos or asbestos-containing products purchased by the Distributor were distributed by it; and (ii) 35% or more of the asbestos or asbestos-containing products distributed by the Distributor were purchased from Manville.

Except as specifically provided otherwise in the Stipulation of Settlement, the Distributor Indemnity Claim percentage shall be equal to the product of: (i) the percentage of asbestos or asbestos-containing products distributed by the Distributor that it purchased from Manville; (ii) the percentage of asbestos or asbestos-containing products purchased by the Distributor which were distributed by it; and (iii) 95% if the Distributor filed a proof of claim for indemnity in Manville's bankruptcy which was not expunged and 86% otherwise. Thus, by way of example only, a Distributor that purchased 50% of the asbestos it dealt in from Manville, and which distributed 50% of the asbestos it purchased, and that filed a timely proof of claim would be assigned a Distributor Indemnity Claim percentage of 23.75% (50% x 50% x 95%).

(d) **Setting a Distributor Indemnity Claim Percentage.** The Distributor Indemnity Claim percentage applicable to a particular Distributor shall be determined by the following procedures. First, a Distributor must make a written submission to the Trust setting forth its position concerning the proper Distributor Indemnity Claim percentage for that Distributor and each component of that percentage. The Trust shall promptly notify the SCB of the Distributor's submission, the proposed Distributor Indemnity Claim percentage and each component thereof. The SCB may share such information only with those persons necessary to enable the SCB to respond to the Distributor's submission. The SCB shall have 45 days from receipt of such notice to make its own written submission to the Trust concerning the proper Distributor Indemnity Claim percentage for the Distributor, together with such supporting documents as the SCB deems appropriate.

By the same date the SCB's submission is due, the Distributor shall submit to the Trust all documents in support of its position it wishes the Trust to consider. Such information provided by the Distributor shall be kept confidential by the Trust and shall not be shared with any other Beneficiary. Within 10 days following the date the SCB's submission is due, the Trust shall determine the Distributor Indemnity Claim percentage, and shall notify the Distributor and the SCB of its determination. If either is dissatisfied, they may present the issue to the Special Advisor for mediation.

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These three factors are hereinafter referred to as the components of the Distributor Indemnity Claim percentage.

The Special Advisor shall receive copies of all submissions presented to the Trust. If the Special Advisor is unable to resolve the issue through mediation, it shall be resolved by binding arbitration. The Special Advisor shall nominate three potential arbitrators (none of whom shall be counsel representing any Trust Beneficiary), each party shall strike one and the remaining nominee shall be the arbitrator. If both parties strike the same nominee, the Special Advisor shall select the arbitrator from the remaining two nominees. The arbitrator shall determine the procedures for the arbitration. The arbitrator's determination of the appropriate Distributor Indemnity Claim percentage shall be final and binding on the Distributor, the Trust and the SCB. If this process results in a determination that less than 35% of the asbestos purchased by a Distributor was distributed by it or less than 35% of the asbestos or asbestos-containing products it purchased was from Manville, the Distributor shall not have the right to process its claims using a Distributor Indemnity Claim percentage (unless special circumstances are presented to and accepted by the Trust, as described below) and shall instead process its claims on a case-by-case basis as provided by subsection 7(f), below. Upon demonstration of special circumstances warranting such treatment, the Trust may in its discretion permit a Distributor to process its claims using a Distributor Indemnity Claim percentage even if the Distributor fails to meet the requirement set forth in the preceding sentence.

(e) <u>Processing Distributor Indemnity Claims with a Percentage</u>. Once a Distributor Indemnity Claim percentage has been established for a Distributor, the Distributor shall make any Distributor Indemnity Claims by submitting proof to the Trust that it has sustained an asbestos-related loss in a case which has been finally resolved by settlement, judgment or otherwise. Upon proof of such a loss, the Trust shall process and pay, in accordance with the procedures set forth in Section G, an amount equal to the Distributor Indemnity Claim percentage of such loss times the same <u>pro rata</u> share applicable to all Trust Claims, as described in Section H. Distributor Indemnity Claims shall be processed and paid by the Trust in FIFO order in a queue separate from the queues for other Trust Claims. The Trust, in consultation with counsel for the Manville Distributors Subclass, shall establish appropriate forms and procedures for processing Distributor Indemnity Claims.

(f) <u>Processing Distributor Indemnity Claims With No Percentage</u>. Distributors who do not have the right to process claims using a Distributor Indemnity Claim percentage shall present any Indemnity Claims to the Trust on a case-by-case basis. The Distributor must establish that the particular loss it suffered gives rise to a right of indemnity against the Trust under applicable law. The Trust shall value such claims as provided by applicable law. They shall be processed and paid their <u>pro rata</u> share in FIFO order, in accordance with the procedures set forth in Sections G and H. The Trust, in consultation with counsel for the Manville Distributors Subclass, shall establish appropriate forms and procedures for processing such Distributor Indemnity Claims.

(g) <u>Distributor Information Confidential</u>. Any information submitted by a Distributor to the Trust pursuant to this subsection 7 (other than a proposed Distributor Indemnity Claim percentage and the components thereof) shall be kept confidential by the Trust and shall not be disclosed to any other Beneficiary.

PACHULSKI STANG ZIEHL & JONES LLP
ATTORNEYS AT LAW
LOS ANGELES, CALIFORNIA

PROOF OF SERVICE

STATE OF CALIFORNIA)
)
COUNTY OF LOS ANGELES)

I, Sophia L. Lee, am employed in the city and county of Los Angeles, State of California. I am over the age of 18 and not a party to the within action; my business address is 10100 Santa Monica Blvd., 11th Floor, Los Angeles, California 90067-4100.

On July 30, 2008, I caused to be served the **FIRST AMENDED DISCLOSURE STATEMENT CONCERNING THE FIRST AMENDED JOINT PLAN OF REORGANIZATION OF THORPE INSULATION COMPANY AND PACIFIC INSULATION COMPANY UNDER CHAPTER 11 OF THE BANKRUPTCY CODE** in this action by placing a true and correct copy of said document(s) in sealed envelopes addressed as follows:

Please see attached Service List

☑ (BY MAIL) I am readily familiar with the firm's practice of collection and processing correspondence for mailing. Under that practice it would be deposited with the U.S. Postal Service on that same day with postage thereon fully prepaid at Los Angeles, California, in the ordinary course of business. I am aware that on motion of the party served, service is presumed invalid if postal cancellation date or postage meter date is more than one day after date of deposit for mailing in affidavit.

☐ (BY EMAIL) I caused to be served the above-described document by email to the parties indicated on the attached service list at the indicated email address.

☐ (BY FAX) I caused to be transmitted the above-described document by facsimile machine to the fax number(s) as shown. The transmission was reported as complete and without error. (Service by Facsimile Transmission to those parties on the attached List with fax numbers indicated.)

☐ (BY OVERNIGHT DELIVERY) By sending by   to the addressee(s) as indicated on the attached list.

I declare that I am employed in the office of a member of the bar of this Court at whose direction was made.

Executed on July 30, 2008, at Los Angeles, California.

/s/ Sophia L. Lee
Sophia L. Lee

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In re Thorpe Insulation Company
Case No.: 2:07-bk-19271-BB
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Exhibit 17

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UNITED STATES BANKRUPTCY COURT

CENTRAL DISTRICT OF CALIFORNIA, LOS ANGELES DIVISION

In re:

J.T. THORPE, INC., a California corporation, J.T. THORPE, INC., a dissolved California corporation, THORPE TECHNOLOGIES, INC., a California corporation, and THORPE HOLDING COMPANY, a California corporation,

Debtors.

Case Nos. LA02-14216-BB, LA04-35876-BB, LA 04-35847-BB and LA04-35877-BB

Jointly Administered under Case No. LA02-14216-BB

Chapter 11

DISCLOSURE STATEMENT FOR JOINT PLAN OF REORGANIZATION DATED FEBRUARY 25, 2005

Date: July 14, 2005
Time: 10:00 a.m.
Place: Courtroom 1475
255 E. Temple Street
Los Angeles, CA 90012

FILED
2005 MAR -8 P 4:03
CLERK U.S. BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA
BY DEPUTY

TABLE OF CONTENTS

SECTION 1.

INTRODUCTION

1.1 Introductory Statement.

J.T. Thorpe, Inc., a California corporation ("Thorpe"), J.T. Thorpe, Inc. a dissolved California corporation ("Dissolved Thorpe"), Thorpe Technologies, Inc. a California corporation ("Technologies"), Thorpe Holding Company, Inc., a California corporation ("Holdings"), the debtors and debtors in possession in the above-captioned cases (each, a "Debtor" and, collectively, the "Debtors"), together with the Official Committee of Creditors Holding Unsecured Claims of Thorpe, Dissolved Thorpe, Technologies and Holdings, the Futures Representative of Thorpe and the Proposed Futures Representative of Dissolved Thorpe, Technologies and Holdings (collectively, the "Plan Proponents"), are soliciting votes to accept the Plan. **ALL CAPITALIZED TERMS USED HEREIN SHALL HAVE THE MEANINGS DEFINED HEREIN OR ASSIGNED TO SUCH TERMS IN THE GLOSSARY OF TERMS FOR THE PLAN DOCUMENTS, ATTACHED TO THE PLAN AS EXHIBIT 1.** Those definitions and the rules of construction contained in them are incorporated herein by this reference. The Plan is the product of extensive negotiations among the Debtors, the Committee and the Futures Representative.

A. Relationship of the Debtors

Holdings is a California holding company and is the sole shareholder of Thorpe and Technologies. As is more fully explained below, Dissolved Thorpe was a California corporation whose assets were purchased by Thorpe.

B. Dissolved Thorpe.

Dissolved Thorpe is a California corporation that was formed in October 1932 to acquire the firebrick, high temperature insulation and acid proof masonry repair and construction work in the Southern California and Pacific Southwest that had previously been the business of JT Thorpe & Son, Inc.

Dissolved Thorpe dissolved as a California corporation pursuant to its certificate of dissolution dated December 30, 1986. As set forth in Section 2.2 below, prior to its bankruptcy

filing, Dissolved Thorpe was sued for asbestos related injuries individuals had suffered in connection with its business operations.

C. Thorpe.

Thorpe, initially named Thorpe Constructors, Inc., acquired substantially all of the business assets, including Dissolved Thorpe's name, combined the operations of Dissolved Thorpe and assumed substantially all the liabilities of Dissolved Thorpe pursuant to an Asset Purchase Agreement dated December 26, 1986 among Thorpe, Dissolved Thorpe and the shareholders of Dissolved Thorpe (referred to herein as the "Purchase Agreement"). After the dissolution of Dissolved Thorpe, Thorpe changed its name from Thorpe Constructors, Inc. to "J.T. Thorpe, Inc." In 1992, certain real estate assets were purchased from Thorpe by J.T. Thorpe & Sons, Inc., a corporation to which Thorpe is not related as described more completely below.

After completing the acquisition of Dissolved Thorpe's refractory contracting assets and being renamed "J.T. Thorpe, Inc.," Thorpe completed all ongoing projects of Dissolved Thorpe and continued in its refractory contracting business. Thorpe ceased performing refractory contracting on or about February 29, 1992 by completing all of its contracts, paying all of its suppliers and trade creditors and laying off all of its employees. Its refractory contracting assets, including the refractory materials, tools equipment inventories, trucks and a construction yard were sold.

Asbestos litigation was one of the significant reasons for cessation of refractory contracting operations. The first asbestos claim (non workers compensation) was filed against Thorpe in 1987. By 1991 a significant number of claims had been filed against Thorpe. By early 2002, four of the known primary insurance companies of Thorpe asserted that all of the coverage available under their primary policies were exhausted, while another primary insurer refused to defend or indemnify Thorpe against the asbestos suits based on a "lost" policy dispute. Given that approximately 1,000 separate asbestos suits were pending against Thorpe in early 2002, in order to avoid a race to the courthouse to seize the remaining admitted insurance coverage, Thorpe determined that the best course of action was to file a bankruptcy case to allow for an orderly administration of its property for the benefit of all claimants and stakeholders and a systematic

marshalling of insurance assets. Thorpe filed its Chapter 11 petition on February 12, 2002 and remains a debtor-in-possession in the United States Bankruptcy Court, Central District of California, Los Angeles Division, Case No. LA 02-14216 BB.

D. Technologies

Technologies originally incorporated in 1988 as "Thermal Process, Inc.", and is a wholly-owned subsidiary of Holdings. "Thermal Process, Inc." was inactive until February 1992, when it was renamed Thorpe Technologies, Inc. On or about March 2, 1992, Technologies purchased the engineering assets of Thorpe and began its operations as an industrial furnace builder (including the design, engineering, assembly and installation of industrial furnaces and related equipment) primarily for the aluminum industry. Technologies provides turnkey industrial furnaces and related equipment to industrial users at competitive prices. The components of its products are manufactured by third parties and the assembly and installation is managed by Technologies.

Technologies' business differs from that of Thorpe in that Thorpe primarily performed refractory contacting and maintenance services, but designed and installed a few industrial furnaces. Thorpe's refractory contracting business involved the installation and maintenance of refractory linings, which allegedly contain asbestos. Thorpe was therefore the target of asbestos personal injury actions for its work as a refractory contractor. By the time Technologies was formed, asbestos had been removed from all refractory products used in industrial furnaces, and as a result Technologies contends that it has no asbestos liability resulting from its operations. As discussed more fully in Section 2.2 below, Technologies was sued for Asbestos Related Claims, as Thorpe's alter ego, prior to Technologies' bankruptcy filing.

E. Holdings

Holdings is a California corporation formed in 1986. It is the sole shareholder of Thorpe and Technologies. Holdings also owns 99.9% of Thorpe do Brasil Ltda, a Brazilian Corporation ("Thorpe Brazil") and Thorpe Mexico SA de CV, a Mexican corporation ("Thorpe Mexico"). Neither Thorpe Brazil nor Thorpe Mexico have filed bankruptcy petitions.

Occasionally Technologies is requested to design and install furnaces in South America. In order to facilitate these requests, Technologies operates through its sister-companies, Thorpe

Brazil, which was created in order to allow Technologies to design and install furnaces in Brazil, and Thorpe Mexico, which was created to allow Technologies to design and install furnaces in Mexico. As set forth in Section 2.2 below, prior to its bankruptcy filing, Holdings was named as a defendant in actions alleging personal injury claims caused by asbestos based upon contentions that it was liable for such claims as Thorpe's alter ego.

F. Bankruptcy Filing By Dissolved Thorpe, Holdings and Technologies

On or about December 15, 2004, Dissolved Thorpe, Holdings and Technologies filed voluntary Chapter 11 bankruptcy petitions assigned case nos. LA04-35876-BB, LA04-35877-BB and LA04-35847-BB, respectively, after being served with complaints alleging liability for asbestos injuries. The cases of Dissolved Thorpe, Holdings, Technologies and Thorpe are being jointly administered.

The Plan Proponents solicit sufficient acceptances to enable the Plan to be confirmed by the Bankruptcy Court pursuant to the provisions of the Bankruptcy Code. Because all Asbestos Related Claims will be channeled to and addressed by the Trust following the Effective Date of the Plan, this Disclosure Statement is distributed to provide adequate information to enable holders of Claims, including Asbestos Related Claims, to make an informed judgment in exercising their right to vote to accept or reject the Plan under section 1126 of the Bankruptcy Code.

The Plan Proponents unequivocally support the Plan and strongly urge you to vote to accept it.

The Plan complies with settlement agreements entered into with Nationwide Mutual Insurance Company ("Nationwide") and Federal Insurance Company ("Federal"), as discussed in Section 3.6 below, which provides the overwhelming majority of liquidated funding presently available to meet Claims. The Plan Proponents are unaware of any viable alternative plan. In the event that the Plan is not accepted by holders of the Asbestos Related Claims, the $45 million settlement payment under the Federal Settlement would no longer be available, and recoveries from Federal would depend entirely on the outcome of the highly complex litigation conditionally compromised by the Federal Settlement. Similarly, a $500,000 payment required under the Nationwide Settlement would no longer be available. In light of the difficulty of reaching the

settlement, no assurance can be given that any further settlement with Federal would be reached if the Plan were not accepted and approved. The alternatives to the Plan are further described in Section 9 below.

While the Debtors believe that they will prevail in the Coverage Litigation (see Sections 2.3 and 3.7 below), no assurance can be given that there will be any insurance recoveries other than that provided for in the Nationwide Settlement and the Federal Settlement, and in casting a ballot in respect of the Plan, each voter should be aware that these settlement proceeds may represent all that will be distributed on Class 4 claims.

1.2 Summary of Voting Procedures.

The Debtors have sent a court-approved ballot to each known holder of a Class 4 Claim (i.e., to each known holder of an Asbestos Related Claim) with voting instructions and a copy of this Disclosure Statement. Holders of Class 4 Claims should read the ballot carefully and follow the voting instructions. Holders of Class 4 Claims should use only the ballot that accompanies this Disclosure Statement. A ballot was also sent to each known holder of Interests in Class 5-D (i.e., to each known holder of an Interest in Holdings).

In order to be counted for voting purposes, ballots must be received by the Debtors' voting agent, Nora Boghossian (the "Voting Agent"), by 5:00 p.m. prevailing **PACIFIC TIME** on May 12, 2005 (the "Voting Deadline"), at the following address:

Nora Boghossian.
Rutter Hobbs & Davidoff Incorporated
1901 Avenue of the Stars, Suite 1700
Los Angeles, CA 90067

Ballots must be submitted to the Voting Agent by the Voting Deadline by either hand-delivery, U.S. Mail or other delivery service. Ballots may not be submitted to the Voting Agent by facsimile or email, and any ballots submitted by facsimile or email will not be considered.

A ballot must be by or on behalf of one claimant. Neither master ballots nor class ballots will be counted.

Either a claimant or his or her attorney or may sign a ballot. If an attorney signs a ballot for a client, that signature shall constitute a declaration under penalty of perjury that, as to any fact

that is not within the attorney's personal knowledge, the attorney's file concerning the client contains reliable information that the facts stated are true and correct and that the attorney is authorized to sign the ballot on the client's behalf.

If you are a holder of a Class 4 Claim (i.e., an Asbestos Related Claim) entitled to vote on the Plan and did not receive a ballot, received a damaged ballot or lost your ballot, you should contact the Voting Agent. If you have any questions about the Plan, this Disclosure Statement or the procedures for voting on the Plan, you should contact your attorney or the Debtors' bankruptcy counsel.

For detailed voting instructions, see Section 5 below and the instructions accompanying your ballot.

1.3 Overview of the Plan.

The following is a brief summary of certain information contained elsewhere in this Disclosure Statement and the Plan. This summary is necessarily incomplete and is qualified in its entirety by reference to the more detailed information contained elsewhere in this Disclosure Statement, the exhibits hereto and the other Plan Documents. The terms of the Plan are controlling.

The Plan is the product of extensive efforts by the Plan Proponents to negotiate a plan of reorganization for the Debtors that is fair and equitable to all parties in interest. The Plan will discharge certain of the Debtors and enjoin prosecution of actions against all of the Debtors, from all Claims. The Plan contemplates the issuance of injunctions under Sections 524(g) and 105(a) of the Bankruptcy Code that will result in channeling of the Asbestos Related Claims of the Debtors into the Trust.

The essential elements of the reorganization contemplated by the Plan include, among other things:

(a) As to Administrative Claims that are subject to approval by the Bankruptcy Court, that each holder thereof will be paid as soon as practicable after there is a Final Order granting such approval. As to all other Claims against the Debtors, other than Asbestos Related Claims, including but not limited to Priority Tax Claims, Priority Claims, Secured Claims and Unsecured

Claims other than Asbestos Related Claims, the Plan does not impair them but rather leaves unaltered the legal, equitable and contractual rights to which such Claims entitle the holder thereof. Upon confirmation of the Plan, Technologies and Holdings will receive a discharge from all Claims, and all the Debtors will receive an injunction precluding further Asbestos Related Claims against them.

(b) The Trust, which will enjoy the status of a "qualified settlement fund" for purposes of the Treasury Regulations issued under section 468B of the IRC, will assume all the liabilities and obligations of the Debtors, among other parties, with respect to Asbestos Related Claims, and will provide for the equitable distribution of the Trust Assets in partial payment of all Asbestos Related Claims.

(c) The Trust will be funded by the Trust Assets.

(d) The Bankruptcy Court, as affirmed by the District Court, will issue pursuant to sections 524(g) and/or 105(a) of the Bankruptcy Code, certain injunctions as to Asbestos Related Claims, including but not limited to the Discharge Injunction, the Channeling Injunction, the Supplemental Injunction and the Asbestos Insurance Company Injunction, all as described below, for the benefit the Debtors and certain third parties, including the Nationwide Parties and the Federal Parties, as appropriate.

To address Asbestos Related Claims fairly and efficiently, the Plan provides for the establishment of the Trust for the payment of Allowed Asbestos Related Claims. Asbestos Related Claims will be assumed by and transferred to the Trust, and will be liquidated and allowed or disallowed in accordance with the J.T. Thorpe, Inc., a California corporation/J.T. Thorpe, Inc., a dissolved California corporation/Thorpe Technologies, Inc., a California corporation/Thorpe Holdings Company, Inc., a California corporation, Asbestos Personal Injury Settlement Trust Distribution Procedures ("TDP") established pursuant to the Trust Agreement.

The Trust will be funded with the Trust Assets, which include, among other things, the following assets to be delivered to the Trust pursuant to the Plan Documents or otherwise : (a) all shares of the common stock of Dissolved Thorpe, (b) the Holdings Note, (c) rights under the Holdings Pledge Agreement, (d) the Thorpe Business Loss Insurance Security , (e) the Thorpe

General Insurance Security, (f) all Asbestos Insurance Action Recoveries, and any income, profits and proceeds derived from the foregoing. The Trust Assets shall additionally include the Debtors' rights for contribution and reimbursement against parties other than Released Parties, as provided in Section 8.10 of the Plan.

The Trust will be administered by the Trustees pursuant to the TDP, in consultation with, and with the consent as to certain matters of, the Futures Representative and the TAC. The mechanisms of the Trust have been designed, over months of intense negotiations, to provide reasonable assurance that the Trust will value, and will be in a financial position to pay, similar present and future Asbestos Related Claims in substantially the same manner. See Section 6 below for further information regarding the Trust and the TDP.

After the Effective Date, Technologies and Holdings will continue their business operations. Thorpe will continue to assist the Trust, as requested, in the Trust's implementation of its duties, Dissolved Thorpe will continue to wind up its affairs pursuant to the provisions of the Plan, the California Corporations Code and orders of the Superior Court of California for the County of Sacramento. The management, control and operation of Thorpe, Technologies and Holdings will remain the responsibility of their respective boards of directors. Dissolved Thorpe will continue to be managed by John Allen, the director appointed by the Superior Court. The Plan permits the business of Thorpe, Technologies and Holdings to operate free of Claims. The operating businesses will be protected from Claims by virtue of certain of the Debtors' discharge and the Injunctions. In addition, the Plan provides for the issuance of the Supplemental Injunction to protect the Nationwide Parties, the Federal Parties and all other Settling Asbestos Insurance Companies that provide funding to the Debtors or the Trust for the payment of holders of Asbestos Related Claims. Though the Injunctions are not conditions precedent to the Plan, as the Plan can be confirmed without the issuance of the Injunctions pursuant to Bankruptcy Code section 524(g), the Debtors believe that they will be able to satisfy the requirements of section 524(g) of the Bankruptcy Code, so long as the requisite number of Asbestos Related Claimants vote in favor of the Plan.

The Plan divides all Claims and Interests into five different Classes. The Class of Unsecured Claims (non-asbestos) is further divided into two separate sub-Classes, and the Class of Interests is further divided into four separate sub-Classes. Each Claim will receive the same percentage payment amount on its liquidated Claim as all other Claims within the same class or sub-class under the Plan. Each Interest will receive the same treatment as all other Interests within the same sub-class under the Plan. Section 5.4 below contains a description of the treatment of each Class under the Plan, including whether the Class is impaired or unimpaired by the Plan and whether the Class is channeled into and addressed by the Trust. The Class for Asbestos Related Claims is the only Class of Claims that is entitled to vote to accept or reject the Plan under section 1126 of the Bankruptcy Code. Claims in that class are all channeled to, addressed, processed and paid, if allowed, by the Trust. The payment of present and future Asbestos Related Claims by the Trust as provided for in the Plan is consistent with the Bankruptcy Code and the terms of all settlements between or among the Debtors and the other parties in interest. The Class of Interests in Holdings is also entitled to vote to accept or reject the Plan.

The TDP to be established and adopted by the Trust pursuant to the Trust Agreement will be used to assign a value to all Asbestos Related Claims that are timely filed with the Trust and not rejected or denied and to determine the timing and amount of payments to be made in respect of Asbestos Related Claims. In addition to resolving promptly Asbestos Related Claims, the TDP will significantly reduce operating expenses, which expenses would otherwise reduce Trust Assets available for distribution to holders of Asbestos Related Claims. All holders of Allowed Asbestos Related Claims will benefit from such cost savings, by maximizing the assets that are to be used for the payment of Asbestos Related Claims.

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SECTION 2.

GENERAL INFORMATION

2.1 History and Business of the Debtors.

(a) Dissolved Thorpe.

Dissolved Thorpe was formed on October 11, 1932 to acquire the firebrick, high temperature insulation and acid proof masonry repair and construction work in the Southern California area and Pacific Southwest which had previously been the business of J.T. Thorpe & Sons, Inc. Dissolved Thorpe was in the business of refractory contracting. In particular, Dissolved Thorpe was engaged in the installation and maintenance of refractory linings in certain industries in the Southwestern United States, most particularly in California. This work included the design, construction and repair of refractory lined and acid resistant structures for the containment and control of heat, abrasion and corrosion. Dissolved Thorpe designed and constructed linings for furnaces, kilns, vessels, tanks and stacks for oil, chemical, cement, glass ceramic, metallurgical power and incinerator industries. Depending on the customer and/or application requirements, the linings could be made out of one or several different materials including, but not limited to, brick, tile, castable, gunning mixes, plastics or block insulation or ceramic fiber.

Dissolved Thorpe's work included the installation and repair of refractory linings in boilers, kilns and furnaces and the design of duct and heater systems. The bulk of its work was performed within the State of California, particularly the Los Angeles area. Outside of California, Dissolved Thorpe worked in 36 states performing a variety of services over the fifty-four years of its existence. A limited number of jobs were performed in Alabama, Alaska, Arkansas, Colorado, Connecticut, Delaware, Florida, Georgia, Hawaii, Idaho, Indiana, Kansas, Kentucky, Maryland, Michigan, Minnesota, Missouri, Montana, New Jersey, Ohio, Oregon, Pennsylvania, Tennessee, Virginia, West Virginia and Wyoming. Dissolved Thorpe performed a great number of jobs in Arizona, Illinois, Louisiana, Mississippi, Nevada, New Mexico, Oklahoma, Texas, Utah and Washington.

Dissolved Thorpe was liquidated on December 30, 1986 after selling all of its assets and liabilities, (except its shares in a Texas company known as J.T. Thorpe Corporation ("Thorpe Corp.") and its ownership interest in certain real property), to Thorpe, then known as Thorpe Constructors, Inc. The sale of Dissolved Thorpe's business to Thorpe was consummated pursuant to the Asset Purchase Agreement dated December 26, 1986 among Dissolved Thorpe, as seller, Thorpe, as buyer, and Dissolved Thorpe's shareholders for a purchase price of $5,051,021.74 of which $4,589,271.74 was paid in cash at closing. The balance of $461,750 was evidenced by a promissory note in this amount. Excluded from the assets were (i) Thorpe Corp. stock and (ii) Dissolved Thorpe's interest in real property, located in Monterey Park, California (both of which were sold to another company) as well as (iii) shareholder notes payable to Dissolved Thorpe in the approximate amount of $196,000 and (iv) Dissolved Thorpe's rights and responsibilities under the 1986-1989 Inside Wireman's Agreement between IBEW Local 11 and the Los Angeles County Chapter of the National Electrical Contractor Association. At the closing of the acquisition pursuant to the Purchase Agreement, Thorpe assumed certain liabilities of Dissolved Thorpe, including scheduled liabilities totaling approximately $4.1 million.

By Certificate of Dissolution filed in the Office of Secretary of State of California on December 30, 1986, Dissolved Thorpe dissolved. Thorpe then filed a Certificate of Amendment of Articles of Incorporation in the Office of the Secretary of State on December 31, 1986 changing its name from "Thorpe Constructors, Inc." to "J.T. Thorpe Inc.," which name was among the assets acquired by it from Dissolved Thorpe in connection with the Purchase Agreement.

Dissolved Thorpe continues to exist for the purposes of winding up its assets and liabilities. A dissolved corporation continues to exist for the purpose of winding up its affairs, prosecuting actions by it, defending actions against it and enabling it to collect and discharge obligations, dispose of and convey its property and collect and divide its assets. Accordingly, a corporation's dissolution is best understood not as its death, but merely as its retirement from active business, other than activities for the purpose of winding up its affairs, including the activities described immediately above. The California Supreme Court has held that California's

Corporations Code permits the corporate existence of dissolved corporations to continue indefinitely for the purpose of post-dissolution claims against them.

The California Corporations Code further provides that any assets inadvertently or otherwise omitted from winding up continue in the dissolved corporation for the benefit of the persons entitled to them upon dissolution of the corporation and on realization shall be distributed accordingly. Thus, insurance policies, if any, not effectively transferred to Thorpe, remain with Dissolved Thorpe for the benefit of the persons entitled to them.

Dissolved Thorpe's directors had either passed away or were no longer interested in acting as directors. Any interested person may petition the superior court of the proper county to appoint directors to wind up the affairs of the corporation, after hearing upon such notice to such persons as the Court may direct. Cal. Corp. Code § 2003. In July 2004, Thorpe, as such an interested person, therefore petitioned the Superior Court of California, County of Sacramento to appoint a director for Dissolved Thorpe. The Superior Court granted Thorpe's petition and appointed John E. Allen as Dissolved Thorpe's director for the purposes of winding up its affairs and distributing its assets.

Dissolved Thorpe has therefore filed a bankruptcy case in order to wind up its affairs and distribute its assets pursuant to the priorities set forth in the Bankruptcy Code.

(b) Thorpe.

Thorpe was incorporated in California on November 3, 1986 as Thorpe Constructors, Inc. As discussed above, on December 31, 1986, following the liquidation of Dissolved Thorpe, it was renamed J.T. Thorpe, Inc. Thorpe continued the same refractory contracting operations of Dissolved Thorpe until February 29, 1992. This refractory contracting work included refractory maintenance, repair and construction work in many industries in the Southwestern United States, most particularly in California. This work also included the design, construction and repair of refractory lined and acid resistant structures for the containment and control of heat, abrasion and corrosion. Thorpe designed and constructed linings for furnaces, kilns, vessels, tanks and stacks for oil, chemical, cement, glass ceramic, metallurgical power and incinerator industries. Depending on the customer and/or application requirements, the linings could be made out of one

or several materials, including but not limited to, brick, tile, castable, gunning mixes, plastics, block insulation or ceramic fiber.

Thorpe continued in all respects the business operations of Dissolved Thorpe, including completing the contracts that were in place; using the same equipment; employing the same personnel; conducting the same operations for the same customers at the same locations; using the same customer lists; and operating from the same locations. Additionally, three of the five shareholders of Dissolved Thorpe became shareholders of Thorpe. Thorpe has always acknowledged that it is responsible for the asbestos liabilities arising from operations of Dissolved Thorpe and exposures to asbestos that occurred during the period Dissolved Thorpe was in business, as a matter of law. The 1986 transaction was not intended to relieve Thorpe of responsibility for the asbestos liabilities of Dissolved Thorpe. Accordingly, Debtors contend that for purposes of liability arising from the Asbestos Related Claims, and rights to insurance, Dissolved Thorpe and Thorpe are indistinguishable under applicable law. Certain defendant insurance companies in the Coverage Litigation dispute this contention.

Thorpe ceased performing refractory contracting on or about February 29, 1992. By that time, Thorpe ceased its refractory contracting business by completing all of its contracts, paying all of its suppliers and trade creditors and laying off all of its employees. Its engineering assets were sold to Technologies. Its refractory contracting assets, including the refractory materials, tools equipment inventories, trucks and a construction yard were sold to J.T. Thorpe & Sons, Inc.

The asbestos litigation was one of the most significant reasons for cessation of refractory contracting operations. The first asbestos claim (non workers compensation) was filed against Thorpe in 1987. By 1991 a significant number of claims had been filed against Thorpe, and the insurance carriers took the position that Thorpe was running out of coverage. During this time, certain key employees and shareholders left Thorpe and formed a competing company, which unlike Thorpe was not saddled with asbestos liabilities for which insurers disclaimed coverage. This competition took a significant portion of Thorpe's business.

After cessation of Thorpe's refractory operations, Thorpe turned its full-time business to the claims administration business. This business included review of each asbestos complaint,

forwarding each complaint to its insurance carriers, and tracking settlements. In approximately 1993, when the insurance companies took the position that there was no further coverage, Thorpe hired attorneys and participated in the negotiations with various carriers which provided continued coverage until immediately prior to the bankruptcy filing in 2002. Beginning in the late 1990's, it became clear that the settlement payments made by the insurance companies as well as the number of claims were greatly increasing. During this time Thorpe continued to search for a solution to its situation.

On March 2, 1992, Thorpe contracted with Technologies to provide the services of John Allen and Thomas Carpenter to perform the functions of the President and CEO and Secretary/Treasurer respectively on a contract basis. They were hired to manage the claims administration process. Thorpe also secured other administrative, accounting, and legal services required to administer its asbestos claims on a contract basis from Technologies. John Allen and Thomas Carpenter are the two directors of Thorpe.

Thorpe currently is in possession of its assets and continues its operations of administering several thousand asbestos bodily injury claims that have been asserted over the past decade or more and seeking to recover under its historical liability insurance policies.

(c) Technologies.

Technologies was originally incorporated in 1988 as "Thermal Process, Inc.," a wholly-owned subsidiary of Holdings. Although incorporated, Thermal Process for several years was an inactive corporation. In February 1992, Thermal Process, Inc. was renamed Thorpe Technologies, Inc. On or about March 2, 1992, Technologies purchased some of the engineering assets of Thorpe and began its operations as a designer, engineer, assembler and installer of industrial furnaces and related equipment for the aluminum industries. In 1992, the sale of certain of Thorpe's engineering assets to Technologies was consummated between Thorpe, as seller, and Technologies, as buyer for a purchase price of approximately $129,000. Technologies also hired certain employees that had previously been terminated by Thorpe. Technologies' operations solely consist of the business of designing and installing custom industrial furnaces primarily for the aluminum industry. Technologies designs, engineers, assembles and installs thermal

processing equipment, industrial furnaces, thermal oxidizers and combustion systems primarily in California but also throughout the United States. The equipment that Technologies designs and installs include sow driers, delacquering systems, charging machines, melting and holding furnaces (including stationary, tilting, sidewell, round, and top charged configurations) and homogenizing and process furnaces (including shuttle, car bottom, box and continuous walking beam furnaces). Components are manufactured by third parties and the assembly and installation is managed by Technologies. These systems designed and constructed by Technologies can be used for decoating and melding aluminum scrap, including used beverage cans, mixed low copper scraps, painted siding, litho sheets and crushed cast.

The current directors of Technologies are John Allen and Thomas Carpenter. Mr. Allen serves as its President, Gary D. Newby is its Vice President and Mr. Carpenter is its Secretary/Treasurer.

(d) Holdings.

Holdings was formed in 1986 as a holding company incorporated in the state of California. It currently owns 100% of Thorpe, 100% of Technologies, 99.9% of Thorpe Brazil and 99.9 % of Thorpe Mexico. The main office of Holdings is in Whittier, California. Holdings has no time or contract employees. Its shareholders are John Allen (28,205.1 shares), Thomas Carpenter (11,825 shares), Gary D. Newby (4,923.17 shares), R. P. Angarella (4,923.17 shares), Dean W. Barnes (2,029.49 shares), S. Trakhtenberg (800 shares) and Gary Hodge (800 shares). Its functions are carried out by its directors and officers, John E. Allen Thomas Carpenter and Gary D. Newby. Mr. Allen is the President of Holdings and Mr. Carpenter is its Secretary /Treasurer.

(e) Other Thorpe Unrelated Companies.

At the turn of the century, the Debtors are informed and believe that an individual named JT Thorpe had a business installing brick and other linings in San Francisco. His business became the company known as JT Thorpe & Sons. In the 1920s, the company called JT Thorpe & Sons was sold to certain other individuals, who the Debtors believe continue to operate the business. In 1932, Dissolved Thorpe was formed to do business in the Southern California area, although it also performed services in other states as discussed above. Dissolved Thorpe had some of the

same shareholders as JT Thorpe & Sons, but was not a subsidiary. In the 1950s, some of the shareholders of Dissolved Thorpe formed a company in Texas which was named J.T. Thorpe, Inc. ("Thorpe Corp."). Thorpe Corp. has also filed a Chapter 11 bankruptcy case in Texas. The Debtors are also aware of other companies in the refractory and furnace business bearing similar names to the Debtors. These companies include a company known as Thorpe Insulation Company. The Debtors are informed and believe that Thorpe Insulation Co. was formed by some of the same shareholders as Dissolved Thorpe, but do not have information in this regard. Likewise, the Debtors are informed and believe that there is a company known as Thorpe Insulation operating in Texas ("Thorpe Insulation Texas") and a Thorpe USA, Inc. operating in San Francisco, California. None of the Debtors owns any interest in J.T. Thorpe & Sons, Inc., Thorpe Corp., Thorpe Insulation Co., Thorpe Insulation Texas or Thorpe USA, Inc., and they have no common directors or officers with the Debtors. Each of these companies is unrelated to the Debtors, and persons holding claims against these other, unrelated companies should not file any such claims against these other, unrelated companies in the Debtors' Reorganization Cases.

2.2 Factors Leading to the Need for Bankruptcy Relief.

By early 2002, four of the Debtors' known primary insurance companies asserted that all of the coverage available under their primary policies was exhausted, while another primary insurer refused to defend or indemnify Thorpe against the asbestos suits based on a "lost" policy dispute. Nationwide defended and indemnified Thorpe under separate umbrella policies that it issued, but immediately prior to the bankruptcy filing of Thorpe, asserted that only approximately $950,000 remained available under its policies and that its obligation to defend and indemnify Thorpe was rapidly concluding.

Given that a large number of asbestos suits were pending against Thorpe in early 2002, Thorpe determined that the $950,000 of allegedly unexhausted remaining coverage was insufficient to pay for the existing asbestos suits, as well as the asbestos suits that Thorpe reasonably expected to receive in the future. In order to avoid a race to the courthouse to seize the remaining admitted insurance coverage, Thorpe determined that the best course of action was to

file a bankruptcy case to allow for an orderly administration of its property for the benefit of all claimants and stakeholders and a systematic marshalling of insurance assets.

Thorpe filed its Chapter 11 petition on February 12, 2002. Since that date, Thorpe has continued to manage its assets as a debtor-in-possession pursuant to Sections 1107 and 1108 of the Bankruptcy Code.

Thereafter, actions alleging personal injury and wrongful death claims seeking recovery for damages caused by the presence of or exposure to asbestos or asbestos containing products were filed against Dissolved Thorpe, Technologies and Holdings. Dissolved Thorpe was sued for injuries individuals had suffered in connection with Dissolved Thorpe's business operations. Holdings and Technologies were sued on claims that they were liable for Asbestos Related Claims as Thorpe's alter ego. The lawsuits contended that Holdings and Technologies were liable as Thorpe's alter ego based, in part, on allegations that Holdings and Technologies had diverted assets away from Thorpe to the detriment of Thorpe's asbestos creditors; that Holdings and Technologies manipulated assets and liabilities between the entities so as to concentrate the assets in Holdings and Technologies and the liabilities in Thorpe; identical equitable ownership between Thorpe and Technologies; that Thorpe, Holdings and Technologies used the same office or business location and the employed the same employees; and that Thorpe, Holdings and Technologies had disregarded corporate formalities and the failed to maintain arm's-length relationships among the related entities. Thorpe, Dissolved Thorpe, Holdings and Technologies all deny these allegations and assert that there is no basis for their liability for Asbestos Related Claims. Nevertheless, Thorpe, Dissolved Thorpe, Holdings and Technologies are subject to substantial future demands for payment of Asbestos Related Claims.

The Futures Representative and the Committee contend that based upon the state of the law as well as the experience of other related companies that have been unsuccessful in their attempts to insulate themselves from asbestos liability that all Debtors here face liability, for Thorpe and Dissolved Thorpe directly and for Holdings and Technologies derivatively, from those victims who have been injured as a result of exposure to asbestos as a result of Debtors' operations. The Futures Representative is responsible for protecting the interest of Asbestos

Related Claimants who will file claims in the future. The Committee is responsible for the interests of Asbestos Related Claimants who have or are filing claims. In order to resolve all of these issues, the Debtors, the Futures Representative and the Committee have agreed to jointly sponsor this Plan.

Because the liability for all of the Debtors is for the same potential group of future Asbestos Related Claimants, the Futures Representative participated in the negotiations with the Debtors and the Committee on behalf of the same future Asbestos Related Claimants who will assert claims in the future against all the Debtors. Since the Plan calls for a single Trust, discussed in more detail in sections 3.3 and 8.3 below, the negotiations by the Futures Representative was on behalf of all future Asbestos Related Claimants for all Debtors. The Futures Representative and his counsel have announced to the Court that they intend to seek employment retroactively on behalf of future Asbestos Related Claimants for all Debtors.

The Committee has already been appointed as the Official Committee for Unsecured Creditors in all of the Debtors' cases. Again, because the present Asbestos Related Claimants are the same for all Debtors, the Committee's negotiations on behalf of present Asbestos Related Claimants against the Debtors and the Futures Representative protected the interests of all present Asbestos Related Claimants. The single Trust structure similarly protects the present Asbestos Related Claimants with claims against all Debtors to assure similar treatment.

Similarly, because of the interrelationship between the Debtors, their ownership structure and the common liability for the same Asbestos Related Claimants, RHD represented all Debtors during negotiations with respect to the Plan under a written conflict waiver. The potential conflicts that were waived include arguments that some Debtors, such as Technologies and Holdings, might claim that the corporate transactions they engaged in would provide a defense to asbestos liabilities.

Dissolved Thorpe, Technologies and Holdings have each filed a voluntary Chapter 11 bankruptcy petition. Each of Dissolved Thorpe, Technologies and Holdings intends to continue to manage its assets as a debtor-in-possession pursuant to Sections 1107 and 1108 of the Bankruptcy Code.

2.3 **Insurance Issues.**

Thorpe instituted Adversary Proceeding No. AD-04-01438 (the "Coverage Litigation") in the Bankruptcy Court by complaint dated February 24, 2004 against the insurance company defendants named therein for declaratory relief, breach of contract and tortious breach of the implied covenant of good faith and fair dealing. Thorpe commenced the Coverage Litigation to marshal the insurance assets for the benefit of present and future asbestos claimants.

From 1987 until 2002, certain of the defendant insurance companies in the Coverage Litigation provided defense and indemnity insurance coverage to Thorpe for the Asbestos Related Claims arising from the operations of Dissolved Thorpe, without distinguishing between Dissolved Thorpe and Thorpe. These insurance companies (with the exception of Nationwide Insurance Company) ceased defending and indemnifying for Asbestos Related Claims in 2002, alleging that their policies contained aggregate limits for the Asbestos Related Claims and that such limits had been exhausted. It was always the intent of Dissolved Thorpe that Thorpe would have the benefit of any and all of its liability insurance as a result of Thorpe's continuation of the business of Dissolved Thorpe. Dissolved Thorpe hereby reaffirms that all such liability insurance is, and has been, vested in Thorpe for purposes of covering the asbestos liabilities. If necessary to effectuate the vesting of such insurance in Thorpe, Dissolved Thorpe will execute whatever documents, or seek whatever court orders, that may be appropriate to assure that its liability insurance is, has been, and remains available to Thorpe to cover the asbestos liabilities.

The defendant insurance companies in the Coverage Litigation have asserted, among other things, that the insurance policies were not transferred from Dissolved Thorpe to Thorpe. The insurance companies have resisted meeting their obligations under their policies. Thorpe believes the insurance policies were transferred to it in connection with Thorpe's acquisition of Dissolved Thorpe's business and provide coverage for the asbestos claims. Additionally, Thorpe believes that, for purposes of asbestos liabilities and insurance coverage, Dissolved Thorpe and Thorpe are the same entity as a continuing business under applicable law. Because Dissolved Thorpe and Thorpe are, and have been, treated as a single entity and a continuous business for purposes of Asbestos Related Claimants, the Asbestos Insurance Policies issued by the Asbestos Insurance

Companies are equally available to satisfy both their liabilities. There is no conflict of interest between Dissolved Thorpe and Thorpe with respect to Asbestos Action Insurance Recoveries inasmuch as they have been treated as a single entity and a continuous business for purposes of Asbestos Action Insurance Recoveries and are seeking a single recovery from the Asbestos Insurance Companies. Accordingly, there is no possibility that the Asbestos Action Insurance Companies in the Coverage Litigation will be required to pay more than once for the Asbestos Related Claimants of Dissolved Thorpe and Thorpe.

While Thorpe believes that the position of the insurance companies lacks merit, Thorpe obtained an order from the Superior Court of California to have the Superior Court appoint John Allen as the director of Dissolved Thorpe to wind up its affairs and collect on the insurance policies and discharge its obligations. The Debtors believe that the resolution of the asbestos claims and disputes involving the insurance companies will be most effectively resolved by the addition of Dissolved Thorpe as a party plaintiff in the Coverage Litigation.

2.4 The Debtors' Insurance Coverage

The Debtors have general liability insurance policies issued by numerous insurers stretching back decades. The insurers include: (a) Federal; (b) St. Paul Marine And Fire Insurance Company ("St. Paul"); (c) National Union Fire Insurance Company of Pittsburgh, PA ("National Union"); (d) American Motorists Insurance Company ("AMICO"); (e) First State Insurance Company ("First State"); (f) Nationwide; and (g) Mission Insurance Company ("Mission").[1]

The Debtors contend that many of the policies issued by the foregoing insurers contain no "aggregate" limits for claims alleging injurious exposure to asbestos during business operations. The Asbestos Action Insurance Company defendants in the Coverage Litigation dispute this contention. Additionally, certain of the Asbestos Insurance Policies issued by the Asbestos Insurance Company defendants, including all of the policies issued by defendant AMICO, have not yet been located. With respect to these missing or incomplete policies, there is substantial

[1] Mission is currently in liquidation.

secondary evidence reflecting their material terms and conditions. Under applicable law, it is not necessary that the policies be located in order for coverage to exist; coverage may be demonstrated through the use of secondary evidence. *Dart Industries, Inc. v. Commercial Union Ins. Co.*, 28 Cal. 4th 1059 (2002). Some of the insurers assert that these policies also require the insured to comply with certain conditions precedent to coverage, including without limitation, the duty to cooperate with the insurers in the defense and settlement of claims, and a prohibition against assigning the policies to any other person or entity without the insurer's consent. These insurers further assert to the extent the Debtor violates these conditions precedent to coverage, as these insurers assert is contemplated by the Plan as currently drafted, these insurers further assert there is a material risk that no coverage will be available to pay asbestos claims. These disputes will be resolved in the Coverage Litigation, absent settlement with the affected defendant Asbestos Insurance Companies.

Certain of the Debtors have other insurance coverage; however, this insurance has exclusions for Asbestos Related Claims. The Debtors continue to investigate whether any other insurance coverage may be available for Asbestos Related Claims.

SECTION 3.

EVENTS DURING THE REORGANIZATION CASES

3.1 Commencement of the Reorganization Cases.

The Debtors have retained Rutter Hobbs & Davidoff Incorporated ("RH&D") as their general bankruptcy counsel. Following Thorpe's bankruptcy filing, Thorpe filed an application to employ the law firm of Howrey Simon Arnold & White LLP ("HSAW") as special insurance litigation counsel. After negotiations with the Committee, Thorpe ultimately retained Zevnik Horton, LLP ("ZH") as its special insurance litigation counsel. In October 2003, the attorneys at ZH joined Morgan, Lewis & Bockius LLP ("ML&B"), and the Bankruptcy Court approved ML&B's substitution in as Thorpe's special insurance litigation counsel in the place and stead of ZH in an order entered on February 25, 2004. The Bankruptcy Court approved Thorpe's retention of G-Risk Strategies LLC ("G-Risk") as its insurance consultant.

ML&B, RH&D and G-Risk have each entered into contingency fee agreements with Thorpe with respect to the Coverage Litigation. The terms of the contingency fee agreements between Thorpe and ML&B, G-Risk and RH&D are set forth in engagement letters between the parties. Under the terms of the foregoing engagement agreements, which have been approved by the Bankruptcy Court, a percentage of the recovered amounts from the Debtors' Asbestos Insurance Companies are payable as contingency fees.

Under the engagement agreement with ML&B and RH&D, fees shall be payable to ML&B from qualifying insurance recoveries as follows:

- from the first $1.00 up to $30 million so received, 11.0% of each such dollar, with a cap on fees of $2,750,000;
- from recoveries over $30 million and up to $50 million, 3.85% of each such dollar;
- from recoveries over $50 million and up to $500 million, 3.30% of each such dollar;
- from amounts received in excess of $500 million, 1.65% of each such dollar.

From the foregoing contingency fees which ML&B may be entitled to receive, RH&D is will be paid 18.18% of the contingency fees payable to ML&B.

Under the engagement agreement with G-Risk, fees shall be payable to G-Risk from qualifying insurance recoveries as follows:

- from the first $1.00 up to $30 million so received, 9.0% of each such dollar, with a cap on fees of $2,250,000;
- from recoveries over $30 million and up to $50 million, 3.15% of each such dollar;
- from recoveries over $50 million and up to $500 million, 2.70% of each such dollar;
- from amounts received in excess of $500 million, 1.35% of each such dollar.

The aggregate contingency fee of both ML&B (including the portion which ML&B must pay to RH&D) and G-Risk is:

- from the first $1.00 up to $30 million so received, 20.0% of each such dollar, with a cap on fees of $5,000,000;
- from recoveries over $30 million and up to $50 million, 7% of each such dollar;
- from recoveries over $50 million and up to $500 million, 6% of each such dollar;
- from amounts received in excess of $500 million, 3% of each such dollar.

The "recoveries" referenced above include structured settlements, "coverage-in-place" transactions and court judgments. "Coverage-in-place" in this instance means a binding agreement between the Debtors and one or more of its Asbestos Insurance Companies that sets forth a mutually agreeable method for securing insurance coverage for the Asbestos Related Claims on an ongoing basis.

To date, on account of the contingency fee agreement, approximately $698,500 has been paid during the Reorganization Cases to the three aforementioned entities from funds thus far received under the Nationwide Settlement. ML&B and ZH have received approximately $314,332; RH&D has received approximately $60,843; and G Risk has received approximately $413,325.

Following their filings of bankruptcy petitions in December 2004, Dissolved Thorpe, Technologies and Holdings filed applications seeking to retain RH&D as their bankruptcy counsel and special litigation co-counsel, ML&B as their lead special insurance litigation counsel and G-Risk as their insurance consultant. Each of the Debtors has executed a written waiver, consenting to the joint representation of each of the Debtors by RH&D, ML&B and G-Risk.

3.2 <u>Administration of the Reorganization Cases.</u>

On or shortly after the Debtors' respective Petition Dates, the Debtors sought relief designed to minimize the disruption of the Debtors' business operations and to facilitate their reorganization. This included relief sought by the Debtors in the following motions and applications: (a) motion for joint administration of the Reorganization Cases, (b) application for an order approving the Debtors' employment of RH&D as their reorganization counsel, and (c) motion to authorize the sale of a portion of Thorpe's business loss to facilitate financing.

3.3 <u>The Asset Purchase Motion.</u>

Technologies is in the business of designing and installing custom industrial furnaces primarily for the aluminum industry. Technologies can only obtain some of the materials for its projects from certain limited vendors. Those vendors operate on tight repayment dates and, Technologies believes, were unlikely to extend credit to a company in bankruptcy. Even if they did extend credit, Technologies was concerned that with unpaid payments owing to them, many of

the vendors would file mechanics liens. If this occurred, it would set off a chain reaction on the pending jobs that Technologies currently had under construction and would more than likely result in the owners stopping the flow of progress payments to Technologies. This in turn would result in Technologies being unable to pay its vendors for services performed and materials delivered to the job sites.

Recognizing that it needed to file a bankruptcy, Technologies needed financing to pay its vendors before it filed bankruptcy so as to avoid the downward spiral described above. Technologies made several efforts to obtain financing from financial institutions. After suffering rejection from these sources, Technologies hired a broker to assist it. With the assistance of the broker, Technologies located and provided financial statements to at least two asset-based lenders. One evidenced interest in providing financing to Technologies. Technologies again provided further financial information and the parties negotiated the terms of the lending agreement. After several rounds of negotiations and revisions, the necessary documents were finalized. On the day of the closing, however, the lender decided to back out of the agreement and did not sign the financing agreement documents.

Therefore, prior to the filing of the bankruptcy cases by Dissolved Thorpe, Holdings and Technologies, Thorpe and Global Risk Trading LLC, a Delaware Limited Liability company ("Global") entered into an Asset Purchase Agreement ("APA") whereby Thorpe agreed to sell to Global the first $1.8 million of Business Loss which Thorpe is entitled to receive under the Plan assuming the Plan is confirmed ("Asset"). The purchase price for the Asset is $900,000. The funds from the sale allowed Technologies to pay its trade creditors in full pre-petition. Since the APA requires Bankruptcy Court approval, Thorpe and Global provided a means for unwinding the sale if the Bankruptcy Court approval is not obtained. Prior to the filing of the Technologies bankruptcy, Technologies and Global entered into a Secured Guaranty Agreement under which Technologies guaranteed repayment of the $900,000 to Global in the event that the Bankruptcy Court did not approve the APA. The guaranty of Technologies was secured by a security interest in the assets of Technologies. Under the APA, upon Bankruptcy Court approval of the APA, the obligations of Technologies are terminated. The APA provides that it may be approved by the

Bankruptcy Court either at a sale hearing to be held on or before March 8, 2005, or if not approved at such sale hearing, then it must be approved, if at all, at a hearing in conjunction with the Plan no later than June 6, 2005. At a hearing on February 26, 2005, the Bankruptcy Court delayed final ruling on the APA until a later hearing to be set at, or prior to, the hearing on confirmation of the Plan. The Debtors are also in the process of scheduling an overbid procedure and hearing with respect to the Asset to be sold under the APA.

The claims of Global, or that of the highest bidder of the Asset, are not impaired. If the Bankruptcy Court does not approve the APA, Thorpe will not sell the Asset, and Technologies will be responsible for paying Global or the highest bidder for the Asset, $900,000 over thirty six months together with interest at 5% per annum.

3.4 Appointment of the Committee.

Section 1102 of the Bankruptcy Code authorizes the appointment of a committee of holders of Unsecured Claims. On or about August 30, 2002, the Office of the United States Trustee (the "U.S. Trustee") appointed the Committee to serve in Thorpe bankruptcy case. The Committee is comprised of: (a) Various Asbestos-Related Disease Claimants represented by Steven Kazan, Esq., Kazan, McClain, Edises, et al.; (b) Sylvia Clinton represented by Philip Harley, Esq., Paul, Hanley & Harley LLP, successor to Harry F. Wartnick, Esq., the Wartnick Law Firm; (c) Various Asbestos-Related Disease Claimants represented by David Rosen, Esq., Rose, Klein & Marias, LLP; and (d) Various Asbestos-Related Disease Claimants represented by Alan R. Brayton, Esq., Brayton Purcell. As Asbestos Related Claims are the only claims to be impaired under the Plan, only holders of these claims sit on the Committee. The Official Committees of Holders of Unsecured Claims recently appointed for Dissolved Thorpe, Technologies and Holdings consist of the same members.

The Committee has retained the law firm of Sheppard Mullin Richter & Hampton LLP as its counsel. The Committee has also retained Legal Analysis Systems, Inc., and in particular Dr. Mark Peterson thereof, as its expert consultant.

The Committee will function until the Effective Date of the Plan as the sole official committee in these Reorganization Cases.

3.5 Appointment of the Futures Representative.

After reviewing the qualifications and potential conflicts of candidates to serve as the Futures Representative to represent the interests of those who have made Demands, and after careful deliberation, Thorpe and the Committee jointly asked the Honorable Charles B. Renfrew (Ret.) to serve as the Futures Representative in the Thorpe Reorganization Case.

Judge Renfrew served as a United States District Judge for the Northern District of California from 1972 to 1980, a position he left to serve as the Deputy Attorney General of the United States from 1980 to 1981. He was a partner in the firm of Pillsbury Madison & Sutro from 1981 to 1982. He was the Vice President of Legal Affairs and later on the Board of Directors of Chevron Corporation from 1983 to 1993. He was a partner in the firm of LeBoeuf, Lamb, Greene & McRae L.L.P. from 1993 to 1997. Judge Renfrew is now in private practice and is regularly selected as an arbitrator or private judge in national and international disputes. Judge Renfrew is the Futures Representative in the bankruptcy cases of In re Western Asbestos Company, Western MacArthur Co. and Mac Arthur Co., jointly administered under Case No. 02-46284T in the United States Bankruptcy Court for the Northern District of California, Oakland Division.

The Bankruptcy Court appointed Judge Renfrew as the Futures Representative in the Thorpe Reorganization Case on December 2, 2002.

The Futures Representative has engaged Fergus, a Law Firm as his legal counsel. The Futures Representative has also engaged the firm of Hamilton, Rabinovitz & Alschuler, and in particular Dr. Francine Rabinovitz thereof, as his expert consultant.

The Plan Proponents believe that in addition to serving as the Futures Representative in the Thorpe Reorganization Case, Judge Renfrew should be the Futures Representative in each of the other three Debtors' Reorganization Cases. Accordingly, the Plan Proponents will be seeking to have the Court appoint Judge Renfrew as the Futures Representative in the Dissolved Thorpe, Technologies and Holdings Reorganization Cases.

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3.6 The Settlements.

(a) The Nationwide Settlement.

Nationwide issued a number of primary and umbrella policies between February 15, 1986 and February 15, 1992. The Nationwide policies are unique in the coverage program because they contain limitations, exclusions and restrictions that do not appear in the other earlier policies issued by other insurers and which also cover the asbestos bodily injury claims.

First, the Nationwide policies each contain "aggregate" limits for all claims seeking the recovery of money damages resulting from alleged bodily injury. By contrast, the coverage issued by the other insurance companies contains "aggregate" limits only for certain claims within the "products/completed operations" coverage afforded by the policies, and only "per occurrence" limits for operations claims. Thus, while the coverage issued by most of the insurance companies has no aggregate limits for the vast majority of the asbestos claims, and thus are of very substantial value, the coverage afforded by the Nationwide policies is highly restricted and capped by its aggregate limits. Second, unlike the earlier coverage, at least five of the Nationwide policies contain absolute asbestos exclusions, thus making these policies completely unavailable to defend or indemnify against the asbestos bodily injury lawsuits. Thorpe and Nationwide reached a settlement of all disputes which was approved by the Bankruptcy Court on April 27, 2004. In sum, the settlement ("Nationwide Settlement") provided that Nationwide would pay Thorpe's estate an aggregate amount of $3,992,499.43, payable as follows:

1. An initial payment by Nationwide of $952,899.43 – this has been paid.
2. A second payment by Nationwide of $1,269,800 – this has been paid.
3. A third payment by Nationwide in the amount of $1,269,800 – this has been paid.
4. A fourth payment of $500,000 by Nationwide – payable if Thorpe confirms a Chapter 11 plan that contains a channeling injunction pursuant to 11 U.S.C. Section 524(g), or a similar injunction in favor of Nationwide with substantially the same effect.

Nationwide has also assigned to Thorpe and the Trust all of its equitable contribution, subrogation and indemnity rights, or similar other common-law or statutory relief that it has with respect to any other Asbestos Insurance Company or any other third parties.

In return, Thorpe has released any known, or unknown, claims to coverage, including any extra-contractual recovery, under the Nationwide policies. Thorpe has agreed to defend and indemnify Nationwide, up to the settlement amount, for certain claims that may be brought against Nationwide that concern the subject matter of the Settlement Agreement. As part of this indemnification obligation, Thorpe obtained a preliminary injunction providing that any asbestos claims against Nationwide, including but not limited to claims for equitable contribution, subrogation, indemnity or any similar common-law or statutory relief related to asbestos claims, be stayed for 120 days. At a hearing held on January 26, 2005, the Bankruptcy Court extended the preliminary injunction through May 18, 2005, subject to further renewal of the preliminary injunction before it expires.

(b) The Federal Settlement.

Thorpe and Federal reached a settlement of all disputes, which was approved by the Bankruptcy Court by order entered on May 28, 2004. In sum, the settlement agreement ("Federal Settlement") provides that upon entry of the order, Federal would place $45,000,000 into a mutually agreed escrow account. Upon the Effective Date of Thorpe's Chapter 11 Plan, which under the Federal Settlement must contain either: (i) an injunction in favor of Thorpe under 11 U.S.C. § 524(g)(4)(A) or 11 U.S.C. § 105 or (ii) a waiver by Thorpe of all contractual, extracontractual and other claims that Thorpe may have against Federal, as more fully set forth in the Federal Settlement and a provision in the Plan that such waiver is binding upon the Trust, the Federal settlement payment will be transferred to Thorpe or a trust established under § 468(b) of the Internal Revenue Code, or to a segregated account, consistent with the terms of the Plan.

Federal is also assigning to Thorpe and the Trust all of its equitable contribution, subrogation and indemnity rights, or similar other common-law or statutory relief that it has with respect to any other Asbestos Insurance Company or any other third parties.

In return for the payments that Federal is committed to make under the Federal Settlement, Thorpe will on the Effective Date of the Plan release any known, or unknown, claims to coverage under the Federal policies, thus "selling back" the policies to Federal. Further, Thorpe will on the Effective Date of the Plan release any possible claims for extra-contractual recovery against

Federal, including any claims for breach of the implied covenant of good faith and fair dealing. Subject to the terms of the Plan, Thorpe will also on the Effective Date of the Plan hold Federal harmless from contribution claims by other insurers, if any, as set forth in the Federal Settlement.

If the Plan is confirmed by the Bankruptcy Court, but is appealed, Thorpe shall be entitled during the pendency of the appeal, to distribute up to $15,000,000 of the settlement payment to claimants or for other purposes. If the order confirming the Plan is not affirmed on appeal, Federal will be entitled to a return of the balance of the settlement payment, less such payments up to $15,000,000 made by Thorpe.

If Thorpe's Plan is not confirmed, the Federal Settlement Agreement will be voidable by either Thorpe or Federal. If voided, the litigation between the parties, commenced in the Coverage Litigation described in Section 3.7 below, shall resume.

(c) Settlement Accounts.

Pursuant to a Court order entered April 27, 2004, Thorpe established two Qualified Settlement Fund ("QSF") accounts. A fund, account or trust is a "qualified" settlement fund under 26 C.F.R. §1.468B-1(c), if it meets the following three requirements:

> (1) It is established pursuant to an order of, or is approved by, the United States,... or any agency or instrumentality (including a court of law) of any of the foregoing and is subject to the continuing jurisdiction of that governmental authority;
>
> (2) It is established to resolve or satisfy one or more contested or uncontested claims that have resulted or may result from an event (or related series of events) that has occurred and that has given rise to at least one claim asserting liability—
>
> (3)(i) Under the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (hereinafter referred to as CERCLA), as amended, 42 U.S.C. 9601 et seq.; or
>
> (ii) Arising out of a tort, breach of contract, or violation of law; [and]
>
> ....
>
> (3) The fund, account, or trust...or its assets are otherwise segregated from other assets of the transferor (and related persons). 26 C.F.R. §1.468B-1(c).

The first QSF account maintained funds in the amount of $715,198.20 as ordered by the Court on February 25, 2004 ("QSF No.1"). The second QSF account holds all remaining funds from the Nationwide Settlement Agreement ("QSF No. 2"). QSF No. 2 was also segregated from

the other assets of Thorpe and reserved for the payment of asbestos claimants and other claim holders, including those of administrative claimants. QSF No. 2 was used to pay the approved fees and costs of Thorpe's bankruptcy professionals including ongoing administrative expenses, such as U.S. Trustee fees and insider compensation payments without the necessity of a court order. These are payments that Thorpe considered were in the ordinary course of its claims administration business. Thorpe has now also established a third QSF account held with U.S. Bank as escrow agent ("QSF No.3"). This account holds the $45,000,000 proceeds from the Federal Settlement.

John Allen, the president of Thorpe, is the Settlement Fund administrator. As such, he is the person charged with executing the tax reporting requirements. The signatures of both Mr. Allen and Mr. Thomas Carpenter, Thorpe's Chief Financial Officer, are required to draw funds from the QSF No. 1 and QSF No. 2 accounts. The QSF No. 3 account requires the instructions of all of Federal, Thorpe, the Committee and the Futures Representative to make disbursements.

Upon the Effective Date and after payments made as outlined elsewhere in the Plan, the funds in the QSF accounts will be transferred to the Trust, which itself will be qualified under 26 C.F.R. §1.468B.

3.7 The Coverage Litigation.

On February 24, 2004, Thorpe filed the Coverage Litigation as adversary proceeding no. AD-04-01438-BB in the Bankruptcy Court against several insurance carriers for declaratory relief to (i) determine the rights and obligations between and among one or more of the Debtors and the defendant insurance companies with respect to insurance coverage available for creditors asserting injury as a result of alleged exposure to asbestos, (ii) establish the criteria by which such insurance company would respond to asbestos claims pursuant to the Debtors' ultimate plan of reorganization, and (iii) assist in quantifying the amount of insurance available to creditors alleging asbestos-related injury. The defendants in the Coverage Litigation are Federal, St. Paul, National Union, AMICO and First State.

Defendant Federal issued at least the following liability insurance policies to one or more of the Debtors that cover the asbestos bodily injury claims and that Debtors contend contain no

"aggregate" limits for claims alleging injurious exposure to asbestos during one or more of the Debtors' business operations:

Policy No.	Period
7721-63-41	1/1/66 - 1/1/67
7740-09-00	1/1/67 - 1/1/68
7740-43-73	1/1/68 - 1/1/69
7744-56-66	1/1/69 - 1/1/70
7750-32-17	1/1/70 - 1/1/71
7761-04-25	1/1/71 - 1/1/72
7761-07-17	1/1/72 - 1/1/73
7772-89-23	1/1/73 - 1/1/74
7772-89-23	1/1/74 - 1/1/75
7772-89-23	1/1/75 - 1/1/76
7772-89-23	1/1/76 - 1/1/77
7772-89-23	1/1/77 - 1/1/78

Defendant St. Paul issued at least the following liability insurance policies to one or more of the Debtors that cover the asbestos bodily injury claims and that Debtors contend contain no "aggregate" limits for claims alleging injurious exposure to asbestos during one or more of the Debtors' business operations:

Policy No.	Period
661-NB-1940	1/1/78 - 1/1/79
661-NB-1940	1/1/79 - 1/1/80
661-NB-6062	1/1/80 - 1/1/81
661-NB-6062	1/1/81 - 1/1/82
661-NB-6062	1/1/82 - 1/1/83
661-NB-6062	1/1/83 - 1/1/84
659-NB-1238	1/1/84 - 1/1/85

Defendant National Union issued at least the following liability insurance policy to one or more of the Debtors that cover the asbestos bodily injury claims and that Debtors contend contains no "aggregate" limits for claims alleging injurious exposure to asbestos during one or more of the Debtors' business operations:

Policy No.	Period
GLA116-8146RA	1/1/85 - 1/1/86

Defendant AMICO issued at least the following liability insurance policies to one or more of the Debtors that cover the asbestos bodily injury claims and that Debtors contend contain no "aggregate" limits for claims alleging injurious exposure to asbestos during one or more of the Debtors' business operations:

Policy No.	Period
F3M70249	1/1/53 - 1/1/54
3M426192	1/1/53 - 1/1/54
4ZM-70-249	1/1/54 - 1/1/55
5ZM-70-249	1/1/55 - 1/1/56
6ZM-70-249	1/1/56 - 1/1/57
7ZM-432-163	1/1/57 - 1/1/58
8ZM-432-163	1/1/58 - 1/1/59
9ZM-432-163	1/1/59 - 1/1/60
0ZM-432-163	1/1/60 - 1/1/61
1ZM-432-163	1/1/61 - 1/1/62
2ZM-432-163	1/1/62 - 1/1/63
3ZM-432-163	1/1/63 - 1/1/64
4ZM-432-163	1/1/64 - 1/1/65
5ZM-432-163	1/1/65 - 1/1/66

Defendant First State issued at least the following liability insurance policy to one or more of the Debtors that cover the asbestos bodily injury claims and that Debtors contend contains no "aggregate" limits for claims alleging injurious exposure to asbestos during one or more of the Debtors' business operations:

Policy No.	Period
EU 002628	2/15/85 - 2/15/86

Thorpe alleged in the Coverage Litigation that consistent with the "continuous trigger" of coverage under applicable law, the asbestos bodily injury claims are covered under its insurance policies in effect during any portion of the asbestos disease process—i.e., from first exposure to asbestos through death. Similarly, under the "all sums" rule under applicable law, Thorpe alleged that its insurance carriers must pay for Thorpe's entire loss up to its "per occurrence" limit, even though asbestos bodily injury continues over multiple policy periods.

Thorpe further alleged that the vast majority of asbestos bodily injury claims are covered under the "premises-operations" coverage of the defendant insurers' policies. The "premises-operations" coverage in the insurers' policies have per occurrence limits with no aggregate limits. Thorpe contends the asbestos bodily injury claims have arisen from multiple occurrences and therefore Thorpe is entitled to multiple limits under the insurers' policies.

Prior to Thorpe's bankruptcy, the insurers handling Thorpe's claims previously classified all asbestos bodily injury claims against Thorpe as "products-completed operations" claims and applied an alleged "aggregate" to limit the payment for the asbestos bodily injury claims against Thorpe. Based on the alleged wrongful classification of the asbestos bodily injury claims filed against Thorpe, two of the remaining defendants—St. Paul and National Union—have claimed exhaustion. Federal, which recently settled for $45,000,000, made similar claims. Two defendants—AMICO and First State—have not made any payments to Thorpe for the asbestos bodily injury claims. Thorpe disputes the claims of exhaustion and seeks a ruling that the defendant insurers have continuing obligations under their insurance policies for the asbestos bodily injury claims against Thorpe.

Thorpe further alleges that to the extent that the insurance policies contain "aggregate" limits of coverage, such "aggregate" limits apply solely with respect to claims for bodily injury that fall within the limitations of the "products-completed operations" coverage as defined by the policies. Thorpe asserts that claims fall within the limitations of the "products-completed operations" provisions of the policies only when the asbestos-related injury results from (i) an actual defect in goods or products manufactured, handled, sold, distributed or disposed of by Thorpe, the injuries occurred away from Thorpe's premises, and the injuries occurred after Thorpe relinquished physical possession of its "goods" or "products," or (ii) Thorpe's completed work where the injury occurred away from premises owned, rented or controlled by Thorpe, and all of the injury occurred after the work was completed. The Asbestos Insurance Company defendants in the Coverage Litigation dispute these contentions.

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St. Paul filed a motion to withdraw the reference from the Bankruptcy Court to the United States District court for the Central District of California. District Court Judge S. James Otero denied the motion. St. Paul filed a motion for reconsideration, which was also denied.

As set forth more fully above, Thorpe and Federal have reached a settlement agreement which could result in payment by Federal of $45,000,000.

Dissolved Thorpe intends to file a motion in the Coverage Litigation seeking to be added as a plaintiff in the Coverage Litigation.

3.8 The Pre-Confirmation Claims Liquidation Process.

The Court approved the Plan Proponents' "Motion For Order Approving Pre-Confirmation Asbestos Related Claims Liquidation Procedures." which seeks approval of a procedure permitting holders of Asbestos Related Claims against the Debtors to liquidate their claims prior to or in connection with Plan Confirmation (the "Pre-Confirmation Claims Liquidation Process"). Attorneys for all known plaintiffs with Asbestos Related Claims against the Debtors will be invited and encouraged to submit written information to a claims liquidator equivalent to the information which will be required by the Trust under the TDP. Notwithstanding the foregoing option to participate in the Pre-Confirmation Claims Liquidation Process, a holder of an Asbestos Related Claim does not need to submit a claim in connection with such process, but instead may elect to submit his or her claim to the Trust after the Plan Effective Date.

3.9 Setting of the Confirmation Hearing.

The Debtors have requested the Bankruptcy Court to schedule the Confirmation Hearing, and to set the Voting Deadline and the date by which objections to the Plan must be filed. The Debtors anticipate that notice of the Confirmation Hearing will be published in newspapers of general circulation in locations where the Debtors have or had substantial business operations, and will be mailed to all known holders of Asbestos Related Claims, at least twenty-five days before the date by which objections to the Plan must be filed, unless the Bankruptcy Court specifies otherwise. See Section 5.2 below. Section 524(g) of the Bankruptcy Code requires that any confirmation order containing a supplemental injunction must be issued or affirmed by the District

Court. The Debtors will therefore seek to have the Confirmation Order affirmed by the District Court. See Section 5.3(c) below.

SECTION 4.

SUMMARY OF THE PLAN

4.1 General.

The following is a summary intended as a brief overview of certain provisions of the Plan and is qualified in its entirety by reference to the full text of the Plan. Other provisions of the Plan not summarized in this Section 4 may be summarized elsewhere in this Disclosure Statement. Holders of Claims and Interests are encouraged to review the Plan and this Disclosure Statement with their attorneys or other advisors. The terms of the Plan are controlling over any summary or statement made in the Disclosure Statement.

4.2 Classification.

(a) Generally.

Section 2 of the Plan sets forth a designation of Classes of Claims and Interests and an explanation of Claims that are not classified under the Plan. Pursuant to section 1122 of the Bankruptcy Code, a Claim or Interest is classified in a particular Class only to the extent that the Claim or Interest qualifies within the description of the Class and is classified in a different Class to the extent that such Claim or Interest qualifies within the description of that different Class.

(b) Unclassified Claims.

In accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative Claims are not classified and are excluded from the Classes established in Section 2 of the Plan. The treatment accorded Administrative Claims is set forth in Section 1 of the Plan, and is summarized below.

The Bankruptcy Court has entered various orders authorizing the professionals retained by Thorpe, the Committee and the Futures Representative to be paid from the Thorpe's bankruptcy estate, including from certain insurance proceeds, pursuant to orders of the Bankruptcy Court. The Bankruptcy Court has to date approved RH&D to be paid from the Thorpe bankruptcy estate

for all services to the Debtors, except for services rendered exclusively to a Debtor other than Thorpe. Payment from the Thorpe estate for these latter services, is subject to further Bankruptcy Court approval. The Plan Proponents intend to request similar orders for other professionals employed in the bankruptcy cases for the Debtors other than Thorpe. The Debtors believe that there are no material unpaid claims that were accrued after their respective Petition Dates, other than trade payables incurred by Technologies which are paid in the ordinary course of business.

(c) Classes.

For purposes of the Plan, the Claims against, and Interests in, the Debtors are grouped in the following Classes in accordance with section 1122(a) of the Bankruptcy Code. With respect to Classes 1, 2 and 3 only, Claims against each Debtor although classified in the same Class as Claims against each of the other Debtors, shall have resort only to the assets of such Debtor responsible for such Claim.

(1) Class 1 – Priority Claims.

Class 1 consists of all Priority Claims against any of the Debtors including tax claims. The Debtors are not aware of any priority claims.

(2) Class 2 – Secured Claims.

Class 2 consists of all Secured Claims against any of the Debtors.

As set forth in above in Section 3.3 hereof, Technologies and Global entered into a Secured Guaranty Agreement under which Technologies guaranteed repayment of $900,000 to Global in the event that the Bankruptcy Court does not approve the APA. The guaranty of Technologies was secured by a security interest in the assets of Technologies. Under the asset purchase agreement ("APA") documents, if Bankruptcy Court approval is obtained of the APA, the obligations of Technologies under the Secured Guaranty Agreement are terminated. If the APA is not approved, Technologies' assets will remain pledged as security for payment of the $900,000 promissory note to Global, or the assignee thereof in the event of a successful overbid, payable in 36 equal monthly installments together with simple interest at 5% per annum. The Debtors are unaware of any other secured claims against Thorpe, Dissolved Thorpe, Holdings or Technologies.

(3) Class 3 – Unsecured Claims.

Class 3 consists of all Unsecured Claims against the any of the Debtors, and is divided into two sub-classes: Class 3(a) consists of all Unsecured Claims other than Class 3(b) Unsecured Claims. At its Petition Date, Technologies had virtually no open trade payables as it had used the proceeds from the asset sale under the APA with Global, among other cash at hand, to pay such trade payables prior to its bankruptcy filing. No other Debtor had open trade payables as of their respective Petition Dates. Class 3(b) consists of Unsecured Claims against any of the Debtors which are personal injury tort claims, other than Asbestos Related Claims. Technologies is the defendant in a personal injury case filed in Kentucky in 1999 by an individual named Terry Gibbs. Mr. Gibbs was injured when moisture laden aluminum scrap was submerged in the furnace. Mr. Gibbs alleges that his injuries are due to a defect in Technologies' furnace design and installation. Technologies is being defended by AIG, its liability insurance carrier. There is approximately $5,000,000 of insurance coverage in the event that Mr. Gibbs is successful in his action which the Debtors believe substantially exceeds the most generous valuations of Mr. Gibbs' case. The Debtors are unaware of any such other claims.

(4) Class 4 – Asbestos Related Claims.

Class 4 consists of all Asbestos Related Claims against any of the Debtors The Plan Proponents' estimate of the amount of all Asbestos Related Claims is set forth in Section 7.2 below.

(5) Class 5 – Interests.

(A) Class 5-A.

Class 5-A consists of all Interests in Thorpe. Thorpe is wholly owned by Holdings.

(B) Class 5-B.

Class 5-B consists of all Interests in Dissolved Thorpe. Before Dissolved Thorpe dissolved, the shareholders were Horace Baker, Bill Solaini, Richard Neilson, Carl Stemon, Leo Purvis and John Allen. The Debtors are unaware whether after dissolution of Dissolved Thorpe the stock certificates in that entity were cancelled.

(C) Class 5-C.

Class 5-C consists of all Interests in Technologies. Technologies is wholly owned by Holdings.

(D) Class 5-D

Class 5-D consists of all Interests in Holdings. Holdings' shareholders are: John Allen (28,205.1 shares); Thomas Carpenter (11,825 shares); Gary D. Newby (4,923.17 shares); R.P. Angarella (4,923.17 shares); Dean W. Barnes (2,029.49 shares); S. Trakhtenberg (800 shares) and Gary Hodge (800 shares).

4.3 Treatment of Administrative Claims.

The Plan leaves unaltered the legal, equitable and contractual rights to which any Administrative Claim entitles the holder of such Claim. Each holder of an Administrative Claim that is subject to approval by the Bankruptcy Court before it can be paid by the Debtors will be paid as soon as practicable after such approval under a Final Order. All other Administrative Claims will be paid in full as they become due.

4.4 Treatment of the Classified Claims.

Claims and Interests, as classified in Section 2 of the Plan, shall be treated in the manner set forth in Section 3 of the Plan. The following constitutes a summary of such treatment:

(a) Class 1 – Priority Claims.

(1) Treatment.

The Plan leaves unaltered the legal, equitable and contractual rights to which any Priority Claim entitles the holder of such Claim. Each of these Claims will be paid in full (including the payment of simple interest at the rate of 5% per annum) on the later of the Effective Date or the date the Claim becomes due.

(2) Impairment and Voting.

This Class is unimpaired. Each holder of a Priority Claim is conclusively presumed to have accepted the Plan and is not entitled to vote to accept or reject the Plan, by operation of section 1126 of the Bankruptcy Code.

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(b) Class 2 – Secured Claims.

(1) Treatment.

Each holder of a Secured Claim shall retain, unaltered, the legal, equitable and contractual rights (including, but not limited to, any Liens that secure such Secured Claim) to which such Secured Claim entitles such holder. Each of these Claims will be paid in full (including the payment of interest at the rate set forth in such claimant's agreement with the Debtor, on the later of the Effective Date or the date the Claim becomes due.

(2) Impairment and Voting.

This Class is unimpaired. Each holder of a Secured Claim is conclusively presumed to have accepted the Plan and is not entitled to vote to accept or reject the Plan, by operation of section 1126 of the Bankruptcy Code.

(c) Class 3 – Unsecured Claims.

(1) Treatment.

Class 3(a) Claims. The Plan leaves unaltered the legal, equitable and contractual rights to which any Unsecured Claim entitles the holder of such Claim. Each of these Claims will be paid in full (including the payment of simple interest at the rate of 5% per annum) on the later of the Effective Date or the date the Claim becomes due.

Class 3(b) Claims. Each Class 3(b) Claim holder shall have resort exclusively to the insurance policy/ies of the Debtor covering such claims and against which such Claim is made, and not to the other assets of the Debtor. Each of these Claims will be paid in full (including the payment of simple interest at the rate of 5% per annum) on the later of the Effective Date or the date the Claim becomes due from the insurance policies covering such claims.

Any holder of a non-asbestos related personal injury claim will be paid exclusively from the insurance proceeds of that particular Debtor upon settlement or final judgment.

(2) Impairment and Voting.

This Class is unimpaired by the Plan. Each holder of an Unsecured Claim is conclusively presumed to have accepted the Plan and is not entitled to vote to accept or reject the Plan, by operation of section 1126 of the Bankruptcy Code.

(d) Class 4 – Asbestos Related Claims.

(1) Treatment.

As of the Effective Date, the Trust shall assume the Debtors' liabilities for all Asbestos Related Claims against the Released Parties without further act or deed. Each Asbestos Related Claim against the Released Parties shall be addressed by the Trust pursuant to and in accordance with the TDP. The provisions of the TDP, unless the Confirmation Order provides otherwise and except as otherwise provided herein, shall apply to all Asbestos Related Claimants, including any Asbestos Related Claimant who elects to resort to the legal system and obtains a judgment for money damages. Each holder of an Asbestos Related Claim shall, under the conditions set forth in the Plan, be deemed to have assigned to the Trust, to the extent possible without diminishing or impairing any part of such Direct Actions, and the Trust shall be deemed such holder's sole attorney in fact, as may be appropriate, to prosecute, at the Trust's sole discretion, any Direct Action, other than against a Released Party.

(2) Impairment and Voting.

This Class is impaired by the Plan. Each holder of an Asbestos Related Claim is entitled to vote to accept or reject the Plan by operation of section 1126 of the Bankruptcy Code, which requires that the holders of least two-thirds in amount and more than one-half in number of the Claims of this Class actually voting on the Plan vote to accept the Plan.

The Plan also requests relief pursuant to Bankruptcy Code section 524(g), though the Plan may still be confirmed even if relief under section 524(g) is not granted. Bankruptcy Code Section 524(g) of the modifies the voting requirement of Bankruptcy Code section 1126 by increasing to 75 percent in number the proportion of Asbestos Related Claimants actually voting on the Plan who must vote to accept the Plan.

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(e) Class 5 – Interests.

(1) Class 5-A. Thorpe Interests.

(A) Treatment.

Holdings, the holder of all of the common stock of Thorpe, shall continue to hold all stock of Thorpe.

(B) Impairment and Voting.

This subclass is unimpaired. Holdings is conclusively presumed to have accepted the Plan and is not entitled to vote to accept or reject the Plan, by operation of section 1126 of the Bankruptcy Code.

(2) Class 5-B. Dissolved Thorpe Interests.

(A) Treatment.

On the Effective Date, all of the voting stock or other equity ownership interest of Dissolved Thorpe shall be owned by the Trust.

(B) Impairment and Voting.

This subclass is impaired. Each holder, if any, of an Interest in Dissolved Thorpe is deemed to reject the Plan (but the Plan can be confirmed notwithstanding that rejection, as described in Section 5.3(b) below.)

(3) Class 5-C. Technologies Interests.

(A) Treatment.

Holdings, the holder of all of the common stock of Technologies, shall continue to hold all stock of Technologies.

(B) Impairment and Voting.

This subclass is unimpaired. Holdings is conclusively presumed to have accepted the Plan and is not entitled to vote to accept or reject the Plan, by operation of section 1126 of the Bankruptcy Code.

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(4) Class 5-D. Holdings Interests.

(A) Treatment.

On the Effective Date, the Trust shall receive the original of the Holdings Note, payment of which will be secured by the Holdings Pledge Agreement which grants a first priority, perfected security interest in 51% of the common stock of Holdings, and which will contain a provision whereby a 51% interest in Holdings must be deposited into escrow to be held as a pledge for delivery to the Trust in satisfaction of the Holdings Note upon the failure by Technologies and Holdings to cure in a timely fashion any defaults under the Holdings Note. The current shareholders of Holdings shall continue to own their shares in Holdings unless and until there is a default under the Holdings Note and the Holdings Pledge Agreement. Upon full payment of the Holdings Note, the 51% of the common stock of Holdings deposited into escrow shall be released to the shareholders of Holdings who deposited such common stock.

(B) Impairment and Voting.

This subclass is impaired. The holders of Interests in Holdings are entitled to vote to accept or reject the Plan.

4.5 Means for Execution of the Plan.

(a) Establishment of the Trust.

On the Effective Date, the Trust shall be established in accordance with the Plan Documents. Before the Effective Date, the Trustees shall have decided on the place of operation and the jurisdiction of organization for the Trust.

(b) Trust Funding.

On the Effective Date, or as soon as practicable thereafter, the Trust Assets shall become owned by the Trust as part of the consideration to be paid by the Debtors to the Trust for the Trust's assumption of all of the Asbestos Related Claims and Demands.

(c) The Trust Assets.

The Trust Assets includes the assets to be delivered to the Trust pursuant to the Plan Documents, or otherwise, and include without limitation the following assets and any income, profits, and proceeds derived therefrom: (a) all shares of the common stock of Dissolved Thorpe,

(b) the Holdings Note, (c) rights under the Holdings Pledge Agreement, (d) the Thorpe Business Loss Insurance Security (except for the Debtors Portion of the Business Loss), (e) the Thorpe General Insurance Security, (f) all Asbestos Insurance Action Recoveries (except for the Debtors Portion of the Business Loss and fees due under the contingency fee arrangements). The Trust Assets shall additionally include the Debtors' rights for contribution and reimbursement against parties other than Released Parties.

(d) Vesting of Rights of Contribution and Indemnification.

On the Effective Date of the Plan, all of the Debtors' right, title and interest, if any, in and to claims of contribution and indemnification against parties other than the Released Parties in Respect To Asbestos Related Claims shall be vested in the Trust. The Plan Proponents shall execute and deliver any and all necessary documents to confirm such vesting in the Trust, however, such vesting shall occur automatically. The Trust shall investigate, prosecute, settle or abandon such rights as may be determined in the sole discretion of the Trustees.

(e) Preservation of Insurance Claims

None of the discharge of Technologies or Holdings, the injunctions issued to Debtors, nor the Released Non-Debtor Parties' release from all Asbestos Related Claims and Demands as provided herein shall diminish or impair the enforceability of any of the Asbestos Insurance Policies against a party that is not a Released Party. Each Allowed Asbestos Related Claim and Demand shall be, and be deemed to be, a judgment against the respective Debtor liable for such Claim and the Trust (as successor for all purposes to the liabilities of the Debtors in respect of Asbestos Related Claims and Demands) in the Allowed Amount of such Asbestos Related Claim or Demand, as the case may be, which Allowed Asbestos Related Claim and Demand as against the Debtor liable for such Claim shall be channeled to the Trust for payment and entitle the holder thereof solely to beneficiary status as against the Trust, and not to satisfaction of its Allowed Asbestos Related Claim or Demand against the properties or assets of the Debtors.

(f) Plan Distributions.

Distributions to holders of Asbestos Related Claims and Demands shall be made by the Trust in accordance with the TDP. Certain claims against the Debtors by their attorneys in the

Coverage Litigation, and claims for Professional Fees, are to be paid in the future by the Trust, as Trust Expenses as set forth in the Plan. All other Claims other than Asbestos Related Claims against the Debtors will be paid by the Debtor which is obligated on the Claim on the latest of the Effective Date or the date the obligation becomes due by its terms.

(g) Withholding of Taxes.

The Debtors or the Trust, as applicable, shall withhold from any assets or property distributed under the Plan or by the Trust any amounts, assets or property that must be withheld for foreign, federal, state and local tax purposes to the extent required by applicable law.

(h) Interest on Claims.

To the extent interest is required by applicable contract, post-petition interest shall accrue on Claims, except Class 4 Claims, as set forth above under the treatment of each claim. The TDP shall govern interest on Class 4 Claims.

(i) Disputed Claims.

After the Effective Date, only the Trust shall have authority to reject or deny any Asbestos Related Claim or Demand, to engage in binding or non-binding arbitration with Asbestos Related Claimants, and for Asbestos Related Claimants who reject the result of non-binding arbitration or proceed to the tort system without first going through nonbonding arbitration pursuant to Section 5.11 of the TDP, to litigate to judgment, settle or withdraw its rejection or denial. Asbestos Related Claims and Demands, whether or not a Proof of Claim is filed, shall be satisfied exclusively in accordance with the Trust Agreement and the TDP.

4.6 Executory Contracts, Unexpired Leases and Settlements.

(a) Assumption of Executory Contracts and Unexpired Leases.

Exhibit 9 to the Plan is a list of each unexpired lease and/or executory contract in existence as of the Petition Dates and as to which each of the Debtors is still a party. Each such contract shall, as of the Confirmation Date (subject to the occurrence of the Effective Date), be deemed to have been assumed by such Debtor which is the party to such lease or contract. Entry of the Confirmation Order by the Bankruptcy Court shall constitute approval of such assumptions pursuant to sections 365 and 1123 of the Bankruptcy Code. Each executory contract and

unexpired lease assumed pursuant to Section 5.1 of the Plan shall, on the Effective Date, vest in and be fully enforceable by each such Debtor in accordance with its terms. Executory contracts and leases entered into by the any of the Debtors after their Petition Dates, shall be performed by the Debtors in the ordinary course of their business.

(b) Cure of Defaults.

Any monetary amounts by which an executory contract or unexpired lease to be assumed pursuant to the Plan is in default shall be cured, to the extent required by section 365(b)(1) of the Bankruptcy Code, by the Debtor that is a party to the contract or lease, by cash payment to the non-Debtor party. If there is a dispute regarding (i) the nature or amount of any cure, (ii) the ability of any Debtor to provide "adequate assurance of future performance" (within the meaning of section 365 of the Bankruptcy Code) under the contract or lease to be assumed or (iii) any other matter pertaining to assumption, the Debtor shall cure that default following the entry of a Final Order resolving the dispute and approving the assumption or assumption and assignment, as the case may be. The Confirmation Order shall contain provisions providing for notices of proposed assumptions and proposed cure amounts to be sent to applicable third parties and procedures for objecting thereto and resolution of disputes by the Bankruptcy Court.

4.7 Injunctions, Releases and Discharge.

(a) Term of Certain Injunctions and the Automatic Stay.

All of the injunctions and the automatic stay provided for in or in connection with the Reorganization Cases, whether pursuant to section 105, section 362 or any other provision of the Bankruptcy Code or other applicable law, in existence immediately prior to Confirmation, shall remain in full force and effect until the Injunctions become effective, and thereafter if so provided by the Plan, the Confirmation Order or by their own terms. In addition, on and after Confirmation, the Debtors may seek such further orders as they may deem necessary to preserve the status quo during the time between Confirmation and the Effective Date. Notwithstanding any provision to the contrary contained in the Plan, all actions in the nature of those to be enjoined by the Injunctions shall be enjoined during the period between the Confirmation Date and the Effective Date.

(b) Discharge and Release.

(i) Effective on the Effective Date, except as provided in the Plan, Confirmation shall discharge Holdings and Technologies from any and all Claims, including Asbestos Related Claims, whether or not (A) a Proof of Claim based on such Claim was filed or deemed filed under section 501 of the Bankruptcy Code, or such Claim was listed on the Schedules of a Debtor, (B) such Claim is or was allowed under section 502 of the Bankruptcy Code, or (C) the holder of such Claim has voted on or accepted the Plan. All Asbestos Related Claims against the assets and properties of the Debtors shall be satisfied exclusively from the Trust.

(ii) Effective on the Effective Date, subject only to the terms of the respective settlement agreements with the Settling Asbestos Insurance Company, each Debtor (on its own behalf and on behalf of any person claiming by or through such Debtor) and the Confirmation Order shall and is deemed to release each Settling Asbestos Insurance Company in full from any and all claims, demands or obligations whatsoever (including, without limitation, any obligation for defense costs), past, present or future, known or unknown, arising out of, in connection with or relating to the Policies or any of the Settling Asbestos Insurance Companies' insuring relationship with any of the Debtors, whether for insurance coverage, bad faith or other extra-contractual liability or otherwise allegedly arising out of or relating to the Policies or any of the Settling Asbestos Insurance Companies' insuring relationship with any of the Debtors.

(c) Discharge Injunction.

Except as specifically provided in the Plan Documents to the contrary, the entry of the Confirmation Order shall also operate as to Holdings, Technologies and the Released Non-Debtor Parties as an injunction prohibiting and enjoining the commencement or continuation of any action, the employment of process or any act to collect, recover from, or offset from any of them (i) any Claim including an Asbestos Related Claim or Demand asserted by any Entity and (ii) any cause of action, whether known or unknown, arising out of or relating to any Asbestos Related Claim or Demand.

Subject to the applicable reservations contained in Section 9.4 of the Plan, all Entities that have held or asserted, that hold or assert, or that may in the future hold or assert any Claim,

Demand or cause of action (including, but not limited to, all Asbestos Related Claims and Demands in the nature of or sounding in tort, contract, warranty, bad faith, competition law, unfair or deceptive practices law, conspiracy, statute or any other body, theory or principle of law, equity or admiralty whatsoever or any Asbestos Related Claim or Demand or any claim or demand for or respecting any Trust Expense) against the Released Non-Debtor Parties, Holdings or Technologies (or any of them) arising out of or related to any Asbestos Related Claim or Demand, whenever and wherever arising or asserted shall be permanently stayed, restrained and enjoined from taking any action for the purpose of directly or indirectly collecting, recovering, or receiving payments, satisfaction, or recovery with respect to any such Asbestos Related Claim or Demand from or against Holdings, Technologies, any Released Non-Debtor Party or against the property of any of them, including, but not limited to:

(i) commencing or continuing in any manner any action or other proceeding of any kind with respect to any Asbestos Related Claim or Demand;

(ii) enforcing, attaching, collecting or recovering, by any manner or means, any judgment, award, decree or order with respect to any Asbestos Related Claim or Demand;

(iii) creating, perfecting or enforcing any Lien of any kind with respect to any Asbestos Related Claim or Demand;

(iv) asserting or accomplishing any setoff, right of subrogation, indemnity, contribution or recoupment of any kind against any obligation due with respect to any Asbestos Related Claim or Demand; and

(v) taking any act, in any manner, in any place whatsoever, that does not conform to, or comply with, the provisions of the Plan Documents relating to any Asbestos Related Claim or Demand.

(d) The Channeling Injunction, the Supplemental Injunction and the Asbestos Insurance Company Injunction.

1. **Channeling Injunction**. To preserve and promote the property of the Estates of the Debtors and settlements contemplated by and provided for in the Plan and agreements approved by the Bankruptcy Court and in the exercise of the equitable jurisdiction and

power of the Bankruptcy Court, and under sections 524(g) and/or 105(a) of the Bankruptcy Code, Asbestos Related Claims and Demands shall be channeled to, and paid solely from, the Trust. Subject to the applicable reservations contained in Section 9.4 of the Plan, all Entities that have held or asserted, that hold or assert, or that may in the future hold or assert any Asbestos Related Claim or Demand shall be permanently stayed, restrained and enjoined from taking any action for the purpose of directly or indirectly collecting, recovering or receiving payment or recovery with respect to any such Asbestos Related Claim or Demand from or against any Released Party, including, but not limited to:

(a) commencing or continuing in any manner any action or other proceeding of any kind with respect to any Asbestos Related Claim or Demand against any Released Party, or against the property of any Released Party, with respect to any such Asbestos Related Claim or Demand;

(b) enforcing, attaching, collecting or recovering, by any manner or means, any judgment, award, decree, or order against any Released Party, or against the property of any Released Party, with respect to any Asbestos Related Claim or Demand;

(c) creating, perfecting, or enforcing any Lien of any kind against any Released Party, or the property of any Released Party, with respect to any Asbestos Related Claim or Demand;

(d) asserting or accomplishing any setoff, right of subrogation, indemnity, contribution or recoupment of any kind against any obligation due any Released Party, or against the property of any Released Party, with respect to any Asbestos Related Claim or Demand; and

(e) taking any act, in any manner, in any place whatsoever, that does not conform to, or comply with, the provisions of the Plan Documents relating to any Asbestos Related Claim or Demand.

2. **The Supplemental Injunction**. To preserve and promote settlements contemplated by and provided by the Plan and agreements approved by the Bankruptcy Court and in the exercise of the equitable jurisdiction and power of the Bankruptcy Court under sections

524(g) and/or 105(a) of the Bankruptcy Code, subject to the applicable reservations contained in Section 9.4 of the Plan, all Entities shall be permanently stayed, restrained and enjoined from taking any action or making any demand against the Nationwide Parties, the Federal Parties and all other Settling Asbestos Insurance Companies (but in no circumstance any Other Insurer against whom the Debtors or the Trust have potential rights of recovery for Asbestos Related Claims and Demands, unless such other Insurer becomes a Settling Asbestos Insurance Company) and their present and future agents, for any claims, demands, Demands or obligations whatsoever (including, without limitation, any obligation for defense costs), past, present or future, known or unknown, arising out of, in connection with or relating to the Policies or any of the Settling Asbestos Insurance Companies' insuring relationship with any of the Debtors, including any claim for "bad faith" or extra-contractual liability, and further including but not limited to any claim under California Insurance Code Section 11580 or its subdivisions or related or similar statutes in any jurisdiction or any other claim by any person or entity for insurance coverage or damages, indemnity, contribution, defense, equitable relief or otherwise relating to the Policies, the Coverage Litigation, any Asbestos Related Claim or Demand, or any other matter or claim relating to the Policies by any party including any direct claim by a third-party against any Settling Asbestos Insurance Company arising out of or relating to the Policies or any Settling Asbestos Insurance Company's insuring relationship with any of the Debtors.

The actions so stayed, restrained and enjoined shall include, but are not limited to:

(a) commencing or continuing in any manner any action or other proceeding of any kind with respect to any such claim, demand or cause of action against any Settling Asbestos Insurance Company, or against the property of any Settling Asbestos Insurance Company, with respect to any Asbestos Related Claim or Demand;

(b) enforcing, attaching, collecting or recovering, by any manner or means, any judgment, award, decree or order against any Settling Asbestos Insurance Company, or against the property of any Settling Asbestos Insurance Company, with respect to any Asbestos Related Claim or Demand;

(c) creating, perfecting or enforcing any Lien of any kind against any Settling Asbestos Insurance Company, or the property of any Settling Asbestos Insurance Company, with respect to any Asbestos Related Claim or Demand;

(d) asserting or accomplishing any setoff, right of subrogation, indemnity, contribution or recoupment of any kind against any obligation due any Settling Asbestos Insurance Company, or against the property of any Settling Asbestos Insurance Company, with respect to any Asbestos Related Claim or Demand; and

(e) taking any act, in any manner, in any place, that does not conform to, or comply with, the provisions of the Plan Documents relating to any Asbestos Related Claim or Demand.

3. **Asbestos Insurance Company Injunction**. To preserve and promote the property of the Estate and the settlements contemplated by and provided for in the Plan, and to supplement, where necessary, the injunctive effect of the discharge and releases detailed herein, and pursuant to the exercise of the equitable jurisdiction and power of the court under sections 524(g) and/or 105(a) of the Bankruptcy Code, subject to the applicable reservations contained in Section 9.4 of the Plan, all Entities that have held or asserted, that hold or assert, or that may in the future hold or assert any claim, demand, Demand or cause of action (including, but not limited to, any Asbestos Related Claim or Demand, or any claim or demand for or respecting any Trust Expense), against an Asbestos Insurance Company based on or relating to any Claim, Asbestos In-Place Insurance Coverage, or Asbestos Insurance Policy, whenever and wherever arisen or asserted (including, but not limited to, all Asbestos Related Claims and Demands in the nature of or sounding in tort, contract, warranty, or any other theory of law, equity or admiralty) shall, be permanently stayed, restrained and enjoined from taking any action for the purpose of directly or indirectly collecting, recovering or receiving payments, satisfaction or recovery with respect to any such claim, demand or cause of action, including, but not limited to:

(a) commencing or continuing in any manner any action or other proceeding of any kind with respect to any such claim, demand or cause of action against any

Asbestos Insurance Company, or against the property of any Asbestos Insurance Company, with respect to any Asbestos Related Claim or Demand;

(b) enforcing, attaching, collecting or recovering, by any manner or means, any judgment, award, decree or order against any Asbestos Insurance Company, or against the property of any Asbestos Insurance Company, with respect to any Asbestos Related Claim or Demand;

(c) creating, perfecting or enforcing any Lien of any kind against any Asbestos Insurance Company, or against the property of any Asbestos Insurance Company, with respect to any Asbestos Related Claim or Demand;

(d) asserting or accomplishing any setoff, right of subrogation, indemnity, contribution or recoupment of any kind against any obligation due any Asbestos Insurance Company, or against the property of any Asbestos Insurance Company, with respect to any Asbestos Related Claim or Demand; and taking any act, in any manner, in any place whatsoever, that does not conform to, or comply with, the provisions of the Plan Documents relating to any Asbestos Related Claim or Demand.

The Debtors believe that the Bankruptcy Court and the District Court have the jurisdiction and power under sections 105(a) and 524(g) of the Bankruptcy Code to enter the Injunctions.

4. **Reservations**. Notwithstanding any provision to the contrary in the Plan, neither the Discharge Injunction, the Channeling Injunction, the Supplemental Injunction nor the Asbestos Insurance Company Injunction shall enjoin (unless such reservation is expressly qualified below to apply only to a particular Injunction):

(a) the rights of Entities to the treatment accorded them under Articles 1 and 3 of the Plan, as applicable;

(b) the rights of Entities to assert any Claim, debt, obligation or liability for payment of Trust Expenses against the Trust;

(c) the rights of the Trust and the Debtors, including the right of the Trust to prosecute a Direct Action as attorney in fact for a holder of an Asbestos Related Claim, and including the participation of such holder of an Asbestos Related Claim in such Direct Action

if and to the extent necessary to preserve rights against an insurer, to prosecute any Asbestos Insurance Action against an Asbestos Insurance Company that is not a Released Party;

(d) with respect to the Discharge Injunction, the Channeling Injunction and the Supplemental Injunction only, the rights of Entities to assert any Claim, debt, obligation or liability for payment against an Asbestos Insurance Company that is not a Released Party, unless otherwise enjoined by order of the Bankruptcy Court or estopped by provision of the Plan;

(e) with respect to the Asbestos Insurance Company Injunction only, the rights of the Trust, the Debtors and the Asbestos Related Claimants in accordance with the TDP to assert any Claim, debt, obligation or liability for payment against an Asbestos Insurance Company that is not a Released Party unless otherwise enjoined by order of the Bankruptcy Court or estopped by provision of the Plan; and

(f) with respect to the Asbestos Insurance Company Injunction only, the rights of the Trust and the Debtors to assign a cause of action against an Asbestos Insurance Company that is not a Released Party to a claimant and for such claimant to assert any claim, debt, obligation or liability for payment against such Asbestos Insurance Company.

Notwithstanding any other provision of the Plan to the contrary, the satisfaction, release and discharge, and the Injunctions set forth in the Plan, shall not serve to satisfy, discharge, release or enjoin claims by any Entity against (i) the Trust for payment of Asbestos Related Claims and Demands in accordance with the TDP or (ii) the Trust for the payment of Trust Expenses.

(e) Exoneration and Reliance.

Subject to the limitations set forth in the Plan, neither the Plan Proponents nor any of their respective Agents shall be liable other than for willful misconduct to any holder of a Claim or Interest or any other Entity with respect to any action, omission, forbearance from action, decision or exercise of discretion taken at any time prior to the Effective Date in connection with: (a) the management or operation of the Debtors, or the discharge of their duties under the Bankruptcy Code; (b) the implementation of any of the transactions provided for, or contemplated in, the Plan Documents; (c) any action taken in connection with either the enforcement of any of the Debtors' rights against any Entities or the defense of Claims asserted against the Debtors with regard to the

Reorganization Cases; (d) any action taken in the negotiation, formulation, development, proposal, disclosure, Confirmation or implementation of the Plan Documents filed in the Reorganization Cases; or (e) the administration of the Plan or the Trust or the assets and property to be distributed pursuant to the Plan. The Plan Proponents, as well as their respective Agents, may reasonably rely upon the opinions of their respective counsel, accountants and other experts or professionals and such reliance, if reasonable, shall conclusively establish good faith and the absence of willful misconduct; provided, however, that a determination that such reliance is unreasonable shall not, by itself, constitute a determination or finding of bad faith or willful misconduct. The foregoing, however, shall not apply to pre-Petition Date activities except insofar as they relate to the negotiation and documentation of the Plan, the Plan documents, and the Disclosure Statement. Further, nothing contained in this section 8.4 shall be deemed to limit or otherwise impair the scope of the discharge and discharge injunction set forth in the Plan.

4.8 Matters Incident to Plan Confirmation.

(a) No Successor Liability.

Except as otherwise expressly provided in the Plan, the Plan Proponents and the TAC do not, pursuant to the Plan or otherwise, assume, agree to perform, pay or indemnify creditors or otherwise have any responsibilities for any liabilities or obligations of the Debtors relating to or arising out of the operations of or assets of the Debtors, whether arising prior to, on or after the Confirmation Date. Neither the Debtors nor the Trust shall have any successor or transferee liability of any kind or character, except that the Debtors and the Trust shall assume the obligations specified in the Plan and the Confirmation Order.

(b) Asbestos Insurance Actions.

Subject to the terms of the Plan, the Asbestos Insurance Actions (excluding any such actions against a Released Party) shall be preserved by the Debtors for prosecution by the Trust, at the direction and at the expense of the Trust. On or after the Effective Date, any compromise or settlement of any Asbestos Insurance Action shall require the consent of the Trust or, as applicable, the consent of the Futures Representative, the Committee and/or the TAC, as the case may be.

(c) Institution and Maintenance of Legal and Other Proceedings.

As of the Effective Date, the Trust shall be empowered to initiate, prosecute, defend and resolve all legal actions and other proceedings related to any asset, liability or responsibility of the Trust, except to the extent that any Settling Asbestos Insurance Company has been released. The Trust shall be empowered to initiate, prosecute, defend and resolve all such actions in the name of the Debtors if deemed necessary or appropriate by the Trustees. The Trust shall be responsible for the payment of all damages, awards, judgments, settlements, expenses, costs, fees and other charges incurred subsequent to Confirmation arising from or associated with any legal action or other proceeding and shall pay or reimburse all deductibles, retrospective premium adjustments or other charges that may arise from the receipt of insurance proceeds by the Trust. On the Effective Date, and except as otherwise provided in the Plan, the Trust shall have the right to enforce against any Entity any and all of the Debtors' causes of action, with the proceeds of the recovery of any such actions related to insurance for Asbestos Related Claims or Demands pending in the Bankruptcy Court to be paid to the Debtors subject to their obligations to the Trust under the Thorpe Business Loss Insurance Security and the Thorpe General Insurance Security and any contingency fee arrangements.

(d) Revesting.

Except as otherwise expressly provided in the Plan, on the Effective Date, each of the Debtors shall be revested with all of the assets and property of its former Estate, free and clear of all Claims, Liens, charges and other interests of holders of Claims or Demands, and may operate its business free of any restrictions imposed by the Bankruptcy Code, the Bankruptcy Court, or the guidelines of the Office of the U.S. Trustee. The Debtors may, subject to complying with applicable non-bankruptcy law, distribute to their shareholders after the Effective Date portions of the amounts received on account of the Thorpe Business Loss Security attributable to the Debtors; however, they shall, to the extent required by the Plan, retain sufficient cash in Technologies and Thorpe to continue to conduct their regular business. No distributions of cash necessary for operations (as defined by the Plan) shall be made to the Debtors' shareholders without prior notice to the Trust, the Futures Representative, the Committee and the TAC, with an opportunity to be

heard by such parties. If such parties object to a distribution, such objection shall be resolved by the Bankruptcy Court.

(e) Preservation of Insurance Claims.

Nothing in the terms of the Plan and the Plan Documents, the discharge of Holdings and Technologies, the Injunctions, and the Released Non-Debtor Parties' release, from all Asbestos Related Claims and Demands as provided in the Plan shall either diminish or impair the enforceability of any of the Asbestos Insurance Policies against a party that is not a Released Party. The Trust is, and shall be deemed to be, for all purposes, including but not limited to for purposes of insurance and indemnity, the successor to the Debtors in respect of Asbestos Related Claims and Demands. Each Allowed Asbestos Related Claim and Demand shall be, and be deemed to be, a judgment against the respective Debtor liable for such Claim and the Trust in the Allowed Amount of such Asbestos Related Claim or Demand, as the case may be, which Allowed Asbestos Related Claim and Demand as against the Debtor liable for such Claim shall be channeled to the Trust for payment and entitle the holder thereof solely to beneficiary status as against the Trust, and not to satisfaction of its Allowed Asbestos Related Claim or Demand against the properties or assets of the Debtors.

(f) Assumption of Nationwide agreement.

As of the Effective Date the Trust shall assume the Debtors' obligations to the Nationwide Parties under the Nationwide Settlement.

4.9 Retention of Jurisdiction.

Until the Reorganization Cases are closed, the Bankruptcy Court shall retain the fullest and most extensive jurisdiction permissible, including that necessary to ensure that the purposes and intent of the Plan are carried out.

Following Confirmation, the administration of the Reorganization Cases will continue at least until the completion of the transfers contemplated to be accomplished on the Effective Date. Moreover, the Trust shall be subject to the continuing jurisdiction of the Bankruptcy Court in accordance with the requirements of the Treasury Regulations issued pursuant to section 468B of the IRC. The failure by the Debtors to object to, or examine, any Claim, for the purposes of

voting, shall not be deemed a waiver of the right of the Debtors or the Trust, as the case may be, to object to or re-examine such Claim in whole or part.

In addition to the foregoing, the Bankruptcy Court shall, where consistent with the Plan and as necessary, retain jurisdiction for the specific purposes after Confirmation as set forth in Section 12.3 of the Plan.

4.10 Miscellaneous Provisions.

(a) Corporate Existence on and after the Effective Date.

Each of Thorpe, Technologies and Holdings shall continue to exist as a separate and distinct corporation.

Each of Thorpe, Technologies and Holdings shall continue to have all of the powers of a corporation under applicable law in the jurisdiction in which it is incorporated and pursuant to its articles or certificate of incorporation and bylaws in effect immediately prior to the Effective Date, including any right to terminate its existence under applicable law after the Effective Date, except to the extent such articles, certificate or bylaws are amended by the Plan.

Dissolved Thorpe shall continue to prosecute litigation against its insurance carriers and then continue to be wound up in accordance with the provisions of the Plan, the California Corporations Code and orders of the Superior Court of California for the County of Sacramento.

The directors of each of the Debtors immediately prior to the Effective Date shall continue to serve on and after the Effective Date in accordance with the articles or certificate of incorporation and bylaws of such Debtor, or in the case of Dissolved Thorpe pursuant to orders of the Superior Court.

The officers of Thorpe, Technologies and Holdings immediately prior to the Effective Date shall continue to serve on and after the Effective Date in accordance with any applicable employment agreement, the bylaws of such Debtor and applicable non-bankruptcy law.

The articles or certificate of incorporation and bylaws of each of Thorpe, Technologies and Holdings shall be amended as necessary to satisfy the provisions of the Plan and the Bankruptcy Code, including, pursuant to section 1123(a)(6) of the Bankruptcy Code, adoption of a provision

prohibiting the issuance of nonvoting equity securities, but only to the extent required by section 1123(a)(6) of the Bankruptcy Code.

(b) Transfer Taxes.

Pursuant to section 1146(c) of the Bankruptcy Code, the issuance, transfer or exchange of any of the securities issued under, or the transfer of any other assets or property pursuant to or in connection with, the Plan or the making or delivery of an instrument of transfer under or in connection with the Plan shall not be taxed under any law imposing a stamp tax, transfer tax or other similar tax or governmental assessment. Confirmation of the Plan shall constitute a direction to state and local governmental officials and agents to forego collection of any such tax or assessment and to accept for filing and recordation any instruments or documents issued in connection with the Plan, without the payment of any tax or governmental assessment.

(c) Recordable Order.

Upon Confirmation of the Plan, the Confirmation Order shall be deemed to be in recordable form, and shall be accepted by any recording officer for filing and recording purposes without further or additional orders, certifications or other supporting documents.

(d) Effectuating Documents and Further Transactions.

The Chief Executive Officer, President or any Vice President of any of the Debtors or, in the case of Dissolved Thorpe, any of its directors, shall be authorized to execute such documents and take or direct such actions as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan.

(e) The Committee and the Futures Representative.

Except as otherwise provided in this Section, the Committee and the Futures Representative shall continue in existence until the Effective Date. The Committee and the Futures Representative shall continue to be paid the fees and expenses from the Debtors or their estates. After the Effective Date, the Futures Representative shall continue in existence, and the rights, duties and responsibilities of the Futures Representative shall be as set forth in the Trust Documents. After the Effective Date, the duties of the Committee shall be limited to the prosecution and defense of any adversary proceeding and appeals to which the Committee is a party on the Effective Date and

to present fee applications. For all other purposes, the Committee will, on the Effective Date, be dissolved and the members, attorneys, accountants and other professionals thereof shall be released and discharged of and from all further authority, duties, responsibilities, liabilities and obligations related to, or arising from, the Reorganization Cases.

(f) Modification of the Plan.

The Plan Proponents may, under section 1127 of the Bankruptcy Code, propose amendments to or modifications of the Plan at any time prior to the Confirmation Date. After Confirmation, the Plan Proponents may remedy any defects or omissions or reconcile any inconsistencies in the Plan or the Confirmation Order or any other order entered for the purpose of implementing the Plan in such manner as may be necessary to carry out the purposes and intent of the Plan, so long as the interests of the holders of Claims, without such holder's consent, are not adversely affected relative to such holder's treatment under the Plan, and consistent with the terms of any Asbestos Insurance Settlement Agreement. Anything in the Plan or in any Plan Document to the contrary notwithstanding, following Confirmation and before "substantial consummation" of the Plan, no Plan Document shall be modified, supplemented, changed or amended in any material respect except with the written consent of the Plan Proponents (to the extent their appointment remains in effect). In the event of a conflict between the terms or provisions of the Plan and the Trust Documents, the terms of the Plan shall control over the terms of the Trust Documents.

(g) Revocation of the Plan.

The Plan Proponents each reserve the right to revoke and withdraw the Plan before the entry of the Confirmation Order. If any of the Plan Proponents revokes or withdraws the Plan, or if Confirmation does not occur, then, with respect to all parties in interest, the Plan shall be deemed null and void and nothing contained herein shall be deemed to constitute a waiver or release of any Claims by or against the Debtors or any other Entity or to prejudice in any manner the rights of the Debtors or such Entity in any further proceedings involving the Debtors.

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SECTION 5.

CONFIRMATION OF THE PLAN

5.1 Acceptance or Rejection of the Plan.

(a) Persons Entitled to Vote on the Plan.

Pursuant to the provisions of the Bankruptcy Code, only Classes of Claims and Interests that are impaired under the terms and provisions of the Plan are entitled to vote to accept or reject the Plan. Generally speaking, under section 1124 of the Bankruptcy Code, a class of claims or interests is "impaired" under a plan of reorganization unless, with respect to each claim or interest in such class, the plan in question (i) leaves unaltered the legal, equitable and contractual rights to which such claim or interest entitles the holder of such claim or interest; or (ii) notwithstanding any contractual provision or applicable law that entitles the holder of such claim or interest to demand or receive accelerated payment of such claim or interest after the occurrence of a default, (a) cures any such default that occurred before or after the commencement of the case under the Bankruptcy Code, other than a default of the kind specified in section 365(b)(2) thereof, (b) reinstates the maturity of such claim or interest as such maturity existed before such default, (c) compensates the holder of such claim or interest for any damages incurred as a result of any reasonable reliance by such holder on such contractual provision or applicable law and (d) does not otherwise alter the legal, equitable or contractual rights to which such claim or interest entitles the holder of such claim or interest.

Under the Plan, Classes 1, 2, 3, 5-A and 5-C are unimpaired; therefore, the holders of Claims in such Classes are conclusively presumed pursuant to section 1126(f) of the Bankruptcy Code to have accepted the Plan. The Debtors will not solicit acceptances of the Plan from the holders of Claims in these Classes.

Classes 4, 5-B and 5-D are impaired. The holders of Claims in Class 4 and Interests in Class 5-D are entitled to vote to accept or reject the Plan. The Debtors believe that there are no holders of Class 5-B Interests. Further, in light of the fact that the Plan does not distribute any value to any class junior to Classes 5-B, the Plan can be confirmed without acceptance by the holders of Interests in Classes 5-B, under section 1129(b)(2)(c)(ii) of the Bankruptcy Code.

Therefore, the Debtors will not solicit the votes from the Class 5-B Interest Holders. Section 524(g) of the Bankruptcy Code permits supplementary injunctions to be issued which channel all Asbestos Related Claims into a trust if, among other things, at least 75 percent of the holders of Asbestos Related Claims actually voting, vote in favor of the plan of reorganization. Because the Claims of Class 4 are to be channeled into and addressed by the Trust, the Debtors are soliciting acceptances of the Plan from holders of Claims in this Class of the magnitude required by section 524(g). The votes of all holders of Asbestos Related Claims who submit a timely, valid ballot shall be counted. The dollar amount for voting purposes of unliquidated Asbestos Related Claims shall be determined as set out on the ballot for voting.

The Plan Proponents are also soliciting acceptances of the Plan from Class 5-D Interest Holders.

(b) Voting Procedures.

Holders of Asbestos Related Claims are encouraged to vote on the Plan.

Anyone who believes he or she has an Asbestos Related Claim against any of the Debtors and wishes to vote that claim in respect of the Plan may request a copy of a ballot from the Voting Agent, Nora Boghossian, Rutter Hobbs & Davidoff Incorporated 1901 Avenue of the Stars, Suite 1700, Los Angeles, CA. 90067; Tel (310) 286-1700; Fax (310) 286-1728; email: nboghossian@rutterhobbs.com(the "Voting Agent").

No proof of claim need be filed with the Bankruptcy Court to entitle a Class 4 Claim Holder to vote and voting is not a prerequisite to receiving a distribution on a Class 4 Claim from the Trust.

If one's name appears in the Schedules the Debtors filed with the Bankruptcy Court, one will receive a ballot even if he or she does not contact Ms.Boghossian. Such ballots shall be tabulated in the manner set forth therein.

The Bankruptcy Court has set 5:00 p.m. prevailing Pacific Time on May 12, 2005 as the deadline for the Voting Agent to receive a ballot. All ballots received thereafter will not be tabulated in determining whether the Plan has been accepted or rejected.

Ballots must be submitted to the Voting Agent by the Voting Deadline by either hand-delivery, U.S. Mail or other delivery service. Ballots may not be submitted to the Voting Agent by facsimile or email, and any ballots submitted by facsimile or email will not be considered.

Either a claimant or his or her attorney or may sign a ballot. If an attorney signs a ballot for a client, that signature shall constitute a declaration under penalty of perjury that, as to any fact that is not within the attorney's personal knowledge, the attorney's file concerning the client contains reliable information that the fact stated is true and correct and that the attorney is authorized to sign the client's ballot.

A ballot must be by or on behalf of one claimant. Neither master ballots nor class ballots will be counted.

(c) Class Acceptance Requirement.

Chapter 11 of the Bankruptcy Code does not require that each holder of a Claim or Interest vote in favor of the Plan for it to be confirmed by the Bankruptcy Court. Instead, the Bankruptcy Code defines acceptance of the Plan by a Class of Claims as acceptance by holders of at least two-thirds in amount and more than one half in number of the Allowed Claims of that Class actually voting on the Plan, excluding any holders of Claims designated pursuant to section 1126(e) of the Bankruptcy Code. Acceptance by a Class of Interests is defined as acceptance by holders of at least two-thirds in amount of the Allowed Interests of that Class actually voting on the Plan, excluding any holders of Interests designated pursuant to section 1126(e) of the Bankruptcy Code. Section 1126(e) provides that a vote may be disregarded if the Bankruptcy Court determines, after notice and a hearing, that an entity's acceptance or rejection of the plan was not in good faith, or was not solicited or procured in good faith, or in accordance with the provisions of the Bankruptcy Code.

(d) Acceptance Pursuant to Section 524(g) of the Bankruptcy Code.

The Plan Proponents believe that the circumstances of these Reorganization Cases support the grant of relief under Bankruptcy Code section 524(g). However, the Plan may be confirmed even if relief pursuant to Bankruptcy Code section 524(g) is not granted.

In accordance with section 524(g)(2)(B)(ii)(IV)(bb) of the Bankruptcy Code, supplementary injunctions may be issued if, among other things, holders of at least 75 percent of Asbestos Related Claims actually voting on the Plan vote in favor of the Plan.

5.2 Confirmation Hearing.

Section 1128(a) of the Bankruptcy Code requires the Bankruptcy Court, after notice, to hold a hearing on confirmation of a plan of reorganization. The hearing on confirmation of the Plan is scheduled for July 14, 2005 at 10:00 a.m. before the Honorable Sheri Bluebond, United States Bankruptcy Judge for the Central District of California, at 255 E. Temple St., Courtroom 1475, Los Angeles, California 90012. The Confirmation Hearing may be adjourned from time to time by the Bankruptcy Court without further notice except for an announcement of the adjourned date made at the Confirmation Hearing or any subsequent adjourned Confirmation Hearing.

Section 1128(b) of the Bankruptcy Code provides that any party in interest may object to confirmation of a plan of reorganization. Any objection to confirmation of the Plan must be in writing, must conform to the Bankruptcy Rules, must set forth the name of the objecting party, the nature and amount of Claims or Interests held or asserted by the objecting party against a Debtor or property, the basis for the objection and the specific grounds therefor, and must be filed with the Bankruptcy Court, together with proof of service thereof, and served upon (i) Rutter Hobbs & Davidoff Incorporated, 1901 Avenue of the Stars, Suite 1700, Los Angeles, CA 90067; Attn: Jeanne C. Wanlass, Esq.; (ii) Morgan Lewis & Bockius LLP, 300 South Grand Avenue, Los Angeles, California 90071-3132, Attn. Michel Y. Horton, Esq.; (iii) Sheppard, Mullin, Richter & Hampton, 4 Embarcadero Center, Suite 1700, San Francisco, CA 94111-2519, Attention: Michael H. Ahrens, Esq.; (iv) Fergus, a law firm, 595 Market Street, Suite 2430, San Francisco, CA 94105, Attn: Gary S. Fergus, Esq.; and (v) Office of the United States Trustee, 725 South Figueroa Street, 26th Floor, Los Angeles, CA 90017; so as to be received no later than the date and time for service of objections, as designated in the notice of the Confirmation Hearing.

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5.3 Requirements for Confirmation.

(a) Consensual Confirmation under Section 1129(a) of the Bankruptcy Code.

At the Confirmation Hearing, the Bankruptcy Court will determine whether the requirements of Section 1129(a) of the Bankruptcy Code have been satisfied, in which event the Bankruptcy Court will issue and the District Court will affirm the Confirmation Order. Such requirements include, among others, that:

(i) the Plan complies with applicable provisions of the Bankruptcy Code;

(ii) the Debtors have complied with applicable provisions of the Bankruptcy Code;

(iii) the Plan has been proposed in good faith and not by any means forbidden by law;

(iv) any payment made or promised by the Debtors to any Person for services, costs or expenses in or in connection with the Reorganization Cases or the Plan has been approved by or is subject to approval by the Bankruptcy Court as reasonable;

(v) the Debtors have disclosed the identity and affiliations of any individual proposed to serve as a director or an officer of the Debtors after Confirmation of the Plan, and the appointment to, or continuance in, such office by such individual is consistent with the interests of the holders of Claims and Interests and with public policy;

(vi) the Plan is in the best interests of the holders of Claims and Interests; that is, each holder of an Allowed Claim or Allowed Interest either has accepted the Plan or will receive or retain on account of its Claim or Interest property of a value, as of the Effective Date, that is not less than the amount that such holder would receive or retain if the Debtors were liquidated under Chapter 7 of the Bankruptcy Code on the Effective Date;

(vii) each Class of Claims or Interests either has accepted the Plan or is not impaired under the Plan;

(viii) except to the extent that the holder of a particular Claim has agreed to a different treatment of such Claim, the Plan provides that Administrative Expenses will be paid in full on the Effective Date and that Priority Tax Claims either will be paid in full on the Effective

Date or will receive on account of such Claims deferred cash payments, over a period not exceeding six years after the date of assessment of such Claims, of a value, as of the Effective Date, equal to the Allowed Amount of such Claims;

(ix) at least one impaired Class of Claims has accepted the Plan, without regard to the votes of any insiders;

(x) the Plan is feasible; that is, Confirmation is not likely to be followed by the need for liquidation or further reorganization of the Debtor;

(xi) all fees payable under Section 1930 of title 28 of the United States Code have been paid on or prior to the Effective Date; and

(xii) the Plan provides for the continuation after the Effective Date of payment of all retiree benefits, as that term is defined in section 1114 of the Bankruptcy Code, without modification by the Plan, thereby complying with section 1114 of the Bankruptcy Code.

The Plan is the product of extensive arms-length negotiations and has been proposed in good faith. The Plan Proponents believe that the Plan satisfies all applicable requirements of section 1129(a) of the Bankruptcy Code. A discussion of the reasons the Plan Proponents believe the Plan satisfies certain of such requirements is set forth below, and the satisfaction of the remaining requirements of section 1129(a) of the Bankruptcy Code is, in the Plan Proponents' belief, self-explanatory and will be set out in the Plan Proponents' memorandum of points and authorities filed in support of Confirmation of the Plan.

(1) Best Interests Test.

Under the best interests test, the Plan may be confirmed if, with respect to each impaired Class of Claims or Interests, each holder of an allowed Claim or allowed Interest in such Class either (A) has accepted the Plan or (B) will receive or retain under the Plan, on account of its Claim or Interest, property of a value, as of the Effective Date, that is not less than the amount such holder would receive or retain if the Debtors were liquidated under Chapter 7 of the Bankruptcy Code.

To determine what the holders in each Class of Claims or Interests would receive if the Debtors were to be liquidated, the Bankruptcy Court must estimate the dollar amount that would

be generated from the liquidation of the Debtors' assets and properties in the context of a Chapter 7 liquidation case. The cash amount that would be available for satisfaction of the allowed Claims and allowed Interests of the Debtors would consist of the proceeds resulting from the disposition of the assets of the Debtors (including recovery of any voidable transfers net of litigation costs), augmented by the cash held by the Debtors at the time of the commencement of the Chapter 7 case. Such cash amount would be reduced by the costs and expenses of the liquidation and by any additional Administrative Claims and Priority Claims that would result from the termination of the Debtors' business and the use of a Chapter 7 proceeding for the purposes of liquidation.

Since the holders of all Claims, other than Asbestos Related Claims, will be paid in full on Plan Confirmation or paid as required by their agreement, or after an order allowing such Claim, by definition, the holders of such Claims will not receive less under the Plan than they would receive in a Chapter 7 liquidation.

As to Asbestos Related Claims, the non-insurance assets of the Debtors are but a small fragment of the amount of funds under just the Nationwide Settlement and the Federal Settlement, let alone in comparison to their other likely insurance coverage.

The Debtors believe that the distributions that would be made in a Chapter 7 case would be substantially smaller than the distributions contemplated by the Plan for two reasons. The key factor is that, in a Chapter 7 case, the Nationwide Parties, the Federal Parties and any other Settling Asbestos Insurance Companies would not get the benefit of the section 524(g) and/or § 105 injunctions or a plan provision, binding on the Trust, waiving claims against Federal, which would, at this point, result in the forfeiture of a $500,000 payment from Nationwide and no settlement with Federal. Moreover, with the Trust funded as contemplated by the Plan, the Trustees will be in a position to pursue Asbestos Insurance Actions against carriers that have not settled.

The Plan Proponents therefore believe that the Plan is in the best interests of all holders of Claims and Interests.

(2) Feasibility of the Plan.

For the Plan to be confirmed, the Bankruptcy Court also must determine that the Plan is feasible – that is, that the need for further reorganization or a subsequent liquidation of the Debtors is not likely to result following Confirmation of the Plan.

Under the Plan, Holdings and Technologies will be discharged from Claims, and the Debtors will receive an injunction against further prosecution of Claims against them, including Asbestos Related Claims, and their operations will otherwise continue after Confirmation of the Plan undisturbed by the Reorganization Cases. The only operations of Dissolved Thorpe after the Effective Date shall be to continue to prosecute the Asbestos Insurance Actions, as requested by the Trust, and the expenses for which shall be paid for by the Trust. The operations of Thorpe after the Effective Date shall be to continue to prosecute the Asbestos Insurance Actions as requested by the Trust, and to assist the Trust as requested in carrying out its duties, the expenses for which shall be paid for by the Trust. The costs and expenses for post-Effective Date Operations of Holdings shall be paid for by Technologies. Technologies shall after the Effective Date continue in operation of its current business. Technologies' ongoing obligations under the Plan are: (i) to convey to the Trust any Insurance Action Recoveries for Asbestos Related Claims as set forth in the Plan; (ii) to permit the Class 3(b) Claimant to proceed against Technologies' insurance policies; (iii) the payment of trade claims incurred in the ordinary course of business, which are paid as they become due; (iv) payment of the $900,000 note to Global, or the assignee thereof, over thirty six months in the event that the Court does not approve the APA to Global as set forth in Section 3.3 hereof; and (v) the obligations of Technologies and Holdings to pay the Holdings Note of $500,000 promissory note to the Trust at the rate of $100,000 per annum together with interest at the prime rate from time to time. Attached hereto as Exhibit 10 are projections of Technologies establishing that in the event that the Court does not approve the APA, Technologies should be able to pay the Global note as well as the Holdings Note.

The Debtors therefore believe that the Plan is feasible.

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(b) Nonconsensual Confirmation under Section 1129(b) of the Bankruptcy Code.

Although Section 1129(a)(8) of the Bankruptcy Code requires that a plan of reorganization be accepted by each class that is impaired by such plan, Section 1129(b) of the Bankruptcy Code provides that the Bankruptcy Court may still confirm the Plan at the request of the Debtors if all the requirements of Section 1129(a) other than Section 1129(a)(8) are met and if, with respect to each Class of Claims or Interests that is impaired under the Plan and has not voted to accept the Plan, the Plan "does not discriminate unfairly" and is "fair and equitable." A plan confirmed on the basis of this provision is commonly referred to as a "cramdown" plan. A cramdown plan is only available pursuant to Section 1129(a)(10) of the Bankruptcy Code if at least one impaired class of claims accepts the plan.

In this case, the Debtors will not attempt to "cramdown" the Plan if it is not accepted by Class 4. The Debtors believe that there are no holders of Class 5-B Interests, and therefore, the Debtors will not attempt to obtain acceptances of the Plan from this Class and will "cramdown" the Plan with regard to this Class. The Debtors are certain that the holders of Class 5-D Interests will accept the Plan. Thus, further discussion of the cramdown requirements are not necessary.

(c) Injunctions.

Section 524(g) of the Bankruptcy Code authorizes the Bankruptcy Court to enjoin Entities from taking action to collect, recover or receive payment or recovery with respect to any Claim or Demand that is to be paid in whole or in part by a trust created by a plan of reorganization that satisfies the requirements of the Code. The injunction may also bar any action based on such Claims or Demands against the Debtors that is directed at third parties.

To obtain the injunction, a trust must be established that (i) assumes the Debtors' Asbestos Related Claims, (ii) is funded in whole or in part by securities of one or more of the Debtors and with an obligation by such Debtors to make future payments, (iii) owns, or is entitled to own if specific contingencies occur, a majority of the voting shares of each Debtor or the parent corporation of each Debtor, and (iv) uses its assets or income to satisfy claims and demands.

As a requirement before issuing an injunction under section 524(g) of the Bankruptcy Code, the Bankruptcy Court must determine that (i) the Debtors are likely to be subject to

substantial Demands for payment arising out of the same or similar conduct or events that gave rise to the Asbestos Related Claims that are addressed by the injunction, (ii) the actual amounts, numbers and timing of such Demands cannot be determined, (iii) pursuit of such Demands outside the procedures prescribed by the Plan is likely to threaten the Plan's purpose to deal equitably with Claims and Demands, and (iv) the Trust will operate through mechanisms such as structural, periodic or supplemental payments, pro rata distributions, matrices or periodic reviews of estimates of the numbers and values of Claims and Demands, or other comparable mechanisms that provide reasonable assurance that the Trust will value, and be in a financial position to pay, Claims and Demands that involve similar Claims in substantially the same manner.

The Bankruptcy Court must also insure that the terms of any proposed section 524(g) injunction are set forth in the Plan and Disclosure Statement and that 75 percent of the Asbestos Related Claimants actually voting vote to approve the Plan. Moreover, the injunction will be valid and enforceable as to future claimants only if a legal representative is appointed to protect their rights in the proceedings and if the court determines that applying the injunction to future claimants in favor of the beneficiaries of the injunction would be fair and equitable with respect to the Persons that might subsequently assert such Demands, in light of the benefits provided, or to be provided, to the trust on behalf of the Debtors or a beneficiary of the third-party injunction.

The order confirming the Plan must be issued or affirmed by the United States District Court for the Central District of California, which has jurisdiction over the Reorganization Cases. After expiration of the time for appeal of the order, the injunction will become valid and enforceable.

The Debtors believe that they will be able to satisfy the requirements of section 524(g) of the Bankruptcy Code, so long as the requisite number of Asbestos Related Claimants vote in favor of the Plan.

Under the jurisdictional scheme applicable to bankruptcy courts, jurisdiction over bankruptcy cases and proceedings arising under the Bankruptcy Code or arising in or related to bankruptcy cases is vested in the United States District Courts. However, the District Courts may

refer them to the bankruptcy judges of the district. In most districts, the District Court has entered a standing order referring all such matters to the bankruptcy judges.

In the Central District of California, the District Court has a standing order referring all bankruptcy cases to the Bankruptcy Court. Because section 524(g) requires, however, that any confirmation order containing a supplemental injunction must be issued or affirmed by the District Court, the bankruptcy judge can conduct the Confirmation Hearing and enter the Confirmation Order, but the section 524(g) injunctions will not be enforceable until the Confirmation Order is affirmed by a district judge.

Section 105(a) of the Bankruptcy Code provides that the court may issue any order, process or judgment necessary or appropriate to carry out provisions of the Bankruptcy Code. The Injunctions will issue under section 105(a) as supplemental and additional to the court's power under section 524(g).

5.4 Conditions to Confirmation and Conditions for Effective Date.

(a) Conditions to Confirmation.

Subject to the fact that any of the following conditions may be waived, in writing, by all of the Plan Proponents, Confirmation of the Plan shall not occur unless:

(1) the Bankruptcy Court shall make such findings, determinations and orders, among others, in substantially the following form:

(i) the Channeling Injunction, the Supplemental Injunction and the Asbestos Insurance Company Injunction are to be implemented in connection with the Trust;

(ii) as of the Thorpe Petition Date, Thorpe had been named as a defendant in personal injury or wrongful death actions seeking recovery for damages allegedly caused by the presence of, or exposure to, asbestos or asbestos-containing products or operations and as of the Other Debtors Petition Date, each of Dissolved Thorpe, Technologies and Holdings had been named as a defendant in personal injury or wrongful death actions seeking recovery for damages allegedly caused by the presence of, or exposure to, asbestos or asbestos-containing products or operations;

(iii) the Trust shall be funded by whole or in part by the securities of one or more of the Debtors and the obligation of one or more of such Debtors to make future payments;

(iv) the Trust, upon the Effective Date, shall assume the liabilities of each of the Debtors with respect to Asbestos Related Claims;

(v) the Trust, on the Effective Date, will own all of the voting shares of Dissolved Thorpe and, upon the occurrence of specified contingencies, shall be entitled to own 51 percent of the shares of Holdings;

(vi) the Trust is to use its assets and income to pay Asbestos Related Claims and to perform any and all other Trust duties and obligations as set forth in the Plan and in the Trust Agreement;

(vii) each of the Debtors is likely to be subject to substantial future Demands for payment arising out of the same or similar conduct or events that gave rise to the Asbestos Related Claims, which are addressed by the Injunctions;

(viii) the actual amounts, numbers and timing of future Demands cannot be determined;

(ix) pursuit of Demands outside the procedures prescribed by the Plan is likely to threaten the Plan's purpose to deal equitably with Claims and future Demands;

(x) the terms of the Injunctions, including any provisions barring actions against third parties, are set out in the Plan and in the Disclosure Statement;

(xi) pursuant to court orders or otherwise, the Trust shall operate through mechanisms such as structured, periodic or supplemental payments, pro rata distributions, matrices or periodic review of estimates of the numbers and values of Asbestos Related Claims and Demands or other comparable mechanisms, that provide reasonable assurance that the Trust shall value, and be in a financial position to pay, Asbestos Related Claims and Demands that involve similar Asbestos Related Claims and Demands in substantially the same manner;

(xii) the Futures Representative was appointed by the Bankruptcy Court as part of the proceedings leading to the issuance of the Injunctions for the purpose of protecting

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the rights of persons who might assert Demands of the kind described as Asbestos Related Claims, which are to be paid by the Trust subsequent to Confirmation of the Plan and which are addressed in the Injunctions;

(xiii) in light of the benefits provided, or to be provided, to the Trust on behalf of each Released Party, the Channeling Injunction is fair and equitable with respect to the persons who might subsequently assert Demands against any Released Party;

(xiv) in light of the benefits provided, or to be provided, to the Trust on behalf of each Settling Asbestos Insurance Company, the Supplemental Injunction is fair and equitable with respect to the persons who might subsequently assert Demands against any Settling Asbestos Insurance Company;

(xv) in relation to the grant of the Injunctions, there are appropriately unusual circumstances relevant to the Bankruptcy Court's exercise of power under Bankruptcy Code section 105(a), namely, (i) there is an identity of interests between the Debtors and the Settling Asbestos Insurance Companies, such that any suit against the latter is, in essence, a suit against the Debtors or could deplete the assets of the Estate; (ii) the Settling Asbestos Insurance Companies have contributed substantial assets to the reorganization; (iii) the release of, and injunction in respect of, the Settling Asbestos Insurance Companies are essential to reorganization, namely, the reorganization hinges on the Debtors being free from indirect suits against the Settling Asbestos Insurance Companies (who would not otherwise have made the contributions made to the Trust and, thus, the Estate); (iv) the impacted Asbestos Related Claimants have voted by a requisite majority to accept the Plan; and (v) the Plan provides an opportunity for those Asbestos Related Claimants who choose to submit to non-binding arbitration after rejecting the Trust's proposed liquidation of their Claims and then choose to resort to the tort system to liquidate their Claims after not being satisfied by the arbitrator's award, with the liquidated amount provided by the tort system to be paid to the extent, in the manner and subject to the caps and collars provided for in the TDP or, alternatively, choose to accept a reduced partial payment from the Trust and liquidate their Claims through the tort system to be paid to the extent, in the manner and subject to the caps and collars provided for in the TDP;

(xvi) The Confirmation Order shall contain a release of the Nationwide Parties and the Federal Parties as set forth in the Plan ; and

(xvii) the Plan otherwise complies with section 524(g) of the Bankruptcy Code; or

(2) the Bankruptcy Court shall issue a Confirmation Order which contains:

(i) a Channeling Injunction, a Supplemental Injunction and an Asbestos Insurance Company Injunction pursuant to Bankruptcy Code section 524(g) in favor of the Federal Parties substantially in the same terms as Section 9.3 of the Plan; or

(ii) a Channeling Injunction, a Supplemental Injunction and an Asbestos Insurance Company Injunction pursuant to Bankruptcy Code section 105 in favor of the Federal Parties substantially in the same terms as Section 9.3 of the Plan; or

(iii) a provision that the Debtors' waiver (which waiver shall be executed by the Debtors) of all contractual, extra contractual and other claims that they may have against the Federal Parties, which waiver shall include a waiver of all claims to be released in accordance with the Federal Settlement, is binding upon the Trust.

(b) Conditions to Effectiveness.

Notwithstanding any other provision of the Plan or the Confirmation Order, the Effective Date of the Plan shall not occur unless and until each of the following conditions has been satisfied or, with respect to subsections (1), (2) and (4) below, waived, in writing, by each of the Plan Proponents.

(1) Confirmation Order.

The Confirmation Order shall have been issued or affirmed by the District Court, and the Confirmation Order is not stayed pending appeal.

(2) Plan Documents.

The Plan Documents necessary or appropriate to implement the Plan shall have been executed, delivered and, where applicable, filed with the appropriate Governmental Unit.

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(3) United States Trustee's Fees.

The fees of the United States Trustee then owing by the Debtors shall have been paid in full.

(4) Qualified Settlement Fund.

The Debtors shall have obtained an opinion of counsel that the Trust will be a "qualified settlement fund" within the meaning of the Treasury Regulations issued pursuant to section 468(B) of the IRC, deemed satisfactory to each of the Plan Proponents.

5.5 Effect of Confirmation.

Upon the Bankruptcy Court's entry of the Confirmation Order (and the affirmation thereof by the District Court as required by section 524(g) of the Bankruptcy Code, but, only to the extent that the Bankruptcy Court grants relief pursuant to section 524(g)), and assuming the Effective Date occurs, the Plan will be binding upon the Debtors, all holders of Claims and Interests and all other parties in interest, regardless of whether they have accepted the Plan.

5.6 Post-Confirmation Management

Following confirmation, John Allen and Thomas Carpenter will continue as the directors and officers of Thorpe, Technologies and Holdings. John Allen will continue as a director of Dissolved Thorpe.

John Allen received his AB, BE and MBA degrees from Dartmouth College. He is a Registered Professional Engineer and holds a California General Engineering Contracting License. He has been associated with the Debtors since 1970 and has worked as a Project Manager, Sales Engineer, and Vice President of Dissolved Thorpe as well as President of Technologies and Chief Executive Officer and Chairman of the Board of Holdings. Mr. Allen also owns a 51% interest in Holdings.

Thomas Carpenter received his BA from Brigham Young University. He is currently employed by Technologies as its Controller, Treasurer and serves as its Secretary/Treasurer. He previously was employed by the State of California Board of Equalization as a Sales Tax Auditor, by Diehl Evans as a Senior Auditor, by Cummins Diesel Engines as an Internal Auditor and by Trust Joist as Controller. Mr. Carpenter owns a 22% interest in Holdings.

5.7 Closing And Reopening Of Reorganization Cases.

The Reorganization Cases may be closed notwithstanding the continuing reservation of jurisdiction over certain issues arising under the Trust. Upon closure of the Reorganization Cases, all quarterly and annual reports that are to be filed with the Bankruptcy Court under the terms of the Trust Agreement shall instead be filed with the Office of the United States Trustee.

SECTION 6.

TRUST AND ASBESTOS RELATED CLAIMS RESOLUTION MATTERS

THE FOLLOWING IS A SUMMARY OF CERTAIN SIGNIFICANT FEATURES OF THE TRUST. THIS SUMMARY IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE COMPLETE TEXT OF THE TRUST DOCUMENTS AND THE PLAN.

6.1 Establishment and Purpose of the Trust.

On the Effective Date, the Trust shall be established in accordance with the Plan Documents. Prior to the Effective Date, the Trustees shall decide on the principal office and the jurisdiction of organization for the Trust. The Trust shall be a "qualified settlement fund" within the meaning of the Treasury Regulations issued pursuant to section 468B of the IRC. The purpose of the Trust shall be, among other things, to (a) liquidate, resolve, pay, and satisfy all Asbestos Related Claims in accordance with the Plan, the TDP and the Confirmation Order; (b) preserve, hold, manage and maximize the Trust Assets for use in paying and satisfying Allowed Asbestos Related Claims; (c) prosecute, settle and manage the disposition of the Asbestos In-Place Insurance Coverage; and (d) prosecute, settle and manage Asbestos Insurance Actions. The TDP shall provide for the liquidation and payment or the outright rejection or denial of Asbestos Related Claims in accordance with the terms of the Plan Documents.

Asbestos Insurance Claimants claim to have direct claims as to some of the Debtors or derivative claims as to others of the Debtors. A single Trust will minimize the expenses of Trust administration and make certain that similarly situated Asbestos Related Claimants will be treated in a substantially similar manner. The single Trust structure has been used in other confirmed and

court approved asbestos related bankruptcies. The Plan Proponents believe that a single Trust is in the best interests of present and future Asbestos Related Claimants.

6.2 Receipt of Trust Assets.

On the Effective Date, all Trust Assets shall be transferred to, vested in and assumed by the Trust; provided, however, that to the extent that certain Trust Assets, because of their nature or because they will accrue subsequent to the Effective Date, cannot be transferred to, vested in and assumed by the Trust on the Effective Date, such Trust Assets shall be transferred to, vested in and assumed by the Trust as soon as practicable after the Effective Date.

6.3 Discharge of Liabilities to Holders of Asbestos Related Claims.

Except as provided in the Plan Documents and Confirmation Order, the transfer to, vesting in, and assumption by the Trust of the Trust Assets as contemplated by the Plan, among other things, shall discharge Holdings and Technologies, enjoin further proceedings against the Debtors and release the Released Parties other than the Debtors from and in respect of all Asbestos Related Claims. The Trust shall assume the Debtors' liabilities for all Asbestos Related Claims.

6.4 Excess Trust Assets.

To the extent there are any Trust Assets remaining after the payment, in full, of all Allowed Asbestos Related Claims and the payment, in full, of all Trust Expenses, such excess Trust Assets shall be transferred, in accordance with Section 7.2(b) of the Trust Agreement, to such charitable purposes as the Trustees, in their reasonable discretion, shall determine; provided, however, that such charitable purposes, if practicable, shall be related to the treatment of, research regarding or contributions to another trust responsible for the payment of claims related to asbestos-caused disorders.

6.5 Trust Expenses.

The Trust shall pay all Trust Expenses and Professional Fees from the Trust Assets. None of the Released Parties shall have any obligation to pay any Trust Expenses or Professional Fees.

6.6 Selection of the Initial Trustees.

The three initial Trustees of the Trust shall be selected by the Committee and the Futures Representative (with the Futures Representative at all times having veto power with respect to any

proposed initial Trustee) on or before the Effective Date. If the Committee and the Futures Representative cannot agree on the three initial Trustees of the Trust, the Bankruptcy Court shall resolve any dispute. All successor Trustees shall be appointed in accordance with the terms of the Trust Agreement.

6.7 The Futures Representative.

The Futures Representative shall serve as the Futures Representative pursuant to Article 5 of the Trust Agreement, on and after the Effective Date, and shall have the functions and rights provided in the Trust Documents. Prior to the Effective Date, the Futures Representative shall have the functions, rights and obligations asset forth in the Bankruptcy Code.

6.8 Trust Advisory Committee.

The five-member TAC shall have the functions and rights provided in the Trust Documents. On or before the Confirmation Date, the TAC shall be selected by the Committee and appointed to serve from and after the Effective Date pursuant to the terms of the Plan Documents and the Confirmation Order.

6.9 Trust Obligations to Assist Defense of the Injunctions.

The Trust and, to the extent necessary for the Trust to act, the Trustees, shall cooperate as set forth in the Plan with and assist any Released Party, at the request of any such Released Party, to resist and oppose any Entity claiming a right against any Released Party in violation of any of the Injunctions.

6.10 Assumption of Liabilities by the Trust.

Pursuant to Section 1.4 of the Trust Agreement, on the Effective Date, the Trustees on behalf of the Trust will expressly assume all liability arising from or related to Asbestos Related Claims and all other obligations owed by the Debtors or their respective successors under applicable law or under any agreement related to any Asbestos Related Claim.

6.11 Indemnification of the Debtors by the Trust.

Each Debtor, its successors in interest and its Affiliates shall be entitled to indemnification from the Trust for any expenses, costs and fees (including attorneys' fees and costs but excluding any such expenses, costs and fees incurred prior to that Debtor's respective Petition Date),

judgments, settlements or other liabilities arising from or incurred in connection with any action related to an Asbestos Related Claim, including, but not limited to, indemnification or contribution for Asbestos Related Claims prosecuted against the Debtor.

6.12 Assignment of Direct Actions to the Trust.

Each holder of an Asbestos Related Claim shall be deemed to have assigned to the Trust, to the extent possible without diminishing or impairing any part of such Direct Actions, and the Trust shall be deemed such holder's sole attorney in fact, as may be appropriate, to prosecute, at the Trust's sole discretion, any Direct Action, other than against a Released Party. If any part of a Direct Action cannot be assigned to the Trust without diminishing or impairing rights against insurers, the holder of such a Direct Action will retain whatever rights are necessary to preserve Direct Actions against an insurer that is not a Settling Asbestos Insurance Company and agrees to cooperate with the Trust as such holder's sole attorney in fact to prosecute in the Trust's sole discretion, any Direct Action, other than against a Released Party. In the event that the Trust prosecutes a Direct Action as attorney in fact on behalf of a holder of an Asbestos Related Claim, any proceeds of such Direct Action will be assigned to the Trust. The Trust may reassign such Direct Action or the proceeds of such Direct Action, other than any Direct Action against a Released Party, to such holder at any time so long as (a) the Trustees, with the consent of the Futures Representative, determine in their reasonable discretion that reassignment of such Direct Action or proceeds provides a substantial benefit to the Trust as a whole, and not merely a benefit to the holder of the Asbestos Related Claim, (b) the retention of all or part of the benefit by the holder of the Asbestos Related Claim of any settlement or judgment arising from the Direct Action is subsequently approved by the Bankruptcy Court as reasonable and appropriate in light of all of the circumstances, including the benefit actually received by the Trust as a result of the activities of the holder of the Asbestos Related Claim in the Direct Action, and (c) the Trust retains any residual benefits from such Direct Action.

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6.13 Distributions pursuant to the TDP.

(a) Trust Goals.

The goal of the Trust is to pay all claimants the same percentage of their liquidated Asbestos Related Claims, whether the Asbestos Related Claims were liquidated before the Effective Date or will be liquidated after the Effective Date. The TDP, attached to the Plan as Exhibit 4, furthers that goal by setting forth procedures for processing and paying claims generally on an impartial, first-in-first-out ("FIFO") basis, with the intention of paying all claimants over time as equivalent a share as possible of the value of their claims based on historical values for substantially similar claims in the tort system. To this end, the TDP establishes for unliquidated claims in the Case Valuation Matrix (the "Matrix"), attached to the Plan as Exhibit 5 a schedule of five asbestos-related diseases (the "Compensable Diseases"), which have presumptive medical and exposure requirements (the "Medical/Exposure Criteria"), criteria for establishing liquidated values (the "Matrix Values"), anticipated average values (the "Average Values"), and caps on liquidated values ("Maximum Values"). The Compensable Diseases, Medical/Exposure Criteria, Matrix Values, Average Values and Maximum Values, which are set forth in the Matrix, have all been selected and derived with the intention of achieving a fair allocation of the Trust funds as among claimants suffering from different disease processes in light of the best available information, considering the settlement history of the Debtors and the rights claimants would have in the tort system absent the bankruptcy.

These disease criteria have been used in another confirmed and court approved asbestos related bankruptcy. *In re Western Asbestos, 2004 WL 1944792 (N.D.Cal.).* They generally reflect the disease categories and criteria that exist in the tort system as asbestos cases that have been settled and tried in California. Because the asbestos victims have direct claims against some of the debtors and derivative claims against other debtors arising from the same exposure, using the same disease criteria and values for all claimants assures more evenhanded treatment among claimants past and future. The tort system results do not reflect material differences between direct and derivative claims for the same exposures. There is some historical data for settlements with Thorpe. Dr. Peterson has used that data in his estimation of aggregate liability. (See Section 7.2

below). Because the historical settlement data does not reflect current settlement values, these values had to be adjusted by Plan Proponents based upon current trends in settlements for refractory defendants. Thorpe filed for Bankruptcy in 2002 and the only settlements that exist pre-date the filing. The pre-filing settlements were adjusted by settlement values and trends for other defendants that occurred in 2002 and thereafter.

The Plan Proponents reserve the right to change the terms of the TDP and the Matrix at anytime prior to the conclusion of the Confirmation Hearing. In connection with the Confirmation Hearing, to the extent there are any modifications, the Plan Proponents will file with the Court the modified TDP and/or modified Matrix and will request that the Court approve such documents as part of the plan confirmation process. A copy of the current version of the TDP is attached as Exhibit 4 to the Plan. The Trust Agreement is attached as Exhibit 2 to the Plan. A copy of the current version of the Matrix is attached to the Plan as Exhibit 5. In addition to the TDP and Matrix, the Plan Proponents reserve a similar right with respect to each of the Plan Documents.

The Matrix was designed to yield average values for current and future cases that matched the historical averages for a given disease in the jurisdictions in which the Debtors historically had been sued. The TDP also provides mechanisms for the treatment and payment of Pre-Confirmation Liquidated Claims (defined in Section 4.7 above). Claims that have not been liquidated pursuant to the Pre-Confirmation Claims Process will be valued in accordance with the Matrix Values of the TDP. The Average Values contained in the matrices of the TDP range in value from $150,000 to $3,000. All claims must be liquidated before they can be paid. The Plan contemplates payments to holders of Pre-Confirmation Liquidated Claims shortly after the Effective Date. Unliquidated Claims cannot be paid until after the Trust established by the Plan has determined a liquidated value for those claims. Some of the Insurers assert that the TDP may violate the insurers' contractual right to investigate claims and participate in or control the defense of claims, and, as a result, these insurers assert that the Insurers may have no obligation to pay claims that are liquidated pursuant to the TDP.

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(b) Trust Claim Liquidation Procedures.

Claims not liquidated prior to the Effective Date cannot be paid until after the Trust established by the Plan has determined a liquidated value for those claims. A Trust claim form will be created with the consent of the TAC and Futures Representative. Section VI of the TDP outlines the process by which the Trust claim form materials will be created and establishes minimum requirements for the claim form to ensure conformity with the manner and requirements used to liquidate Pre-Confirmation Liquidated Claims. The Trust claim form will require certain information including: the information contained in standard interrogatory answers to establish personal data, smoking history and occupational history; medical reports and/or death certificates to establish diagnosis of the asbestos related disease; economic reports to establish the level of wage and pension loss; medical bills; the face page of the complaint or equivalent proof of commencement of litigation; and social security records to verify work history. All claimants the Trust is aware of as of the Effective Date who allege that they have an Asbestos Related Claim or Demand against the Debtors will be sent such a claim form by the Trust and will be invited to complete the claim form and submit it to the Trust.

The Trust will order all submitted unliquidated Trust claims for processing purposes on a first-in-first-out (i.e., FIFO) basis except as otherwise provided in the TDP (the "FIFO Processing Queue"). For all claims filed on or before the date six months after the Effective Date (the "Initial Claims Filing Date"), a claimant's position in the FIFO Processing Queue shall be determined as of the earlier of: (i) the date prior to the Thorpe Petition Date that the specific claim was either served or filed against Thorpe in a court in which Thorpe could properly have been sued; (ii) the date prior to the Thorpe Petition Date that a claim was filed or served against another defendant in the tort system if at the time the claim was subject to a tolling agreement with Thorpe; (iii) the date after the Thorpe Petition Date but before the Effective Date that the claim was filed or served against another defendant in a court in which Thorpe could properly have been sued; or (iv) the date after the Effective Date but on or before the Initial Claims Filing Date that the claim was filed with the Trust. Following the Initial Claims Filing Date, the claimant's position in the FIFO Processing Queue shall be determined by the date the claim was served or filed with the Trust. For

all claims filed on the same date, the claimant's position in the FIFO Processing Queue shall be determined by the date of the diagnosis of the asbestos-related disease.

The information and documentation required to be provided in the Trust claim form will permit the Trust to determine whether a submitted claim meets the presumptive Medical/Exposure Criteria required under the Matrix. The Trust shall liquidate all claims submitted to the Trust that meet the presumptive Medical/Exposure Criteria in accordance with the Matrix, and shall reject all claims that do not meet such requirements, subject to the Trust's Individual Review Process described in the Matrix.

As set forth in the prior section of this Disclosure Statement, the Plan Proponents reserve the right to change the terms of the TDP and the Matrix at any time prior to the conclusion of the Confirmation Hearing. [See, Disclosure Statement, paragraph 6.13(a)] One of the changes that may be made to the Matrix by the Plan Proponents is to lessen the exposure criteria contained in the present draft of the Matrix attached to the Plan. Paragraph VII(d) of the Matrix sets forth the Minimum Exposure Criteria. The Plan Proponents may change the Exposure Criteria as follows: (a) an Injured Person filing a claim as a Mesothelioma case must establish that the Injured Person's asbestos exposure at approved Thorpe sites totals at least one month or at least 10% of the Injured Person's total asbestos exposure, as opposed to the three months requirement in the existing Matrix; and, (b) an Injured Person filing any other Compensable Disease category must establish that the Injured Person's asbestos exposure at approved Thorpe sites totals at least three months or at least 25% of the Injured Person's total asbestos exposure, as opposed to the one year requirement in the existing Matrix.

The Matrix is designed to produce an average allowed value for claims with each disease in each state that closely approximates the historic average values of claims against the Debtors of year 2002 (*i.e.*, the year Thorpe filed its bankruptcy petition), which Average Values are reported in the table below:

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Settlement Average by Disease	
Mesothelioma	$150,000
Lung Cancer	$40,000
Other Cancer	$25,000
Pleural Disease	$10,000
Asbestosis	$3,000

These Average Values are derived from Thorpe's actual settlements, primarily among settlements reached prior to 2002. Because the values of asbestos settlements have increased markedly generally among asbestos defendants since 2002, Thorpe's pre-2002 settlements have been adjusted to reflect this increase. Thorpe's historic averages were increased by the rate at which settlements among other refractory contractors increased from the period prior to the 2002 period. The resulting Average Values, which are reported on the table above, are the expected amounts that Thorpe would have paid on average in 2002 to settle the various asbestos disease claims.

Claimants who do not meet the presumptive Medical/Exposure Criteria for the relevant Compensable Disease can pursue the Trust's Individual Review Process described in the Matrix. If the Trust is satisfied that the claimant has presented a claim that would be cognizable, valid and compensable in the tort system, the Trust can offer the claimant an amount up to the Average Value as defined in the Matrix of that Compensable Disease, notwithstanding that the claim does not meet the presumptive Medical/Exposure Criteria for the relevant Compensable Disease.

All unresolved disputes over a claimant's medical condition, exposure history and/or the liquidated value of the claim shall be subject to binding or non-binding arbitration, at the election of the claimant, under the Arbitration Rules. Disputes with the Trust that cannot be resolved by non-binding arbitration may enter the tort system as provided in Section 5.10 and 7.3 of the TDP. However, if and when such a claimant obtains a judgment in the tort system, the judgment will be payable (subject to the Payment Percentage, Maximum Annual Payment and Claims Payment

Ratio provisions set forth below) as provided in Section 7.4 of the TDP. Similarly, a holder of an Asbestos Related Claim may pursue such claim in the tort system pursuant to Section 5.11 of the TDP without first having pursued non-binding arbitration, with such holder to be paid to the extent, in the manner and subject to the caps and collars provided for in the TDP.

(c) Trust Application of the Payment Percentage.

After the liquidated value of a Trust Claim is determined, the claimant will ultimately receive a pro-rata share of that value based on a Payment Percentage calculated as described in Section 4.2 of the TDP. The estimated Initial Payment Percentage is calculated taking into account the assets available to the Trust as a result of the Nationwide Settlement and the Federal Settlement less estimates for the cost of Trust administration, claims administration and contingencies as well as assumptions about interest rates and the rate of inflation, such that similar claims are treated in substantially the same manner. The Initial Payment Percentage will be set prior to the Confirmation Date by agreement between the Committee and the Futures Representative, and if no agreement is reached, by the Bankruptcy Court. Any determination by the Bankruptcy Court will be on a motion by the Committee, the Futures Representative or the Debtors, to be heard either before or concurrent with the Confirmation Hearing. The Payment Percentage may be adjusted upwards or downwards from time to time by the Trust with the consent of the TAC and the Futures Representative to reflect then current estimates of the Trust's assets and its liabilities, as well as the estimated value of then pending and future claims. The Payment Percentage will be reviewed in the first year of the Trust to ascertain whether the Initial Payment Percentage is still accurate. Thereafter, no less frequently than every three years, or sooner if requested by the TAC or the Futures Representative, the then current Payment Percentage will be reviewed to ascertain whether in light of current information any adjustment should be made. However, any adjustment to the Payment Percentage shall be made only pursuant to Section 4.2 of the TDP. If the Payment Percentage is increased over time, claimants who have previously been paid by the Trust will receive a proportional additional payment unless the Trust with consent of the TAC and the Futures Representative concludes that the amount is so modest and the administrative costs and burdens are so great in comparison to the benefits to

claimants that such additional payments shall be omitted or deferred. A claimant may only participate in such additional payments which have been approved pursuant to Section 4.2 of the TDP on or before the later of the following dates: (i) the fifteenth anniversary of the Trust's first payment to the claimant; or (ii) the tenth anniversary of the resolution of the Coverage Litigation. If it becomes relevant, the date of resolution of the Coverage Litigation will be determined by the Trust with the consent of the Futures Representative.

As set forth above, the Initial Payment Percentage will be determined at the time of the Confirmation Hearing either by agreement of the Committee and the Futures Representative or by a Court order if those parties cannot agree. An estimate at this time of the actual Initial Payment Percentage is difficult as it is not possible to know now the exact amount of assets available for distribution on the Effective Date of the Plan. Also, it is not possible now to calculate the total amount of asbestos related liabilities, an amount that eventually will be determined by the court after expert testimony. [See Section 7.2 of this Disclosure Statement]

At this time it is known that the remaining assets from the Federal Settlement and the Nationwide Settlement will be available for distribution. However, from these assets must be deducted further costs of administration as well as certain amounts needed to pay to the Debtors as part of the distribution under the Thorpe Business Loss Security. As set forth elsewhere in this Disclosure Statement, various other insurers have been sued. [See Section 2.3 of this Disclosure Statement] It is impossible to determine if further settlements will be entered prior to the Confirmation Hearing or the Effective Date of the Plan, which would increase amounts available for distribution. As the amounts available for distribution increase the Initial Payment Percentage should increase as more assets will be available for distribution on the Effective Date of the Plan.

At this time it is also unknown what the Court will determine as the total amount of asbestos related liabilities of the Debtors. It is possible that this number could be as high as $500 million. [See Section 7.2] However, it is not yet known what final number the Committee's expert, Dr. Peterson, will determine as his opinion of the final amount of the asbestos liabilities of the Debtors. Furthermore, it is not known if there will be any objection to that final determination of Dr. Peterson, and what amount the Court will determine is the number of such liabilities. As

the finding of the amount of the total asbestos liabilities increases, the Initial Payment Percentage should decrease to take into consideration a reserve for all claims.

While it is impossible to determine at this time the Initial Payment Percentage, under certain analysis it is possible that the Initial Payment Percentage will be only 1%. But, if certain things occur, as discussed herein, the Initial Payment Percentage could be significantly higher.

(d) Trust's Determination of the Maximum Annual Payment.

The Trust shall estimate or model the amount of cash flow anticipated to be necessary over its entire life to ensure that funds will be available to treat all present and future claimants as similarly as possible. In each year, the Trust will be empowered to pay out all of the interest earned during the year, together with a portion of its principal, calculated so that the application of Trust Assets over its life shall correspond with the needs created by the anticipated flow of claims (the "Maximum Annual Payment"). The Trust's distributions to claimants for that year shall not exceed the Maximum Annual Payment determined for that year; provided, however, that the Maximum Annual Payment limitation shall not apply to any Pre-Confirmation Liquidated Claims.

If the Maximum Annual Payment is not reached in a given year, the Trustees, with the consent of the Futures Representative and the TAC, may increase the amount paid to past, present and future claimants as described in Section 4.2 of the TDP.

The Maximum Annual Payment limitation provides a process to control the Trust's payments to claimants should the Trust be faced with unexpectedly high volumes of claim filings not consistent with the Debtors' claims history or the projection of future claims, so that the Trust can reexamine its claims forecast in an orderly fashion, avoiding a run on Trust assets. This limitation may impose a short term delay on some claims filed during any period of unanticipated increases in claims filings in order to assure that the Trust can adjust to such increases in an informed and orderly manner.

(e) Trust Claims Payment Ratio.

Based upon the Debtors' claim settlement history and analysis of present and future claims, a Claims Payment Ratio has been determined, relating to the category of disease claim against the Debtors (the "Disease Categories").

The Disease Category Claim Payment Ratio will be set prior to the Confirmation Date by the Committee and the Futures Representative at a certain percentage (the "Category A Percentage") for "Category A" claims, which consist of Trust Claims involving malignant claims that were unliquidated as of the Confirmation Date, and a certain percentage for "Category B" claims (the "Category B Percentage"), which are Trust Claims involving non-malignant claims that were similarly unliquidated as of the Confirmation Date. If the Committee and the Futures Representative cannot agree on such ratios, the matter will be decided by the Bankruptcy Judge. In each year, after the determination of the Maximum Annual Payment, the Category A Percentage of that amount will be available to pay liquidated Category A claims and the Category B Percentage will be available to pay liquidated Category B claims that have been liquidated since the Confirmation Date.

In the event there are insufficient funds in any year to pay the liquidated claims against the Debtors within either or both of the Disease Categories, the available funds within the particular Disease Category shall be paid to the maximum extent to claimants in the particular Disease Category based on their place in the FIFO Payment Queue. Claims for which there are insufficient funds will be carried to the next year where they will be placed at the head of the FIFO Payment Queue. If there are excess funds in either or both Disease Categories, because there was an insufficient amount of liquidated claims to exhaust the respective Maximum Annual Payment amount for that Disease Category, then the excess funds for either or both Disease Categories will be rolled over and remain dedicated to the respective Disease Category to which they were originally allocated.

The Disease Category Claims Payment Ratio and its rollover provision shall be continued absent circumstances, such as a significant change in law or medicine, necessitating amendment to avoid a manifest injustice. The accumulation, rollover and subsequent delay of claims resulting from the application of the Claims Payment Ratios, shall not, in and of itself, constitute such circumstances. Nor may an increase in the numbers of Disease Category B claims beyond those predicted or expected be considered as a factor in deciding whether to reduce the percentage allocated to Disease Category A. In considering whether to make any amendments to the Disease

Category Claims Payment Ratio and/or its rollover provisions, the Trustees are directed by the TDP also to consider the reasons for which the Disease Category Claims Payment Ratio and its rollover provisions were adopted, the settlement history that gave rise to its calculation, and the foreseeability or lack of foreseeability of the reasons why there would be any need to make an amendment. In that regard, the Trustees are directed by the TDP also to keep in mind the interplay between the Payment Percentage and the Disease Category Claims Payment Ratios as it affects the net cash actually paid to claimants. In any event, no amendment to the Disease Category Claims Payment Ratio may be made without the consent of the TAC and the Futures Representative pursuant to the consent process set forth in Section 2.2(f) of the Trust Agreement. However, the Trustees may offer the option of a reduced payment percentage to either Disease Category in return for prompter payment (the "Reduced Payment Option"), after first obtaining the consent of the TAC and Futures Representative.

(f) Payment of Pre-Confirmation Liquidated Claims.

As soon as practicable after the Effective Date, the Trust shall make an initial distribution on all Trust Claims that were liquidated by (i) a settlement agreement entered into prior to the Petition Date for the particular claim or (ii) pursuant to the Pre-Confirmation Claims Liquidation Process (collectively, the "Pre-Confirmation Liquidated Claims"). The liquidated value of a Pre-Confirmation Liquidated Claim shall be the amount agreed to in the binding settlement agreement, without interest, or the amount at which the claim is liquidated pursuant to the Pre-Confirmation Claims Liquidation Process, as applicable. Moreover, to the extent that a claim is the subject of a written settlement agreement executed prior to the Petition Date, the holder of that claim shall have the option of (i) having the liquidated value be the amount agreed to in the binding settlement agreement, without interest, or (ii) having his or her claim re-liquidated pursuant to the Pre-Confirmation Liquidated Process and having the liquidated value be the amount at which the claim is liquidated pursuant to the Pre-Confirmation Liquidated Process. Notwithstanding anything to the contrary pursuant to Section 7.2 of the TDP, the liquidation value of a Pre-Confirmation Liquidated Claim shall not include any punitive or exemplary damages.

Pre-Confirmation Liquidated Claims shall be processed and paid within 90 days of the Effective Date, if feasible, or as soon thereafter as possible. The amounts payable with respect to such claims shall not be subject to or taken into account in consideration of the Maximum Annual Payment or Disease Category Claims, but shall be subject to the Payment Percentage provisions set forth in Section 4.2 of the TDP.

(g) Payment of Claims That Are Liquidated Post-Effective Date.

The Plan's proposed claims procedures are intended to pay all anticipated Asbestos Related Claims (forecasted based upon historical claims filing data and projections and available scientific data, as more fully discussed in Section 7 below) in a timely manner-as such claims are filed with the Trust and thereafter liquidated.

The claims procedures proposed for the Trust are designed to provide equivalent treatment of all Asbestos Related Claims and Demands both with regard to the percent of their claims that are paid and the timing of their payments. The parties expect that the claims procedures will provide such equivalent treatment even if the Trust receives an unexpectedly large number of future claims.

The claims procedures apply the same pro rata payment process for all Asbestos Related Claims and Demands. Whether a claim was liquidated by application of the Matrix either before or after the Effective Date, the Trust's payment for every claimant will be determined by multiplying the allowed value of the claim times the Payment Percentage.

The parties have not yet agreed on the amount of the Initial Payment Percentage under the Plan. The Initial Payment Percentage will be agreed upon by the Committee and the Futures Representative at a time on or prior to the Confirmation Date. If they cannot agree on the Initial Payment Percentage, then the Bankruptcy Court will decide the dispute between them as to the amount of the Initial Payment Percentage. The Initial Payment Percentage will be determined by determining the percent of liquidated values that can be paid after taking into account the costs of Trust administration using the Trust's assets and the highest reasonable forecast of liabilities provided by the expert consultant to the Committee as reviewed by the expert consultant to the

Futures Representative. The expert for the Committee is Dr. Mark Peterson and the expert for the Futures Representative is Dr. Francine Rabinovitz. [See Section 7 of this Disclosure Statement].

In establishing the Initial Payment Percentage the Plan Proponents assume that all present and future claimants will be paid solely from the presently available cash or cash equivalents. Because the Initial Payment Percentage does not assume any additional insurance settlements or receipt of any other asset by the Trust, no claimant bears a risk that the Initial Payment Percentage would be reduced due to the unavailability or reduced value of a future asset. Rather, should the Trust receive additional settlements, then the payment percentage would be recalculated and increased.

The claims procedures are designed to permit pending and forecasted future claims to be liquidated and paid within a year after their submission. Pre-Confirmation Liquidated Claims will receive the first payment, within 90 days of the Effective Date if at all possible. It has become standard in bankruptcies of asbestos defendants to place such earlier liquidated claims at the head of the queue for payment of asbestos bodily injury claims, both because those claims typically have already had the longest wait for payment and also because those claims do not have to wait for the trust's liquidation processes. For these reasons, the Plan places Pre-Confirmation Liquidated Claims at the head of the queue.

Due in part because the Debtors and many of the claimants' lawyers will have experience in using the claims liquidation Matrix from their experience in liquidating numerous claims under the Pre-Confirmation Claims Liquidation Process and/or under similar matrices in other cases or actions, the Plan Proponents expect that the Trust will be able to quickly establish its claims liquidation procedures and liquidate and pay existing unliquidated claims and newly arising claims within a year of filing.

The proposed claims procedures include provisions that would allow the Trust to continue to allow and pay claims even if it were overwhelmed with an unexpectedly large number of future claims. In such circumstances, the Trustees are required to reconsider and, if necessary, adjust the Payment Percentage to provide equivalent treatment of then pending and future claimants.

The claims procedures provide a process to control the Trust's payments to claimants should the Trust be faced with unexpectedly high volumes of claims filings, so that the Trust can reexamine its claims forecast in an orderly fashion, avoiding unanticipated increases in claims payment. The claims procedures require that the Trust pay claims in numbers that are no greater than those forecasted by the claims projections that are used in the Trust's then current calculations of its Payment Percentages. This means that the volume of payments will always be consistent with the assumptions underlying the Payment Percentage calculation. Should actual claim filings materially exceed the forecast, then the Trust must reconsider and adjust its Payment Percentage using new and larger forecasts based on this increased volume of claims. Upon such reconsideration, the Trust will then increase the volume of its claim payments to reflect this increased volume of filings. This process may impose a short term delay on some claims filed during any period of unanticipated increases in claims filings in order to assure that the Trust can adjust to such increases in an informed and orderly manner.

(h) Trust Indemnity and Contribution Claims.

As set forth in Section 5.6 of the TDP, Trust Claims for indemnity and contribution will be subject to the same categorization, evaluation and payment provisions of the TDP as all other Trust Claims.

SECTION 7.
ESTIMATED ASBESTOS RELATED CLAIMS

7.1 General.

The Committee retained Dr. Mark Peterson of Legal Analysis Systems as its expert consultant to estimate the total amount of the Debtors' liabilities for present and future Asbestos Related Claims. Dr. Peterson, an attorney and social scientist, is a nationally recognized expert in forecasting asbestos liabilities and has been a consultant and expert in asbestos and other mass tort litigation for over twenty years. Dr. Peterson was a founding member of the RAND Institute for Civil Justice, where he has conducted research and published a number of scholarly papers on issues of civil justice, particularly mass tort litigation.

7.2 Total Amount of the Debtors' Liability.

The total amount of the Debtors' liabilities for present and future Asbestos Related Claims cannot be determined with certainty, but reasonable, accepted methods have been used to forecast this amount. These methods draw upon: (a) scientific epidemiological forecasts of the incidence of asbestos-related diseases; (b) established social science research and methods that study and predict claiming behavior among potential tort litigants; and (c) substantial data about the Debtors' asbestos claims and resolutions provided by the Debtors and the Committee and substantial data about the claims and resolution experience of other similar asbestos defendants. These forecast methods have been the basis for estimations of asbestos liabilities in many bankruptcy cases and other litigation.

The Committee has hired a well known expert in determining the value of present and future asbestos claims, Dr. Mark Peterson. Dr. Peterson arrives at his estimates based on the history of Asbestos Related Claims asserted against the Debtors, historic average settlement values by disease type and other generally accepted epidemiological forecasts. Dr. Peterson's methodologies have been approved by the courts. *See In re Johns-Manville Corp.*, 830 F. Supp 686 (S.D.N.Y. 1993); *In re Eagle Picher*, 189 B.R. 681 (1995).

Dr. Peterson performed certain preliminary projections that indicated that the value of all present and future California based Asbestos Related Claims appeared to be $190 million. However, the Plan Proponents recognize that this is a preliminary number and will be larger due to a number of factors. The Committee has asked Dr. Peterson to review his numbers and calculate the currant amount of all of the Debtors' asbestos liabilities, both present and future, and both from California Asbestos Related Claimants and Asbestos Related Claimants outside of California. There is a possibility that the final amount of all Asbestos Related Claims could be as high as $500 million. The reason that the final determination of the amount of all present and future Asbestos Related Claims will exceed the former calculations of Dr. Peterson are as follows:

First, Dr. Peterson's original numbers only included California asbestos defendants. The Debtors' exposure was not limited to California cases and there will be a significant increase in Asbestos Related Claims due to out of state claims. For instance, there were significant asbestos-

related operations conducted on ships, and over five hundred jobs performed outside of the state of California.

Second, there has been an increase in the values attributed to Asbestos Related Claims since Dr. Peterson's original estimates. Dr. Peterson is gathering information concerning such values, and a final report will be rendered.

Third, the Debtors not only had significant land based exposure but also had exposure from installation of asbestos containing refractory products on numerous ships, and this will increase the claims.

Fourth, Southern California has traditionally been a sleepy backwater for asbestos litigation. Filings per capita in Southern California have traditionally been much lower than Northern California, and other areas of the country, but there is no evidence that the true Asbestos Related Claims are any smaller. Thousand of workers that could have sued in the tort system only resorted to workers compensation claims. Because of California statutes, most of these cases are not statute barred. Counsel in southern California now are expected to pursue these claims on behalf of Asbestos Related Claimants.

In summary, the Plan Proponents expect that the final estimates to be presented of total liability of the Debtors for asbestos injuries will be significantly higher than Dr. Peterson's earlier estimates.

SECTION 8.

RISKS OF THE PLAN

8.1 General.

The following is intended as a summary of certain risks associated with the Plan, but is not exhaustive and must be supplemented by analysis and evaluation of the Plan and this Disclosure Statement as a whole by each holder of a Claim or Interest with such holder's own counsel and other advisors.

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8.2 Payment of the Holdings Note.

The Trust will be funded in part with the Holdings Note in the principal amount of $500,000. This amount is appropriate in light of the net worth of the Debtors, based on financial statements provided by Technologies, which is wholly owned by Holdings. It is possible that Technologies and Holdings will fail to pay the Holdings Note in full. However, the Holdings Note will be secured by a first-priority, perfected security interest in 51% of the common stock of Holdings, and the Debtors believe that the fair market value of this stock exceeds the principal amount of the note.

The Holdings Note and the Holdings Pledge Agreement will be in a form that is similar to the Note and Holdings Pledge Agreement used in the Western Asbestos case and approved by the Court in that case. The actual final form of such Holdings Note and Pledge Agreement need not be filed with the Court in this case until a period that is two weeks prior to the commencement of the Confirmation hearing; however, any party desiring a draft of such Holdings Note or Pledge Agreement may request such current draft from counsel for the Debtors and it will be provided.

8.3 Insurance Coverage for Asbestos Related Claims.

The Trust will also be funded substantially with the Thorpe Business Loss Insurance Security and the Thorpe General Insurance Security.

As described above in Section 3.3, Asbestos Related Claimants have claims either directly against some Debtors or derivatively against other Debtors. A single Trust will minimize the expenses of Trust Administration and make certain that similarly situated Asbestos Related Claimants will be treated substantially similar. The single Trust structure has been used in other confirmed and court approved asbestos related bankruptcies. The Plan Proponents believe that a single Trust is in the best interests of present and future Asbestos Related Claimants.

The Thorpe General Insurance Security is a security to be issued on the Effective Date by each of the Debtors. It will entitle the Trust to receive all of the Debtors' Asbestos Insurance Action Recoveries, except for the portion of the business loss claims that the Debtors may have that is retained under the Thorpe Business Loss Security.

The Thorpe Business Loss Insurance Security is a security to be issued on the Effective Date of the Plan by each of the Debtors. It will entitle the Trust to receive all of the Debtors' Asbestos Insurance Action Recoveries attributable to any lost business opportunities, interruption of their businesses, loss or damage to the Debtors' business and any punitive damages based on or related to such matters (a "Business Loss"); provided that the Debtors retain a certain defined portion of the Business Loss. The amount of the payments to the Trust or to the Debtors on account of the Thorpe Business Loss cannot be determined at this time as the claims for a Business Loss have not been finalized against all of the Asbestos Insurance Companies. The Plan Proponents have agreed, for instance, that the Business Loss allocable to the recovery of $45 million from Federal shall be $5 million, and of this amount $3.5 million is allocable to the portion to be paid to the Trust and $1.5 million is allocable to the Debtors. The final amount of the Business Loss is not capable of determination. In any event, the Debtors' Portion of the Business Loss shall not exceed $4.5 million. If the Debtors are paid $4.5 million on account of the Business Loss, all excess recovery is paid to the Trust.

The Proponents believe that the Business Loss claims against various Asbestos Insurance Companies are significant and substantial. Even after filing of these bankruptcy cases the Insurers have still denied coverage, forced the filing of this Plan, forced the Debtors and the Asbestos Related Claimants to hire counsel, and have delayed the recoveries by innocent victims. The non–contractual Business Loss claims are significant and substantial. The contribution by the Debtors of these claims under the Thorpe Business Loss Security to the Trust is a very substantial and significant contribution.

The Thorpe General Insurance Security and the Thorpe Business Loss Insurance Security will be in a form that is similar to the general insurance security and the business loss insurance security filed in the Western Asbestos case. In that case the Western Asbestos Court approved such securities as being a significant contribution and found that they met the requirements of the Bankruptcy Code. The final form of the Thorpe General Insurance Security and the Thorpe Business Loss Security need not be filed with the Court in this case until two weeks prior to the Confirmation Hearing; however, any party desiring a draft of such securities as they exist in their

current draft form may request such current draft from counsel for the Debtors and they will be provided.

As described in Section 2.3 and 3.7 above, certain of the Debtors have been in discussions with their insurers about insurance coverage for Asbestos Related Claims for some time. Certain of the Debtors have also been in litigation with certain insurers since the beginning of 2004. Because of the risks involved with respect to the effects of various potential rulings by the Bankruptcy Court or an appeal thereof, as well as the uncertainty in the resolution of any present or future Asbestos Insurance Actions, the ultimate value of the Asbestos Action Insurance Recoveries is uncertain. Moreover, the possibility that one or more of the Asbestos Insurance Companies may become insolvent in the future may impact the value of the Debtors' Asbestos Action Insurance Recoveries, and thus the value of the Trust Assets.

8.4 Aggregate Amount of Asbestos Related Claims.

Payments that will be made on Asbestos Related Claims shall be determined under the TDP and shall be based, on the one hand, on estimates of the number, types and amount of present and expected future Asbestos Related Claims and, on the other hand, on the value of the Trust Assets, the liquidity of the Trust Assets, the Trust's expected future expenses and income, as well as other material matters that are reasonable and likely to affect the sufficiency of funds to pay all holders of Asbestos Related Claims. There can be no certainty as to the precise amounts that will be distributed by the Trust in any particular time period or when Asbestos Related Claims will be paid by the Trust.

SECTION 9.

ALTERNATIVES TO CONFIRMATION AND CONSUMMATION OF THE PLAN

If the Plan is not confirmed and consummated, alternatives to the Plan include (i) dismissal of these Reorganization Cases; (ii) liquidation of the Debtors under Chapter 7 of the Bankruptcy Code; and (iii) an alternative plan of reorganization.

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9.1 Dismissal of These Cases.

If a plan of reorganization on the agreed terms is not confirmable at this time, all parties would then need to resort to the tort system and attempt to reach a different solution. The Plan Proponents firmly believe that this result will not be necessary as the Plan is the result of extensive negotiations with, and has the support of, the Committee, whose representatives are counsel to the vast majority of currently known existing claimants, as well as the Futures Representative and meets all of the requirements of the Bankruptcy Code.

9.2 Liquidation under Chapter 7.

If no plan can be confirmed, the Reorganization Cases may be converted to cases under Chapter 7 of the Bankruptcy Code, pursuant to which a trustee would be appointed to liquidate the assets of the Debtors for distribution in accordance with the priorities established by the Bankruptcy Code.

Below is a demonstration, in balance sheet format, that all creditors and interest holders will receive at least as much under the Plan as such creditor or interest holder would receive under a Chapter 7 liquidation. All financial information is exclusive of Asbestos Action Insurance Recoveries. The following four liquidation analyses are prepared for each of the four Debtors by the Debtors themselves, and are done with the following understandings and footnotes: (a) the information is prepared by the Debtors and not the Committee or the Futures Representative; (b) the information is compiled from the Debtors' books and records; and (c) the information is prepared on a non consolidated basis and without consideration of contentions and arguments relating to alter ego or successor liability.

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THORPE'S ASSET VALUE AT LIQUIDATION VALUES
(AS OF 12/31/04):

CURRENT ASSETS	
a. Cash on hand available to pay creditors	$2,013,190.43
b. Accounts receivable	$ 0
c. Inventories	$ 0
TOTAL CURRENT ASSETS	$2,013,190.43
TOTAL FIXED ASSETS	$ 0
TOTAL OTHER ASSETS	$ 0
TOTAL ASSETS AT LIQUIDATION VALUE	$2,013,190.43
Less: Secured creditor's recovery	$ 0
Less: Chapter 7 trustee fees and expenses	$ 83,645.71
Less: Estimated Chapter 11 administrative expenses	$ 200,000.00
Less: Priority claims, excluding administrative expense claims	$ 0
Less: Debtor's claimed exemptions	$ 0
Balance for unsecured claims*	$1,729,544.70

*Exclusive of any Asbestos Insurance Action Recoveries

DISSOLVED THORPE'S ASSET VALUE AT LIQUIDATION VALUES (AS OF 12/16/04):

TOTAL CURRENT ASSETS	$ 0
TOTAL FIXED ASSETS	$ 0
TOTAL OTHER ASSETS	$ 0
TOTAL ASSETS AT LIQUIDATION VALUE	$ 0
Less: Secured creditor's recovery	$ 0
Less: Chapter 7 trustee fees and expenses	$ 0
Less: Estimated Chapter 11 administrative expenses (paid by Thorpe)	$ 0
Balance for unsecured claims*	$ 0

*Exclusive of any Asbestos Insurance Action Recoveries

HOLDINGS' ASSET VALUE AT LIQUIDATION VALUES (AS OF 12/16/04):

CURRENT ASSETS		
a. Cash on hand available to pay creditors	$	1,045
b. Accounts receivable	$	0
c. Inventories	$	0
TOTAL CURRENT ASSETS	$	1,045
TOTAL FIXED ASSETS	$	0
TOTAL OTHER ASSETS	$	0
TOTAL ASSETS AT LIQUIDATION VALUE	$	1,045
Less: Secured creditor's recovery	$	0
Less: Chapter 7 trustee fees and expenses	$	261
Less: Estimated Chapter 11 administrative expenses (paid by Thorpe)	$	0
Balance for unsecured claims*	$	784

*Exclusive of any Asbestos Insurance Action Recoveries

TECHNOLOGIES' ASSET VALUE AT LIQUIDATION VALUES (AS OF 12/15/04):

CURRENT ASSETS		
a. Cash on hand available to pay creditors	$	581,344
b. Accounts receivable	$	1,927,406
c. Inventories	$	0
d. Security Deposit with Landlord	$	2,417
TOTAL CURRENT ASSETS	$	2,511,167
FIXED ASSETS		
a. Office furniture & equipment	$	17,623
TOTAL FIXED ASSETS	$	17,623
TOTAL OTHER ASSETS	$	0
TOTAL ASSETS AT LIQUIDATION VALUE	$	2,528,790
Less: Secured creditor's recovery [depending upon whether the Court approves the sale motion (see Section 3.3)]		
Less: Chapter 7 trustee fees and expenses	$	900,000
Less: Estimated Chapter 11 administrative expenses (paid by Thorpe)	$	99,114
	$	0
Balance for unsecured claims*	$	1,529,676

*Exclusive of any Asbestos Insurance Action Recoveries

TOTAL ASSET BALANCE FOR UNSECURED CLAIMS	$	3,260,004.70
TOTAL AMOUNT OF UNSECURED CLAIMS (estimated total claims may increase substantially)	$	200,000,000.00

% OF THEIR CLAIMS WHICH UNSECURED CREDITORS WOULD RECEIVE OR RETAIN IN A CH. 7 LIQUIDATION: = 0.016

% OF THEIR CLAIMS WHICH UNSECURED CREDITORS WILL RECEIVE OR RETAIN UNDER THIS PLAN: = A percentage of amounts recovered by the Trust as according to the Matrix

The Plan Proponents believe that the distributions that would be made in a Chapter 7 case would be substantially smaller than the distributions contemplated by the Plan. The Debtors' non-insurance assets are trivial in comparison with their insurance. The Nationwide Parties, the Federal Parties and any other Settling Asbestos Insurance Companies would not get the benefit of the Section 524(g) injunctions or a plan provision, binding on the Trust, which would likely result in far less favorable Asbestos Insurance Settlement Agreements or no settlements at all. Moreover, the Debtors would forfeit $500,000 payable under the Nationwide Settlement and jeopardize the $45 million payable under the Federal Settlement. Finally, there would be no funded Trust available to pursue Asbestos Insurance Actions against carriers that have not settled.

The Futures Representative believes that in a chapter 7 bankruptcy case, the holders of future Asbestos Related Claims against the Debtors will in all probability recover nothing.

9.3 Alternative to the Plan of Reorganization.

The Plan is the product of extensive negotiations among the Debtors, the Committee and the Futures Representative, and is a delicate balance of the competing and conflicting interests held by the parties. The parties are unaware of any alternative to the Plan other than to resume litigation that could lead to reduced or no recoveries from the Asbestos Insurance Companies and years of costly litigation for all parties.

The Nationwide Settlement and the Federal Settlement provide that if a plan of reorganization with the basic terms described in the Federal Settlement is not confirmed, there will be no further funding under those agreements. That outcome would not only potentially cause the loss of at least $45.5 million provided to the Trust under the Nationwide Settlement and the Federal Settlement, but would leave the Debtors without a ready source of funds to pursue other coverage disputes, which have the potential for producing substantial additional recoveries.

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SECTION 10.

CERTAIN FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN

The following discussion is a summary of certain federal income tax aspects of the Plan, for general information only, and therefore should not be relied on for purposes of determining the specific tax consequences of the Plan with respect to a particular holder of a Claim or Interest. This discussion does not purport to be a complete analysis or listing of all potential tax considerations.

The following discussion is based on existing provisions of the IRC, existing and proposed regulations thereunder, and current administrative rulings and court decisions. No assurances can be given that legislative or administrative changes or court decisions may not be forthcoming which would require significant modification of the statements expressed herein.

NO RULING HAS BEEN REQUESTED OR OBTAINED FROM THE INTERNAL REVENUE SERVICE WITH RESPECT TO ANY OF THE TAX ASPECTS OF THE PLAN AND, EXCEPT AS DISCUSSED IN SECTION 10.4 BELOW, NO OPINION OF COUNSEL HAS BEEN OBTAINED BY THE DEBTORS AS TO ANY OF SUCH TAX ASPECTS. NO REPRESENTATIONS OR ASSURANCES ARE BEING MADE WITH RESPECT TO THE FEDERAL INCOME TAX CONSEQUENCES AS DESCRIBED HEREIN.

CERTAIN HOLDERS OF CLAIMS AND INTERESTS MAY BE SUBJECT TO SPECIAL RULES NOT ADDRESSED IN THIS SUMMARY OF FEDERAL INCOME TAX CONSEQUENCES. THERE ALSO MAY BE STATE, LOCAL OR FOREIGN INCOME TAX CONSIDERATIONS APPLICABLE TO EACH HOLDER OF A CLAIM OR INTEREST THAT ARE NOT ADDRESSED HEREIN. EACH HOLDER OF A CLAIM OR INTEREST AFFECTED BY THE PLAN SHOULD CONSULT, AND RELY ON, HIS OR HER OWN TAX ADVISOR REGARDING THE SPECIFIC TAX CONSEQUENCES OF THE PLAN WITH RESPECT TO THAT HOLDER'S CLAIM OR INTEREST.

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10.1 Tax Consequences to the Debtors.

(a) Discharge of Indebtedness.

Under the IRC, a taxpayer will generally be deemed to realize and recognize gross income to the extent to which its indebtedness is discharged during the taxable year. Section 108(a)(1)(A) of the IRC provides an exception to this rule when a taxpayer is subject to the jurisdiction of a bankruptcy court and where the discharge of indebtedness is granted by that court or is effected pursuant to a plan approved thereby. Section 108(b) of the IRC provides that the income realized from the indebtedness discharge is excluded from taxable income under the foregoing rule must be applied to reduce certain general and minimum tax attributes of the taxpayer in the following order: net operating losses, tax credit carry forwards, capital loss carry forwards, the basis of the taxpayer's assets and foreign tax credit carry forwards (the "Tax Attributes"). Section 108(b)(5) of the IRC provides that a taxpayer may elect to first apply the reduction to the basis of the taxpayer's assets, with any remaining balance applied to the other Tax Attributes. Section 108(e)(2) of the IRC provides a further exception, to the effect that the taxpayer will be deemed not to have realized income from the discharge of indebtedness to the extent that the taxpayer's satisfaction of the debt would have given rise to an income tax deduction. The effect of Section 108(e)(2) of the IRC, where applicable, is to allow the taxpayer to discharge indebtedness without recognizing income and avoid any reduction of its Tax Attributes.

The Debtors intend to take the tax reporting position that, by reason of section 108(e)(2) of the IRC, the satisfaction and discharge of Claims will not result in discharge-of-indebtedness income because payment of the Claims would have given rise to income tax deductions to the Debtors.

(b) Transfers to the Trust.

Assuming that the Trust receives certain approvals from the Bankruptcy Court and is subject to the continuing jurisdiction of the Bankruptcy Court, the Trust should qualify as a "qualified settlement fund" within the meaning of the Treasury Regulations issued pursuant to Section 468B of the IRC, and the Debtor should be treated as a transferor thereto.

A transferor of property to a qualified settlement fund must treat the transfer as a sale or exchange of that property for federal income tax purposes. In computing gain or loss, the amount realized by the transferor is the fair market value of the property on the date the transfer is made to the qualified settlement fund. A transferor must obtain a "qualified appraisal" to support a loss or deduction claimed with respect to a transfer to a qualified settlement fund with respect to certain types of property.

If an accrual-method transferor makes a transfer to a qualified settlement fund to resolve or satisfy a qualified liability, "economic performance" with respect to the liability occurs at the time and to the extent of the transfer (subject to limitations for transfers of debt instruments of the transferor and for amounts that are subject to a right of reversion or refund to the transferor) and the transferor is entitled to an income tax deduction equal to the fair market value of the property transferred. No deduction is allowed to a transferor for a transfer to a qualified settlement fund to the extent the transferred amounts represent amounts received from the settlement of an insurance claim and are excludable from gross income.

Pursuant to the Plan, including the Thorpe Business Loss Insurance Security and the Thorpe General Insurance Security, the Debtors will transfer to the Trust insurance coverage in place and insurance proceeds. The Debtors intend to take the tax reporting position that such transfers do not result in any net income or net deductions to the Debtors. Alternatively, if such transfers were to result in income to the Debtors, the Debtors intend to take the tax reporting positions that they are entitled to a corresponding deduction equal to the fair market value of such amounts transferred to the Trust.

10.2 Tax Consequences to Holders of Claims Other Than Asbestos Related Claims.

The tax consequences of payments received by holders of Claims other than Asbestos Related Claims will depend on the individual nature of each such Claim and the particular circumstances and facts applicable to such holder at the time each such payment is made. Certain holders of Claims other than Asbestos Related Claims may be subject to special rules not addressed in this summary. There also may be state, local or foreign income tax considerations applicable to each holder of a Claim other than an Asbestos Related Claim that are not addressed

herein. Each holder of a Claim other than an Asbestos Related Claim affected by the Plan should consult, and rely on, his or her own tax advisor regarding the specific tax consequences of the Plan with respect to his or her own situation.

10.3 Tax Consequences to Holders of Asbestos Related Claims.

To the extent that payments from the Trust to holders of Asbestos Related Claims constitute damages received by such holders on account of physical injuries or physical sickness, such payments should not constitute gross income to such recipients under Section 104 of the IRC, except to the extent that such payments are attributable to medical expense deductions allowed under Section 213 of the IRC for a prior taxable year. To the extent that any payments from the Trust to holders of Asbestos Related Claims constitute damages received by such holders on account of claims other than physical injuries (such as lost wages) or received as interest (or any other amounts not excludable from income under Section 104 of the IRC), such payments will be includible in gross income to such holders.

The tax consequences of payments received by holders of Asbestos Related Claims will depend on the individual nature of each such Claim and the particular circumstances and facts applicable to such holder at the time each such payment is made. No ruling from the Internal Revenue Service or opinion of counsel has been obtained as to the tax consequences to the holders of Asbestos Related Claims of payments from the Trust to such holders.

10.4 Tax Consequences to the Trust.

The Debtors will obtain an opinion of counsel that the Trust will be a "qualified settlement fund" within the meaning of the Treasury Regulations issued pursuant to section 468B of the IRC. As a qualified settlement fund, the Trust will be treated as a corporation for certain federal income tax purposes and will be required to pay taxes on "modified gross income" as defined in the Treasury regulations (generally at the highest rate applicable to estates and trusts). The Trust will generally not be required to include in income amounts transferred to it by the Debtors. The Trust will not be entitled to deduct for federal income tax purposes amounts paid out to holders of Asbestos Related Claims (however, the Trust will be entitled to deduct amounts paid for administrative costs and other incidental costs of the Trust).

SECTION 11.

INFORMATION PROVIDED

11.1 General.

Upon the commencement of each of the individual Reorganization Cases, the respective Debtors have been or will be required to file monthly operating reports with the Bankruptcy Court. Such financial information will be on file with the Bankruptcy Court and publicly available for review. Also attached as Exhibit 11 are Technologies' financial statements for 2002, 2003 and 2004.

11.2 Sources of Information.

The information set forth in this Disclosure Statement and the exhibits hereto was provided by the Plan Proponents and their professionals.

11.3 Accounting Method.

The Debtors maintain their books on an accrual basis, in accordance with generally accepted accounting principles.

RECOMMENDATION AND CONCLUSION

The Plan Proponents recommend that all holders of Claims and Interests who are entitled to vote, vote to accept the Plan and return their ballots so that they will be received on or before the Voting Deadline.

In the view of the Plan Proponents, the Plan provides the best available alternative for maximizing the distributions to holders of Asbestos Related Claims.

Dated: March 3, 2005

J.T. THORPE, INC., a California corporation

By ______________________

John E. Allen
President

J.T. THORPE, INC., a dissolved California corporation

By _____
John E. Allen
Director

THORPE TECHNOLOGIES, INC., a California corporation

By _____
John E. Allen
President

THORPE HOLDING COMPANY, a California corporation

By _____
John E. Allen
President

Dated: March ___, 2005

OFFICIAL COMMITTEE OF CREDITORS HOLDING UNSECURED CLAIMS OF J.T. THORPE, INC., a California corporation

By _____
Al Brayton
Chairman

OFFICIAL COMMITTEE OF CREDITORS HOLDING UNSECURED CLAIMS OF J.T. THORPE, INC., a dissolved California corporation

By _____
Al Brayton
Chairman

J.T. THORPE, INC., a dissolved California corporation

By _____
John E. Allen
Director

THORPE TECHNOLOGIES, INC., a California corporation

By _____
John E. Allen
President

THORPE HOLDING COMPANY, a California corporation

By _____
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Dated: March 3, 2005

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Al Brayton
Chairman

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By _____
Al Brayton
Chairman

OFFICIAL COMMITTEE OF CREDITORS HOLDING UNSECURED CLAIMS OF THORPE HOLDING COMPANY, a California corporation

By _____
Al Brayton
Chairman

Dated: March ___, 2005

REPRESENTATIVE OF FUTURE CLAIMS OF J.T. THORPE, INC., a California corporation, AND PROPOSED REPRESENTATIVE OF FUTURE CLAIMS OF THE OTHER DEBTORS

By _____
Hon. Charles B. Renfrew

APPROVED AS TO FORM AND CONTENT:

RUTTER HOBBS & DAVIDOFF INCORPORATED

By _____
Brian L. Davidoff
Jeanne C. Wanlass
Counsel for Debtors and Debtors in Possession

OFFICIAL COMMITTEE OF CREDITORS HOLDING UNSECURED CLAIMS OF THORPE TECHNOLOGIES, INC., a California corporation

By ______________________
Al Brayton
Chairman

OFFICIAL COMMITTEE OF CREDITORS HOLDING UNSECURED CLAIMS OF THORPE HOLDING COMPANY, a California corporation

By ______________________
Al Brayton
Chairman

Dated: March 3, 2005

REPRESENTATIVE OF FUTURE CLAIMS OF J.T. THORPE, INC., a California corporation, AND PROPOSED REPRESENTATIVE OF FUTURE CLAIMS OF THE OTHER DEBTORS

Charles B Renfrew

By by Gary S. Fergus / JCS counsel to the
Hon. Charles B. Renfrew Future Claims Representative

APPROVED AS TO FORM AND CONTENT:

RUTTER HOBBS & DAVIDOFF INCORPORATED

By ______________________
Brian L. Davidoff
Jeanne C. Wanlass
Counsel for Debtors and Debtors in Possession

OFFICIAL COMMITTEE OF CREDITORS HOLDING UNSECURED CLAIMS OF THORPE TECHNOLOGIES, INC., a California corporation

By [signature]
Al Brayton
Chairman

OFFICIAL COMMITTEE OF CREDITORS HOLDING UNSECURED CLAIMS OF THORPE HOLDING COMPANY, a California corporation

By [signature]
Al Brayton
Chairman

Dated: March ___, 2005

REPRESENTATIVE OF FUTURE CLAIMS OF J.T. THORPE, INC., a California corporation, AND PROPOSED REPRESENTATIVE OF FUTURE CLAIMS OF THE OTHER DEBTORS

By ______________________
Hon. Charles B. Renfrew

APPROVED AS TO FORM AND CONTENT:

RUTTER HOBBS & DAVIDOFF INCORPORATED

By [signature]
Brian L. Davidoff
Jeanne C. Wanlass
Counsel for Debtors and Debtors in Possession

MORGAN, LEWIS & BOCKIUS LLP

By ______________________________
Michel Y. Horton
Charles J. Malaret
Special Litigation Counsel for Debtor and Debtor in Possession J.T. Thorpe, Inc., a California corporation and Proposed Special Litigation Counsel for the Other Debtors

SHEPPARD, MULLIN, RICHTER & HAMPTON LLP

By ______________________________
Michael H. Ahrens
Jeffrey K. Rehfeld
Counsel for the Official Committee of Creditors Holding Unsecured Claims of J.T. Thorpe, Inc., a California corporation and proposed Counsel for the Official Committees of Creditors Holding Unsecured Claims of the Other Debtors

FERGUS, a law firm

By ______________________________
Gary S. Fergus
Counsel to the Representative of Future Claimants of J.T. Thorpe, Inc., a California corporation and proposed counsel to the proposed Representative of Future Claims of the Other Debtors

MORGAN, LEWIS & BOCKIUS LLP

By _____
Michel Y. Horton
Charles J. Malaret
Special Litigation Counsel for Debtor and Debtor in Possession J.T. Thorpe, Inc., a California corporation and Proposed Special Litigation Counsel for the Other Debtors

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Jeffrey K. Rehfeld
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FERGUS, a law firm

By Gary S. Fergus /gs
Gary S. Fergus
Counsel to the Representative of Future Claimants of J.T. Thorpe, Inc., a California corporation and proposed counsel to the proposed Representative of Future Claims of the Other Debtors

Exhibit 18

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	:	Chapter 11
PADDOCK ENTERPRISES, LLC	:	Case No. 20-_____ (_____)
Debtor.[1]	:	

DECLARATION OF DAVID J. GORDON, PRESIDENT AND CHIEF RESTRUCTURING OFFICER OF THE DEBTOR, IN SUPPORT OF CHAPTER 11 PETITION AND FIRST DAY PLEADINGS

I, David J. Gordon, pursuant to 28 U.S.C. § 1764, hereby declare that the following is true and correct to the best of my knowledge, information, and belief:

1. I am the President and Chief Restructuring Officer of Paddock Enterprises, LLC (the "**Debtor**"). The Debtor is organized under the laws of the state of Delaware. I own and operate a management services business, DJG Services, LLC ("**DJG**"), through which I began working with the Debtor and its affiliates (collectively, the "**Company**") as a real estate consultant in November 2019. Pursuant to a consulting contract between DJG and the Debtor's predecessor, I have served as President and Chief Restructuring Officer of the Debtor since December 18, 2019. I am also the President and own 50% of DJO Services, LLC ("**DJO**"). DJO owns the equity interest in a number of currently non-operating companies that face asbestos personal injury litigation and provides management services to each of them. In addition, I am the President of Fraser Boiler Service, Inc., which is the Debtor in a chapter 11 case involving asbestos mass tort and related insurance issues, which is currently pending in the Western District of Washington. In

[1] The last four digits of the Debtor's federal tax identification number are 0822. The Debtor's mailing address is One Michael Owens Way, Perrysburg, Ohio 43551.

my personal capacity, I serve as Liquidating Trustee to the Oakfabco Liquidating Trust, as an independent director for two other companies, and as Director of Insurance and Litigation for a regional contractor in the Northwest. Prior to starting DJO in 2015, I served as a vice president, and then President and Chief Executive Officer ("**CEO**") of The Flintkote Company ("**Flintkote**") from 2000-2017, including through its chapter 11 bankruptcy. In my capacity as CEO of Flintkote, I also served as the CEO of the Plant Insulation Company from 2007-2012, including through its chapter 11 bankruptcy. I also currently serve as the trustee for the Flintkote Trust. From 1997-2003, I served in various capacities for Flintkote's ultimate parent, Imasco Holdings Group, Inc., including as the President of Roy Rogers Restaurants and as President of MRO Mid-Atlantic Restaurants. Prior to that time, I served in senior counsel positions for Hardee's Food Systems, Inc. from 1987-1997 and Burger King Corporation from 1980-1987. I am authorized to submit this declaration (the "**First Day Declaration**") on behalf of the Debtor.

2. I am responsible for overseeing the day-to-day operations of the Debtor, as well as developing and managing the real estate business of its wholly owned, non-Debtor subsidiary, Meigs Investments, LLC ("**Meigs**"). As a result of my experience with the Debtor, my review of public and non-public documents (including the Debtor's books and records), and my discussions with members of the Company's management team, I am generally familiar with the Debtor's business, financial condition, policies and procedures, day-to-day operations, and books and records. Except as otherwise noted, I have personal knowledge of the matters set forth herein or have gained knowledge of such matters from Company employees, Company documents and/or the Debtor's professionals. If called upon to testify, I would testify competently to the facts set forth in this First Day Declaration.

3. On the date hereof (the "**Petition Date**"), the Debtor filed a voluntary petition for relief under chapter 11 of title 11 of the United States Code, 11 U.S.C. §§ 101-1330, as amended (the "**Bankruptcy Code**"), in the United States Bankruptcy Court for the District of Delaware (the "**Court**"). The Debtor will continue to operate its business and manage its property as debtor-in-possession.

4. I submit this First Day Declaration on behalf of the Debtor in support of the Debtor's (a) voluntary petition for relief and (b) "first-day" pleadings, which are being filed concurrently herewith (collectively, the "**First Day Pleadings**"). I have reviewed the Debtor's petition and the First Day Pleadings, or have otherwise had their contents explained to me, and it is my belief that the relief sought therein is essential to avoid immediate and irreparable harm to the Debtor and to successfully maximize the value of the Debtor's estate. References to the Bankruptcy Code, the chapter 11 process, and related legal matters are based on my understanding of such matters in reliance on explanations provided by, and the advice of, counsel.

5. The primary purpose of this case (the "**Chapter 11 Case**") is to address and comprehensively resolve the Debtor's legacy asbestos-related liabilities, which arise out of the production and distribution of certain asbestos-containing products by a former business unit of the Debtor's predecessor from 1948 to 1958, when that business unit was sold. The Debtor intends to achieve this goal by promptly negotiating—and ultimately confirming—a plan of reorganization pursuant to sections 524(g) and 1129 of the Bankruptcy Code. The Debtor believes that creation of a section 524(g) trust would be the fairest and most expeditious way for the Debtor to ensure that holders of current and future Asbestos Claims (as defined below) are treated in a fair and just manner. The Debtor is confident that the tools and protections available in chapter 11 will facilitate negotiations that will ultimately result in a court-approved plan.

6. Part I of this First Day Declaration describes the Debtor's historical asbestos-related liabilities and the events leading to the filing of this Chapter 11 Case. Part II provides an overview of the Debtor's relevant corporate history and attributes, including the corporate modernization that it consummated on December 26-27, 2019. Part III sets forth relevant facts in support of the First Day Pleadings.

I. THE DEBTOR'S ASBESTOS-RELATED LIABILITIES AND EVENTS LEADING TO THE FILING OF THE CHAPTER 11 CASE

A. The Debtor's Limited Asbestos Operations and Ongoing Claiming Activity

7. The Debtor is the successor-by-merger to Owens-Illinois, Inc., which previously served as the ultimate parent of the Company. The Debtor is annually subject to hundreds of claims and lawsuits alleging personal injuries and death from exposure to asbestos ("**Asbestos Claims**") contained in products manufactured under the "Kaylo" brand between 1948 and 1958, which were primarily pipe covering and block insulation products. These products contained either chrysotile or amosite asbestos fibers, depending on the year of manufacture, and had extremely limited applications, such as for high temperature piping in large industrial settings. As discussed further below, the Debtor's predecessor sold its entire Kaylo business to Owens Corning Fiberglass Corporation ("**Owens Corning**") in 1958 and has not manufactured or sold any Kaylo products since then. No other entities within the Company were ever involved in the production or sale of Kaylo products.

8. In April 1953, the Debtor's predecessor entered into a five-year sales agreement covering Kaylo products with Owens Corning, which then began distributing the product line. Owens Corning subsequently purchased the Kaylo business in its entirety in April 1958 and, upon information and belief, owned and exclusively operated it until 1972. Owens Corning filed for chapter 11 protection in October of 2000 and confirmed its plan of reorganization with a section

524(g) trust in September of 2006. The Owens Corning 524(g) trust has been making payments on account of Kaylo-related asbestos claims since then.

9. Despite having only produced Kaylo products for a fraction of the total production window, the Debtor continues to fund an outsized share of tort recoveries. This situation arises in part because the section 524(g) trust system operates independently of the tort system, which allows for plaintiffs to recover from defendants in the tort system, collect their full damages, and then collect significant damages from trusts based on evidence they subsequently submit, even when it alleges exposure to the same product. It also arises because the cost of defending asbestos claims in the tort system has risen. The Debtor currently has approximately 900 personal injury lawsuits pending against it throughout the country, many of which are currently dormant in status. These lawsuits typically allege various theories of liability, including negligence, gross negligence and strict liability, and seek compensatory and, in some cases, punitive damages. Each lawsuit requires the Debtor to incur a range of tens to hundreds of thousands of dollars or more in attorneys' fees and costs alone.

10. In contrast to many other companies' pure litigation approach, however, most Asbestos Claims are presented to the Debtor through a variety of administrative claims-handling agreements ("**Administrative Claims Agreements**"). The Company long believed that it and its various stakeholders were best served by proactively managing its asbestos-related liabilities outside of the tort system through such agreements. This strategy has historically allowed the Debtor more predictability in managing risk and its annual asbestos-related financial obligations. However, the Company's ability to reasonably estimate and reserve for the Debtor's asbestos-related tort expenditures has been significantly affected by, among other factors, changes in claiming patterns; changes in the law, procedure, and asbestos docket management; and pressure

on settlement values driven by co-defendant bankruptcies, adverse tort system developments, and the Debtor's status as one of the only remaining solvent "amosite" defendants. These factors have also made Administrative Claims Agreements—at least on existing payment terms—difficult to maintain, and therefore less reliable to the Debtor.

11. The Company has for many years conducted an annual comprehensive legal review of its asbestos-related tort expenditures in connection with finalizing its annual results of operations in its public filings. Beginning in 2003, the Company had been estimating its asbestos-related tort expenditures based on an analysis of how far in the future it could reasonably estimate the number of claims it would receive, which was several years. In April 2016, the Company adjusted its method for estimating its future asbestos-related tort expenditures in compliance with accounting standards codification ("**ASC**") 450, *Contingencies*. With the assistance of an external consultant, and utilizing a model with actuarial inputs, the Company developed a new method for reasonably estimating its total asbestos-related tort expenditures, which made several adjustments to consider the probable losses for Asbestos Claims not yet asserted, as well as related costs it could properly include in its estimate.

12. Although the Company did not record any additional asbestos-related charges at the end of 2016 or 2017, as of December 31, 2018, the revised methodology led the Company to (i) conclude that a charge of $125 million was necessary, which produced a year-end accrual of $602 million for reasonably probable asbestos-related tort expenditures and (ii) estimate that reasonably possible losses could result in asbestos-related tort expenditures up to $722 million (both stated in nominal dollars). The Debtor believes that, although the established reserves are appropriate under ASC 450, its ultimate asbestos-related tort expenditures cannot be known with certainty because, among other reasons, the litigation environment in the tort system has

deteriorated generally for mass tort defendants and Administrative Claims Agreements are becoming less reliable.

13. What is certain is the incredible disparity between what the Debtor has historically paid, and is now being asked to pay, for Asbestos Claims, given the extent of its historical asbestos-related operations. As of September 30, 2019, the Debtor had disposed of over 400,000 Asbestos Claims, and had incurred gross expense of approximately $5 billion for asbestos-related costs. In contrast, its total Kaylo sales for the 10-year period in which it sold the product were approximately $40 million. Asbestos-related cash payments for 2018, 2017, and 2016 alone were $105 million, $110 million, and $125 million, respectively. Although these cash payments show a modest decline, the overall volume and claimed value of Asbestos Claims asserted against the Debtor has not declined in proportion to the facts that (i) over 60 years have passed since the Debtor exited the Kaylo business, (ii) the average age of the vast majority of its claimants is now over 83 years old, (iii) these demographics produce increasingly limited opportunities to demonstrate legitimate occupational Kaylo exposures, and (iv) other recoveries are available from trusts established by other asbestos defendants. Rather, increasing settlement values have been demanded of the Debtor. And because the Debtor has settled or otherwise exhausted all insurance that might cover Asbestos Claims, it must satisfy all asbestos-related expenses out of Company cash flows.

14. For years, the Debtor has paid more for its Asbestos Claims than its industry peers whose liabilities are paid by section 524(g) trusts. This is principally due to the inherent differences between the tort system and section 524(g) trust distribution procedures. The procedural and legal differences even among different jurisdictions in the tort system—such as joint-and-several liability—allow these disparities to exist in the extreme, which usually results in

the Debtor paying different claim amounts to otherwise similarly-situated plaintiffs. This situation is neither fair to the Company and its stakeholders nor to asbestos claimants.

15. The Debtor remains committed—as it has since the first Asbestos Claim brought against it—to fairly and equitably compensating claimants who are ill and have legitimate exposure to Kaylo products that the Debtor's predecessor last manufactured more than 60 years ago. However, because the Company continues to face claims that increase in value, despite the fact that one would reasonably expect claims arising from the relevant manufacturing period to tail off and become more difficult to prove, the Debtor has concluded—consistent with the Company's overall strategy of rationalizing and streamlining expenses—that the best path for fairness, certainty, and finality is only available through this Chapter 11 Case.

B. Engagement of Professionals

16. In order to explore potential alternatives to the status quo, the Debtor engaged its outside counsel, Latham & Watkins LLP ("**Latham**"), to assist it in evaluating a number of strategic options. It also retained Bates White LLC ("**Bates White**") to provide estimation-related guidance with respect to its Asbestos Claims. The Debtor believes that guidance from both Latham and Bates White will assist it in reaching a consensual resolution in this Chapter 11 Case.

17. As part of this exploratory effort and to facilitate the implementation of a potential chapter 11 strategy if and when authorized to do so, the Debtor also entered into an engagement letter with James L. Patton, Jr. of Young, Conaway, Stargatt & Taylor, LLP ("**Young Conaway**") on October 30, 2019 to serve as a proposed future claims representative (the "**Proposed FCR**") to represent the interests of individuals who may assert Asbestos Claims in the future. The Debtor chose the Proposed FCR after interviewing and considering several qualified candidates, ultimately selecting James Patton based upon his qualifications and experience. The Proposed FCR retained Young Conaway as counsel and Ankura Consulting Group LLC as claims analyst to

provide advice in connection with such representation. Together with his advisors, the Proposed FCR initiated an extensive diligence process into the Debtor's Asbestos Claims, subject to a confidentiality agreement. The Debtor has worked constructively with the Proposed FCR and his advisors throughout this process by producing over 1,600 pages of documents and written responses to his information requests, as well as by attending in-person and telephonic diligence meetings, among other things.

18. The Debtor intends to seek the appointment of Mr. Patton as the future claimants' representative in connection with this Chapter 11 Case. Given the knowledge of the Debtor's business and Asbestos Claims that Mr. Patton has gained during the prepetition diligence process, the Debtor believes his appointment will result in efficiencies that benefit creditors and the estate.

C. Ultimate Decision to File for Chapter 11

19. Managing Asbestos Claims has always been a mix of legal art and science and something on which the Debtor has prided itself. The laws and the circumstances, however, have changed over time and the Debtor is no longer confident that it can appropriately and reliably manage these claims outside of a chapter 11 process. In contrast, the large number of asbestos defendants that have successfully navigated chapter 11 and confirmed section 524(g) plans (none of whom exited asbestos-related manufacturing over 60 years ago or have the Debtor's uniquely limited cohort of claimants) leads the Debtor to be confident that it too can reach a successful resolution as to its Asbestos Claims in chapter 11.

20. Thus, after extensive discussions with its advisors, the Debtor determined that commencement of this Chapter 11 Case would best position it to obtain certainty and finality in its funding obligations, in a manner that is fair and just to current and future asbestos claimants, and is in the best interests of the Debtor's estate and stakeholders. Accordingly, on January 5, 2020, the Debtor's board of managers authorized the filing of this Chapter 11 Case.

21. Based on my experience, I believe that chapter 11 provides the only avenue for all of the Asbestos Claims asserted, and to be asserted, against the Debtor to be comprehensively addressed in a single forum under a process that fosters integrity through application of the rules of evidence and the rule of law. It will avoid the unending process inherent in the state court system and, perhaps more importantly, avoid the risk that some claimants who are otherwise similarly-situated may fare better than others, based only on when their claim is asserted, where, and by which law firm. In short, chapter 11 will provide the Debtor with the statutory framework and tools necessary to finally and fairly resolve its liability for Asbestos Claims, while unlocking the growth potential for the Company and its businesses, and for the benefit of all stakeholders.

II. THE DEBTOR'S RELEVANT CORPORATE HISTORY AND ATTRIBUTES

A. The Debtor's Organizational Structure

22. There is one Debtor in this case. The Debtor was incorporated in Delaware in 2019 and maintains its headquarters in Perrysburg, Ohio. The Debtor has one operating subsidiary, Meigs. As shown in the simplified corporate organization chart attached as Exhibit A and as described in further detail below, the Debtor is a direct, wholly owned subsidiary of O-I Glass, Inc. ("**Current Parent**"). Current Parent is a public company with shares traded on the New York Stock Exchange. Current Parent holds 100% of the interests in Owens-Illinois Group, Inc. ("**O-I Group**"), which in turn directly or indirectly holds all of the Company's subsidiaries other than the Debtor and Meigs.

23. The Company is the largest manufacturer of glass container products in the world, with 78 glass manufacturing plants in 23 countries. The Company's principal product lines are glass containers for alcoholic beverages, including beer, flavored malt beverages, spirits and wine, a variety of food items, soft drinks, teas, juices and pharmaceuticals. The Company's segments include Europe, the Americas and Asia Pacific. It also provides engineering support for its glass

manufacturing operations through facilities located in the United States, Australia, France, Poland and Peru. As of December 31, 2019, the Company employed approximately 27,500 individuals worldwide.

B. Corporate Modernization Transaction

24. Recognizing that, within its corporate structure, the Company's asbestos-related liability was located at the level of the Debtor's predecessor, Owens-Illinois, Inc., the Company underwent a corporate restructuring pursuant to section 251(g) of the Delaware General Corporation Law (the "**Corporate Modernization Transaction**") in December 2019. The Company undertook the Corporate Modernization Transaction to structurally separate the legacy liabilities of the Debtor's predecessor, Owens-Illinois, Inc., from the active operations of Owens-Illinois, Inc.'s subsidiaries, while fully maintaining the Debtor's ability to access the value of those operations to support its legacy liabilities. I understand that, as a result of the Corporate Modernization Transaction, Owens-Illinois, Inc. ceased to exist for corporate purposes under Delaware law and two new entities were created: (i) the Debtor, into which Owens-Illinois, Inc. merged, and (ii) Current Parent, which became the Company's new publicly traded parent. I understand that, for all U.S. federal tax purposes, Current Parent is treated as a continuation of Owens-Illinois, Inc. In addition, (x) certain assets of Owens-Illinois, Inc., which became assets of the Debtor as a matter of law upon the Merger (as defined below), were distributed as a dividend to Current Parent, (y) certain obligations of Owens-Illinois, Inc., which became obligations of the Debtor by operation of Delaware law upon the Merger, were assumed by Current Parent, and (z) Debtor and Current Parent entered into a Support Agreement and a Services Agreement providing the Debtor with corporate and other shared services. These steps are further described below.

25. First, Owens-Illinois, Inc. undertook a holding company reorganization under the General Corporation Law of the State of Delaware, pursuant to which Owens-Illinois, Inc. formed

Current Parent as a direct, wholly owned subsidiary. Current Parent then formed the Debtor to serve as a merger subsidiary. Pursuant to an agreement and plan of merger (the "**Merger Agreement**"), Owens-Illinois, Inc. merged with and into the Debtor, with the assets and liabilities of Owens-Illinois, Inc. vesting in the Debtor as the surviving entity (the "**Merger**") by operation of Delaware law. Upon the effectiveness of the Merger, each share of Owens-Illinois, Inc. stock held immediately prior to the Merger automatically converted into a right to receive an equivalent corresponding share of Current Parent stock, having the same designations, rights, powers and preferences and the qualifications, limitations, and restrictions as the corresponding share of Owens-Illinois, Inc. stock being converted. After the Corporate Modernization Transaction, Owens-Illinois, Inc.'s stockholders became stockholders of Current Parent.

26. In connection with the modernization, the Debtor distributed all of the shares of capital stock of O-I Group to Current Parent, and entered into an Assumption and Assignment Agreement through which certain contracts of Owens-Illinois, Inc. (including employee benefits plans) that the Debtor succeeded to as a result of the Merger by operation of Delaware law, were assigned to Current Parent (the "**Distribution**"). In connection with and prior to the Distribution, Current Parent entered into the Support Agreement with the Debtor, which is designed to ensure that the Debtor remains solvent, and a Services Agreement, which maintains the Debtor's access to generalized corporate services and resources.

27. The Company undertook the Corporate Modernization Transaction to further its strategy of improving the Company's operating efficiency and cost structure, while ensuring the Debtor remains well-positioned to address its legacy liabilities. The Debtor believes that the corporate structure resulting from the Corporate Modernization Transaction aligns with the Debtor's goal of resolving its legacy liabilities fairly and finally, in a way that maximizes value

for all parties. The Corporate Modernization Transaction also helped ensure that the Debtor has the same ability to fund the costs of defending and resolving present and future Asbestos Claims as Owens-Illinois, Inc. did, through Debtor's retention of (i) its own assets to satisfy these claims and (ii) access to additional funds from the Company through the Support Agreement. In short, the Corporate Modernization Transaction made good sense on a standalone, operational basis, and was also consistent with any bankruptcy strategy the Debtor might undertake.

C. Support Agreement

28. As part of the Corporate Modernization Transaction, Current Parent entered into a support agreement with the Debtor (the "**Support Agreement**"), a true and correct copy of which is attached as Exhibit B. The Support Agreement is not a loan agreement. Instead, without any corresponding repayment obligation by the Debtor, it requires Current Parent to provide funding for all "Permitted Uses", subject to the terms of the Support Agreement. The key objective of the Support Agreement is to ensure that the Debtor has the same ability to fund the costs of managing and paying Asbestos Claims as Owens-Illinois, Inc., which funded asbestos-related liabilities out of cash funded from its subsidiaries.

D. Services Agreement

29. In connection with the Corporate Modernization Transaction and to ensure that the Debtor has access to the necessary resources and services to operate its business, the Debtor and Current Parent entered into a services agreement (the "**Services Agreement**"), pursuant to which Current Parent provides the Debtor with certain centralized corporate and administrative services, including, but not limited to, legal, accounting, tax, human resources, information technology, risk management and other support services (including information retention and records management) as are necessary to operate the Debtor's business and support its operations (including any needed

support of Meigs) (the "**Services**"). The Debtor is invoiced quarterly, on an allocated basis, for Services expenses based on a projected annual budget, which is trued-up at the end of each year based on actual costs. Amounts due under the Services Agreement are included as Permitted Uses under the Support Agreement.

E. The Debtor's Business Operations and Assets

30. The Debtor's business operations are exclusively focused on (1) owning and managing certain real property and (2) owning interests in, and managing the operations of, its non-Debtor subsidiary, Meigs, which is developing an active real estate business. In addition, the Debtor is responsible for managing its historical asbestos and environmental liabilities through resources available under the Services Agreement and outside advisors. In addition to amounts due under the Services Agreement, the Debtor also incurs certain direct costs related to independent director fees, consulting costs, legal fees, and other charges. The Debtor has no employees.

31. The Debtor owns one parcel of real property in Lapel, Indiana, on which an affiliate owns and operates a glass manufacturing plant (the "**Lapel Property**"). The Debtor acquired the Lapel Property from Owens-Brockway Glass Container Inc. ("**OBGC**") prior to the Petition Date and leased it back to OBGC under a 15-year triple net lease, subject to renewal (the "**Ground Lease**"). The Ground Lease is expected to generate net rents totaling approximately $110,000 in annual revenue. In connection with the sale and leaseback of the Lapel Property, the Debtor obtained an appraisal and capitalization rates from CBRE. The Debtor intends to manage and derive revenue from the Ground Lease business during the Chapter 11 Case and after emergence.

32. In addition to the Ground Lease, through Meigs, the Debtor holds one property and is under contract to purchase another property, both subject to triple-net leases of quick-service

restaurants with national, third-party quick-service restaurant brands (the "**Existing Properties**"). The Existing Properties are expected to generate net rents totaling approximately $216,000 in revenue in 2020, subject to increase in later years. In connection with owning and managing the Existing Properties, Meigs (as directed by the Debtor, as its sole member) performs the various tasks associated with its property management business, including periodic inspections of the properties for compliance with lease terms, management of tenants' lease obligations such as tax, common area charges and insurance, and resolving disputes, if any. The Debtor will continue to assess opportunities to expand Meigs' portfolio to provide income and asset value growth to its real estate business during the Chapter 11 Case.

33. In addition to these assets, the Debtor held approximately $40.6 million in cash in its bank account as of the Petition Date. These funds derived from a combination of (i) an initial payment under the Support Agreement and (ii) additional cash left behind at Owens-Illinois, Inc. in the Corporate Modernization Transaction, which became cash of the Debtor upon the Merger. The Debtor may also hold *de minimis* other assets to which it became entitled as a matter of Delaware law pursuant to the Merger.

F. Debtor's Capital Structure and Liabilities

34. As noted above, the Debtor is a wholly owned subsidiary of Current Parent. The Debtor has no funded debt as of the Petition Date. The Debtor's most significant liabilities relate to its Asbestos Claims (as discussed in greater detail in Part I.A above). The Debtor also has legacy environmental liabilities (which are dwarfed by asserted Asbestos Claims) and has *de minimis* other contested prepetition liabilities arising from pending non-asbestos-related litigation.

35. Environmental Liabilities. The Debtor has historical environmental liabilities related to, among other things, Owens-Illinois, Inc.'s prior operation of certain facilities, including,

but not limited to, in Ohio, Kentucky, Connecticut, New Jersey, and Georgia. The Debtor's liabilities with respect to these facilities relate to penalties for site closures, remediation expenses, exposure for cleanup of contamination, and alleged noncompliance with regulations. The Debtor also has liabilities associated with Owens-Illinois, Inc.'s involvement in a number of other administrative and legal proceedings regarding the responsibility for the cleanup of hazardous waste or damages claimed to be associated with it and with Owens-Illinois, Inc.'s involvement in some minor claims for environmental remediation of properties sold to third parties.

III. FIRST DAY PLEADINGS[2]

36. To preserve value for all stakeholders, the Debtor has sought approval of the First Day Pleadings and related orders (the "**Proposed Orders**"), and respectfully requests that the Court consider entering the Proposed Orders granting such First Day Pleadings. The Debtor seeks authority, but not direction, to pay amounts or satisfy obligations with respect to the relief requested in any of the First Day Pleadings.

37. I have reviewed each of the First Day Pleadings, Proposed Orders, and exhibits thereto (or have otherwise had their contents explained to me), and the facts set forth therein are true and correct to the best of my knowledge, information, and belief. Moreover, I believe that the relief sought in each of the First Day Pleadings (a) is vital to enabling the Debtor to make the transition to, and operate in, chapter 11 with minimum interruptions and disruptions to its business or loss of value and (b) constitutes a critical element in the Debtor's being able to successfully maximize value for the benefit of its estate.

[2] Unless otherwise defined herein, all capitalized terms in this Section shall have the meanings ascribed to them in the applicable First Day Pleadings.

A. Motion to Limit Notice and Approve Notice Procedures[3]

38. In the Motion to Limit Notice and Approve Notice Procedures, the Debtor seeks entry of interim and final orders (i) authorizing the Debtor to file a list of the top 24 law firms with the most significant Asbestos Claimant (as defined in the Motion to Limit Notice and Approve Notice Procedures) representations as determined by the volume and value of payments made on account of Asbestos Claims asserted against the Debtor in lieu of a list of the holders of the top 20 largest unsecured claims; (ii) approving the implementation of notice procedures by which the Debtor shall (a) list the addresses of known counsel of record for the Asbestos Claimants and known counsel under the Administrative Claims Agreements, in lieu of the addresses of the Asbestos Claimants themselves, on the Debtor's creditor matrix and (b) send required notices, mailings, and other communications related to the Chapter 11 Case to such known counsel of record for the Asbestos Claimants and known counsel under the Administrative Claims Agreements in lieu of sending such notices, mailings, and other communications directly to the Asbestos Claimants themselves (the "**Notice Procedures**"); and (iii) granting related relief.

1. *List of 24 Law Firms with the Most Significant Asbestos Claimant Representations*

39. As described herein, the Debtor is currently subject to Asbestos Claims presented to the Debtor through Administrative Claims Agreements and is also named as a defendant in pending Asbestos Claim litigation. The vast majority of the Debtor's known creditors are Asbestos Claimants. As a result, the Debtor anticipates that the Office of the United States Trustee for the District of Delaware (the "**U.S. Trustee**") will appoint an official committee of asbestos claimants to represent the interests of the Asbestos Claimants in the Chapter 11 Case. The Debtor does not

[3] "**Motion to Limit Notice and Approve Notice Procedures**" means the *Motion of Debtor for Entry of Interim and Final Orders (I) Authorizing the Filing of a List of the Top 24 Law Firms Representing Asbestos Claimants, (II) Approving Certain Notice Procedures for Asbestos Claimants, and (III) Granting Related Relief*.

expect that the U.S. Trustee will also seek to appoint a separate official committee comprised solely of holders of non-asbestos claims against the Debtor as the Debtor has relatively few unsecured creditors compared to the number of Asbestos Claimants.

40. I do not believe that listing individual Asbestos Claimants with the largest unsecured claims against the Debtor would facilitate the U.S. Trustee's appointment of an asbestos claimants creditors' committee. I believe attempting to designate certain individual Asbestos Claimants as holding the "largest" unsecured claims would be arbitrary. The vast majority of pending Asbestos Claims are disputed, contingent, and/or unliquidated and therefore would be incredibly difficult to value. I therefore believe that providing the U.S. Trustee with a list of the top 24 law firms with the most significant Asbestos Claimant representations as determined by the volume and value of payments made on account of Asbestos Claims asserted against the Debtor in lieu of a list of the 20 largest unsecured claims against the Debtor would better assist the U.S. Trustee in forming such a committee.

41. I understand that most Asbestos Claimants present Asbestos Claims to the Debtor through Administrative Claims Agreements. The Debtor usually resolves such Asbestos Claims promptly after receiving a qualifying submission from the applicable plaintiffs' law firm and therefore does not have many pending (i.e., submitted-but-unresolved) claims on its books and records. Accordingly, in order to identify the top plaintiffs' firms, the Debtor reviewed historical data of which firms have submitted the highest volume of Asbestos Claims and have resolved the highest value of Asbestos Claims in the past 10 years. In addition to listing the law firms with the most significant Asbestos Claimant representations as determined by volume and value of payments, I understand that the Debtor also included any law firms representing Asbestos

Claimants with any unpaid but liquidated Asbestos Claims in excess of $200,000 as of the Petition Date.

2. *The Asbestos Claimant Notice Procedures*

42. In the Motion to Limit Notice and Approve Notice Procedures, the Debtor also seeks to implement the Notice Procedures by which the Debtor will (i) list the addresses of known counsel of record for the Asbestos Claimants and known counsel under the Administrative Claims Agreements, in lieu of the addresses of the Asbestos Claimants themselves, on the Debtor's creditor matrix and (ii) send required notices, mailings, and other communications related to the Chapter 11 Case to such known counsel of record for the Asbestos Claimants and known counsel under the Administrative Claims Agreements in lieu of sending such communications directly to the Asbestos Claimants themselves.

43. I understand that the Debtor does not routinely receive individual address information for Asbestos Claimants in Asbestos Claim litigation or under Administrative Claims Agreements, and therefore does not track or retain such information. As described above, for claims submitted under the Administrative Claims Agreements, the Debtor usually resolves such Asbestos Claims promptly after receiving a qualifying submission from the applicable plaintiffs' law firm and therefore does not have many pending (i.e., submitted-but-unresolved) claims on its books and records. Further, the Debtor rarely receives contact information for such Asbestos Claimants pursuant to Administrative Claims Agreements.[4] For Asbestos Claims pending in the tort system, the Debtor tracks the Asbestos Claimant's name, but ordinarily the pleadings and

[4] I understand that the Debtor does have some identifying personal information about certain Asbestos Claimants for certain settled-but-unpaid claims existing as of the Petition Date, as well as some submitted Asbestos Claims that remain unresolved as of the Petition Date. However, the Debtor generally is not given and does not have contact information for such Asbestos Claimants.

publicly available discovery materials do not contain identifying contact information for such plaintiffs.

44. Instead, I understand that the Debtor typically tracks the address information of the counsel and/or law firm of record for the Asbestos Claimants in the tort system and named counsel party to the Administrative Claims Agreements, and conducts all communications regarding the related litigation and/or pending claims and Asbestos Claims through such counsel. Collecting the individual addresses of the Asbestos Claimants, I believe, would require a massive, expensive and time-consuming effort, including a search beyond the Debtor's existing books and records. Even if the Debtor did undergo this effort, I believe that it would likely be near impossible to locate and ensure the accuracy of such information for each Asbestos Claimant. As a result, the Debtor requests authority to list the addresses of the counsel of record for each Asbestos Claimant and named counsel under the Administrative Claims Agreements instead of the addresses of individual Asbestos Claimants on the Debtor's creditor matrix.

45. In addition, I understand that throughout the course of the Chapter 11 Case, various notices, mailings, and other communications will need to be sent to the Asbestos Claimants. In order to ensure that these claimants receive proper and timely notice of filings and critical events in the Chapter 11 Case, the Debtor requests authority to direct Prime Clerk, LLC, the Debtor's proposed claims and noticing agent (the "**Claims and Noticing Agent**"), to send required notices, mailings, and other communications to the counsel of record for the Asbestos Claimants and named counsel under the Administrative Claims Agreements, in the manner required pursuant to otherwise applicable noticing procedures in effect in the Chapter 11 Case, *provided* that the Debtor will (or will direct the Claims and Noticing Agent to) send required notices, mailings, and other communications directly to any Asbestos Claimants who so request such direct notice from the

Debtor in writing. As to those Asbestos Claimants, if any, whose personal addresses are known to the Debtor, the Debtor shall send required notices, mailings, and other communications related to the Chapter 11 Case to such Asbestos Claimants at their personal addresses, as well as to their known counsel. Additionally, for those law firms representing multiple Asbestos Claimants (including those law firms party to the Administrative Claims Agreements), the Debtor seeks authorization to serve each document only a single time on such law firms (at each relevant address) on behalf of all such counsel's clients, *provided* that any notice or other document relating specifically to one or more particular Asbestos Claimants (rather than all Asbestos Claimants represented by such law firm) shall clearly identify such parties.

46. I believe that by implementing the Notice Procedures, the actual notice that Asbestos Claimants will receive via their counsel will be superior to the notice that the Asbestos Claimants would receive if the Debtor were to attempt to deliver notices and other communications directly to such claimants. In addition, I understand that the address for counsel to the Asbestos Claimants is more likely to remain unchanged over time, and hence providing notice to the counsel of record will allow for more accurate notice to Asbestos Claimants. Moreover, I believe that the Notice Procedures will also significantly ease the Debtor's administrative burden of sending notices to thousands of Asbestos Claimants, resulting in a more cost-effective notice procedure that benefits the Debtor's estate and creditors.

B. Claims Agent Retention Application[5]

47. Pursuant to the Claims Agent Retention Application, the Debtor is seeking entry of an order appointing Prime Clerk, LLC ("**Prime Clerk**"), as claims and noticing agent in the

[5] "**Claims Agent Retention Application**" means the *Application of Debtor for Appointment of Prime Clerk LLC as Claims and Noticing Agent.*

Chapter 11 Case, effective as of the Petition Date, to assume full responsibility for the distribution of notices and the maintenance, processing, and docketing of proofs of claim filed in the Chapter 11 Case. It is my understanding that the Debtor's selection of Prime Clerk to act as the Claims and Noticing Agent has satisfied the Court's *Protocol for the Employment of Claims and Noticing Agents under 28 U.S.C. § 156(c)*, in that the Debtor has obtained and reviewed engagement proposals from at least two other Court-approved claims and noticing agents to ensure selection through a competitive process. Moreover, I understand that, based on all engagement proposals obtained and reviewed, Prime Clerk's rates are competitive and reasonable given Prime Clerk's quality of services and expertise.

48. Although the Debtor has not yet filed its schedules of assets and liabilities, it anticipates that there will be in excess of 200 entities to be noticed. In view of the number of anticipated claimants, I understand that the appointment of a claims and noticing agent is required by Local Rule 2002-1(f), and I believe that it is otherwise in the best interests of both the Debtor's estate and its creditors.

C. Cash Management and Services Agreement Motion[6]

1. *The Cash Management System*

49. I understand that the Debtor maintains a bank account (the "**Bank Account**") at Fifth Third Bank (the "**Bank**"), into which all rent payments received pursuant to the Ground Lease are deposited, and which serves as the Support Account into which the proceeds of all payments made pursuant to the Support Agreement are deposited. I have been informed that, as of the Petition Date, the Bank Account holds approximately $40.6 million in cash, derived from

[6] "**Cash Management and Services Agreement Motion**" means the *Motion of Debtor for Entry of Interim and Final Orders Authorizing Debtor to (I) Maintain Cash Management System, Bank Account, and Business Forms, (II) Perform Under Services Agreement, and (III) Granting Related Relief.*

(i) an initial payment under the Support Agreement and (ii) additional cash left behind at Owens-Illinois, Inc. in the Corporate Modernization Transaction, which became cash of the Debtor upon the Merger. Additionally, I understand that, pursuant to the Support Agreement, Current Parent is required to make available funding to maintain a balance of at least $5 million in the Bank Account. All proceeds from the Debtor's operations (and funding provided pursuant to the Support Agreement) are deposited into the Bank Account, and all disbursements, including checks, drafts, wires, and automated clearing house transfers, are issued from the Bank Account. The Bank Account was established in connection with the Corporate Modernization Transaction and it is my understanding that the Debtor has never held a bank account other than the Bank Account.

50. The Debtor may use a variety of preprinted business forms, including checks, letterhead, correspondence forms, invoices, and other business forms in the ordinary course of business (collectively, and as they may be modified from time to time, the "**Business Forms**"). To avoid a significant disruption to the Debtor's operations that would result from a disruption of the Debtor's cash management system (the "**Cash Management System**"), and to avoid unnecessary expense, the Debtor is requesting authority to continue using all Business Forms in use before the Petition Date, including with respect to the Debtor's ability to update authorized signatories and services, as needed—without reference to the Debtor's status as a chapter 11 debtor-in-possession—rather than requiring the Debtor to incur the expense and delay of ordering or printing new Business Forms. I understand that the Debtor will use reasonable efforts to have the designation "Debtor-in-Possession" and the corresponding bankruptcy case number printed on any Business Forms reordered after the Debtor exhausts its existing supply.

51. I have been informed that the Debtor incurs periodic service charges and other fees in connection with maintenance of the Cash Management System (the "**Bank Fees**"). The Bank

Fees are paid monthly and are automatically deducted from the Bank Account as they are assessed by the Bank. As of the Petition Date, I believe that any Bank Fees outstanding are *de minimis*.

2. *The Services Agreement*

52. I believe that the Services Agreement is of vital importance to the Debtor as without the Services Agreement, the Debtor (which does not have any of its own employees, much less the infrastructure to support its back-office requirements) would be unable to perform basic legal, finance, corporate, administrative, and other tasks necessary to support its business operations. The Services Agreement allows the Debtor to operate its treasury system, maintain its books and records, and comply with applicable tax requirements. Under the Services Agreement, the Debtor also has access to certain critical employees with historical knowledge relating to the defense and management of the Debtor's asbestos liabilities, and expertise relating to such matters. Accordingly, I believe that Current Parent's (and/or its affiliates') provision of services to the Debtor under the Services Agreement results in efficiencies and saved costs.

53. Pursuant to the Services Agreement, the Debtor (together with Meigs and any future subsidiaries that the Debtor may form, each a "**Service Recipient**") is eligible to receive one or more services (collectively, the "**Services**") from Current Parent (together with its subsidiaries other than the Debtor and its subsidiaries, each a "**Service Provider**") set forth in Exhibit A of the Service Agreement, which are incorporated by reference herein, on an as-needed basis.[7] The Services Agreement includes the following key financial terms:[8]

- Service Fees. Each Service will be provided to Service Recipient at Service Provider's Cost (as defined below), as determined by Current Parent in its

[7] Current Parent may also, in its sole discretion, engage or otherwise subcontract with third parties to assist with the performance of any Services under the Services Agreement.

[8] The summary contained herein is qualified in its entirety by the provisions of the Services Agreement. To the extent that anything in this Declaration is inconsistent with the terms of the Services Agreement, the Services Agreement will control.

reasonable discretion, in accordance with Exhibit B to the Services Agreement. The term "**Cost**" represents the direct cost to provide a Service. The intent is to assign to the Service all direct costs, including direct labor, direct supervision, benefits, travel and related costs, service-related training, and any direct third-party costs incurred to provide the Service. Average departmental labor rates are normally used to charge direct labor to a product or Service. Actual material purchase prices are used to charge direct materials to a product or Service.

- Billing. Current Parent will determine by line item in Exhibit A to the Services Agreement the projected cost of Services to be provided in the calendar year, and will deliver this projection to the Debtor on or before March 1 of such calendar year and every year thereafter. Once agreed, the sum total of these projected costs will be charged to the Debtor in advance in four equal quarterly installments. At the conclusion of each year, Current Parent will determine the actual cost of the Services provided during the year and provide a comparison to the projected costs to the Debtor by March 1 of the following year. Once agreed, any differences between the actual costs and the projected costs charged during the year will be credited or charged, as applicable, to the Debtor on the first quarterly invoice billed in the following year.

- Change Requests and Amendments. If Current Parent or the Debtor desires a change in the scope of the Services, the party requesting the change will submit a written request for change of Service (the "**Change Request**"). Within 30 days after receipt of the Change Request, Current Parent and the Debtor will negotiate in good faith regarding mutually acceptable changes in the scope of the Services. Current Parent and the Debtor may substitute one or more revised versions of Exhibit A to the Services Agreement as they mutually agree to from time to time.

54. I have been informed that the estimated cost of receiving the Services the Debtor currently receives under the Services Agreement will total approximately $300,000 to $450,000 per quarter in 2020. I understand that the Debtor's payments to Current Parent under the Services Agreement are a Permitted Use under the Support Agreement and thus, subject to the terms of the Support Agreement, Current Parent has funding obligations to the Debtor that correspond to the Debtor's obligations under the Services Agreement.

55. I believe that this cost is reasonable in light of the scope of the Services and the facts of the Chapter 11 Case, and that the Court should authorize the Debtor to continue to perform under the Services Agreement. In particular, I believe that the anticipated allocated cost is fair and

appropriate, and that the Debtor would be unable to receive the Services at a similarly competitive cost in the marketplace.

CONCLUSION

56. As discussed above, the Debtor's ultimate goal in this Chapter 11 Case is to confirm a plan of reorganization providing for a trust mechanism that will address all current and future Asbestos Claims against the Debtor while simultaneously preserving value and allowing the Debtor to emerge from chapter 11 free of asbestos-related liabilities. I believe that if the Court grants the relief requested in each of the First Day Pleadings, the prospect for achieving confirmation of a chapter 11 plan will be substantially enhanced.

57. I hereby certify that the foregoing statements are true and correct to the best of my knowledge, information and belief, and respectfully request that all of the relief requested in the First Day Pleadings be granted, together with such other and further relief as is just and proper.

I declare under penalty of perjury that the foregoing is true and correct.

Executed this 6th day of January, 2020.

/David J. Gordon/
David J. Gordon
President and Chief Restructuring Officer of Paddock Enterprises, LLC

Exhibit A

Simplified Company Organizational Chart

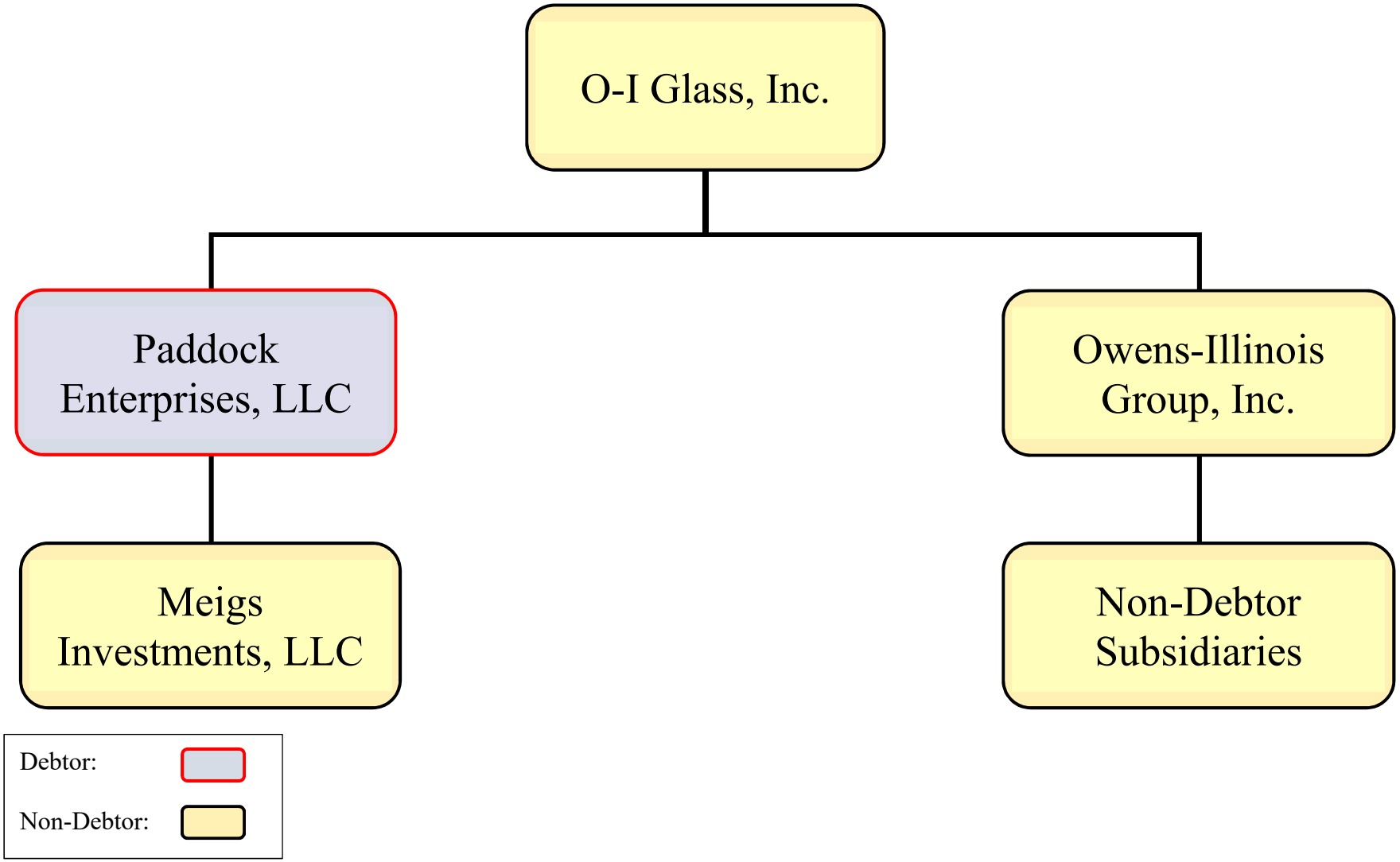

Exhibit B

Support Agreement

SUPPORT AGREEMENT

This SUPPORT AGREEMENT, dated as of December 27, 2019 (as it may be amended, restated, modified or supplemented from time to time, this "Agreement"), is between O-I Glass, Inc., a Delaware corporation ("Payor"), and Paddock Enterprises, LLC, a Delaware limited liability company ("Payee").

RECITALS

A. The predecessor of Payee (the "Predecessor") has received thousands of claims from individuals alleging bodily injury and death as a result of exposure to asbestos from a product manufactured by the Predecessor between 1948 and 1958. Payee is currently a defendant in approximately 900 lawsuits alleging such claims, and expects to continue to receive such claims, both informally and through additional lawsuits. As a result, Payee has considered seeking relief under the Bankruptcy Code (as defined below) for the purpose of confirming a Plan (as defined below).

B. Payor is the sole member of Payee and Payee is intended to be treated as an entity disregarded as separate from Payor solely for U.S. federal tax and applicable state and local tax purposes.

C. On December 25, 2019, the Board of Payor approved (1) execution and delivery of the Assignment and Assumption Agreement; and (2) execution and delivery of this Agreement.

D. On December 26, 2019, the Board of Payee approved (1) a dividend resulting in the distribution of all equity shares in Owens-Illinois Group, Inc. ("O-I Group"), a Delaware corporation and wholly-owned subsidiary of Payee, to Payor (the "Dividend"); (2) execution and delivery of the Assumption and Assignment Agreement (as defined below) (the "Assignment"); and (3) execution and delivery of this Agreement.

E. On December 26, 2019, effective immediately after the effective time of the Merger, the Assignment became effective.

F. On the date hereof, effective as of 7 a.m. prevailing Eastern Time (the "Dividend Effective Time"), all shares of O-I Group will be distributed to Payor, in its capacity as sole member of Payee, and Payee will retain all other assets it holds as of the Dividend Effective Time.

G. In connection with, and effective just prior to the Dividend Effective Time (the "Agreement Effective Time"), Payor has agreed, pursuant to the terms of this Agreement, to provide support to Payee sufficient to pay the costs of operating Payee's business, as well as to satisfy all other liabilities of Payee specified herein (the "Covered Liabilities") on the terms set forth herein, such that, at and following the Dividend Effective Time, Payee has and will have assets having a value greater than its liabilities and will have financial capacity sufficient to satisfy its obligations as they become due in the ordinary course of business, including any Asbestos Related Liabilities (as defined below) and Environmental Liabilities (as defined below).

AGREEMENT

In consideration of the foregoing, the parties hereto agree as follows:

1. **Definitions**. As used in this Agreement, the following terms have the meanings herein specified unless the context otherwise requires:

"524(g) Confirmation Order" has the meaning set forth in the definition of "Permitted Use".

"524(g) Plan" has the meaning set forth in the definition of "Permitted Use".

"Affiliate" of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, "control," as used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise. For purposes of this definition, the terms "controlling," "controlled by" and "under common control with" have correlative meanings.

"Agreement" has the meaning specified in the preamble of this Agreement.

"Asbestos Related Liabilities" has the meaning specified in Schedule 1 to this Agreement.

"Assignment" has the meaning specified in the recitals to this Agreement.

"Assumption and Assignment Agreement" means that certain Assumption and Assignment Agreement dated as of December 26, 2019 between Payor and Payee.

"Bankruptcy Case" means any voluntary case under chapter 11 of the Bankruptcy Code commenced by the Payee in the Bankruptcy Court.

"Bankruptcy Code" means Title 11 of the United States Code, as amended from time to time and any successor statute and all rules and regulations promulgated thereunder.

"Bankruptcy Court" means the United States Bankruptcy Court where the Bankruptcy Case is commenced.

"Base Rate" means, for any day, a fluctuating interest rate per annum as shall be in effect from time to time, which rate per annum shall at all times be equal to the greater of: (a) the rate of interest established by Bank of America, N.A from time to time, as its "prime rate," whether or not publicly announced, which interest rate may or may not be the lowest rate charged by it for commercial loans or other extensions of credit; and (b) the Federal Funds Effective Rate in effect from time to time, determined one Business Day in arrears, plus 1/2 of 1% per annum.

"Board" means: (a) with respect to a corporation, the board of directors of the corporation or any committee thereof; (b) with respect to a partnership, the board of directors of the general partner of the partnership; (c) with respect to a limited liability company, the managing member or members or the board of managers, as applicable, of the limited liability company; and (d) with respect to any other Person, the board or committee of such Person serving a similar function.

"Business Day" means each day other than a Saturday, a Sunday or a day on which banking institutions in Wilmington, Delaware or at a place of payment are authorized by law, regulation or executive order to remain closed.

"Capital Stock" means: (a) in the case of a corporation, corporate stock; (b) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock; (c) in the case of a partnership or limited liability company, partnership or membership interests (whether general or limited); and (d) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person, but excluding (in each case of (a) through (d) above) any debt securities convertible into such equity securities.

"Confirmation Order" means either a 524(g) Confirmation Order or a Non-524(g) Confirmation Order.

"Contractual Obligation" means, as to any Person, any obligation or similar provision of any security issued by such Person or any agreement, instrument or other undertaking (excluding this Agreement) to which such Person is a party or by which it or any of its property is bound.

"Covered Liabilities" has the meaning specified in the recitals to this Agreement.

"Default" means any event that is, or with the passage of time or the giving of notice or both would be, an Event of Default.

"District Court" means the United States District Court in the district of the Bankruptcy Court.

"Dividend" has the meaning specified in the recitals to this Agreement.

"Dividend Effective Time" has the meaning specified in the recitals to this Agreement.

"Environmental Liabilities" has the meaning set forth in Schedule 2 to this Agreement.

"Event of Default" has the meaning specified in Section 6.

"Federal Funds Effective Rate" means, for any period, a fluctuating interest rate equal for each day during such period to the weighted average of the rates on overnight Federal Funds transactions with members of the Federal Reserve System arranged by Federal Funds brokers, as published for such day (or, if such day is not a Business Day, for the next preceding Business Day) by the Federal Reserve Bank of New York.

"GAAP" means generally accepted accounting principles in the United States set forth in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or such other principles as may be approved by a significant segment of the accounting profession in the United States, in effect from time to time, consistently applied. If at any time any change in GAAP (including any adoption of International Financial Reporting Standards) would materially affect the computation of any amount required to be computed under this Agreement, the Payor may give written notice to the Payee of its intent to preserve the original intent of this Agreement and upon delivery of such notice, such amounts shall be calculated in accordance with GAAP as in effect at the end of the fiscal period ended immediately prior to such change in GAAP.

"Governmental Authority" means the government of the United States or any other nation, or of any political subdivision thereof, whether state or local, and any agency, authority, instrumentality regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

"Initial Payment" has the meaning specified in Section 2(a).

"Merger" means the merger of Owens-Illinois, Inc. with and into Payee pursuant to the terms of the Merger Agreement.

"Merger Agreement" means that certain Agreement and Plan of Merger dated as of December 26, 2019 by and among Owens-Illinois, Inc., a Delaware corporation, Payor, and Payee (as it may be amended, restated, modified or supplemented from time to time).

"Non 524(g) Confirmation Order" has the meaning set forth in the definition of "Permitted Use".

"Non 524(g) Plan" has the meaning set forth in the definition of "Permitted Use".

"O-I Group" has the meaning specified in the recitals to this Agreement.

"Organizational Documents" means, (a) with respect to any corporation, its certificate or articles of incorporation and bylaws, (b) with respect to any limited liability company, its certificate or articles of formation or organization and operating agreement, and (c) with respect to any partnership, joint venture, trust or other form of business entity, the partnership, joint venture or other applicable agreement of formation or organization and any agreement, instrument, filing or notice with respect thereto filed in connection with its formation or organization with the applicable Governmental Authority in the jurisdiction of its formation or organization and, if applicable, any certificate or articles of formation of such entity.

"Payee" has the meaning specified in the preamble of this Agreement.

"Payee Material Adverse Effect" means (a) a material impairment of the rights and remedies of the Payor under this Agreement, or of the ability of the Payee to perform its material obligations under this Agreement, or (b) a material adverse effect upon the legality, validity or enforceability of this Agreement against the Payee.

"Payee Subsidiary" means any wholly-owned Subsidiary of the Payee and for avoidance of doubt shall exclude the Payor and the Payor Affiliates.

"Payment" has the meaning specified in Section 2(a).

"Payment Cap" means the sum of (x) the fair market value of the equity shares in O-I Group subject to the Dividend and (y) the net value of assets, if any, subject to the Assignment.

"Payment Date" has the meaning specified in Section 2(b).

"Payor" has the meaning specified in the preamble of this Agreement.

"Payor Affiliate" means any Affiliate of the Payor other than the Payee and any Payee Subsidiary.

"Payor Material Adverse Effect" means (a) a material adverse change in, or a material adverse effect upon, the business, assets, liabilities (actual or contingent) or financial condition of the Payor and the Payor Subsidiaries, taken as a whole, (b) a material impairment of the rights and remedies of the Payee under this Agreement, or of the ability of the Payor to perform its material obligations under this Agreement, or (c) a material adverse effect upon the legality, validity or enforceability of this Agreement against the Payor.

"Payor Subsidiaries" means any Subsidiaries of Payor other than Payee and any Payee Subsidiary.

"Permitted Use" means each of the following: (i) the payment of any and all costs and expenses of the Payee incurred in the normal course of its business (including, without limitation, the payment of any

indemnification or other obligations of the Payee owing to any managers or officers of the Payee) at any time when there is no Bankruptcy Case pending; (ii) the payment of any and all (a) administrative expenses incurred during the pendency of any Bankruptcy Case that have been allowed by an order of the Bankruptcy Court and (b) other costs and expenses of the Payee incurred during the pendency of any Bankruptcy Case that are necessary or appropriate in the judgment of the Payee's Board, collectively including the costs of administering the Bankruptcy Case and any and all other costs and expenses of the Payee incurred in the normal course of its business during the pendency of the Bankruptcy Case (including, without limitation, the payment of any indemnification or other obligations of the Payee owing to any managers or officers of the Payee); (iii) the funding of any amounts necessary or appropriate in the judgment of Payee's Board to satisfy (a) Payee's Asbestos Related Liabilities and Environmental Liabilities established by one or more final and non-appealable judgments of a court of competent jurisdiction or final settlement thereof prior to the commencement of any Bankruptcy Case and any ancillary costs and expenses of the Payee associated with the pursuit of such Asbestos Related Claims or Environmental Claims; and (b) following the commencement of any Bankruptcy Case, (1) Payee's Asbestos Related Liabilities (A) in connection with the funding of a trust under section 524(g) of the Bankruptcy Code for the benefit of existing and future claimants that is included in a plan of reorganization for the Payee proposed or supported by the Payee (a "524(g) Plan") and confirmed by a final, nonappealable order of the Bankruptcy Court and the District Court, which order or orders determine the aggregate amount of such Asbestos Related Liabilities on the basis of evidence in the record of the Bankruptcy Case (a "524(g) Confirmation Order") or (B) in connection with consummation of a plan of reorganization for the Payee proposed or supported by the Payee that does not provide for a trust under section 524(g) of the Bankruptcy Code (a "Non-524(g) Plan") that is confirmed by a final, nonappealable order of the Bankruptcy Court (a "Non 524(g) Confirmation Order"), which Asbestos Related Liabilities have been allowed by one or more final, nonappealable orders of the Bankruptcy Court or District Court pursuant to a formal claims allowance process established in the Bankruptcy Case in respect of such Asbestos Related Liabilities; (2) any Environmental Liabilities in amounts that are allowed or are deemed allowed under a Plan; (3) any other claims allowed or deemed allowed under a Plan that are not in respect of Asbestos-Related Liabilities or Environmental Liabilities; (iv) the funding of any amounts necessary to cause the Support Account to contain at least $5,000,000 at all times prior to the effective date of a Plan; (v) the funding of any obligations of the Payee owed to the Payor or any Payor Affiliate, including, without limitation, any indemnification or other obligations of the Payee under the Services Agreement and Merger Agreement; and (vi) any and all taxes incurred by Payee as a result of the Merger, Dividend and/or Assignment; in the case of clauses (i) through (vi) above, solely to the extent that any cash distributions theretofore received by the Payee from any Payee Subsidiary are insufficient to pay such costs and expenses and fund such amounts and obligations in full and further, in the case of clause (iii)(b) above, solely to the extent that cash distributions from any Payee Subsidiary and Payee's other assets are collectively insufficient to fund amounts required by a Confirmation Order.

"Person" means any individual, corporation, partnership, limited liability company, joint venture, trust, unincorporated organization, or government or any agency or political subdivision thereof.

"Plan" means a 524(g) Plan or a Non-524(g) Plan.

"Predecessor" has the meaning specified in the recitals of this Agreement.

"SEC" means the Securities and Exchange Commission.

"Services Agreement" means that certain Services Agreement between Payor and Payee (as it may be amended, restated, modified or supplemented from time to time).

"Subsidiary" means any Person a majority of the outstanding Voting Stock of which is owned or controlled by another Person or by one or more other Subsidiaries of such Person.

"Support Account" means the account of the Payee listed on Schedule 3 to this Agreement, into which the proceeds of all Payments made under this Agreement shall be deposited, or such other account designated in writing by the Payee to the Payor from time to time.

"Support Request" has the meaning specified in Section 2(b).

"USD" means United States dollars.

"Voting Stock" of any Person as of any date means the Capital Stock of such Person that is at the time entitled to vote in the election of the Board of such Person.

2. **Support Obligations and Procedures**.

(a) Support Obligations. The Payor hereby agrees, on the terms and conditions set forth in this Agreement, (1) to fund into the Support Account an initial sum of twenty million USD ($20,000,000) in cash on or before January 3, 2020, subject to mutual extension thereof (the "Initial Payment"), in addition to any amounts funded into the Support Account pursuant to any other agreement and (2) upon the request of the Payee from time to time in accordance with the requirements of Section 2(b), to make payments to the Payee (each, a "Payment") in an amount, together with all prior Payments, not to exceed the Payment Cap, the proceeds of which shall be used by the Payee for any Permitted Use. Nothing in this Agreement shall obligate the Payor to make Payments under this Agreement that in the aggregate exceed the lesser of (i) the Payment Cap and (ii) the aggregate amount necessary for the Payee to fund all Permitted Uses, and nothing in this Agreement shall obligate the Payor to make any individual Payment under this Agreement that exceeds the amount necessary for the Payee to fund the Payee's projected Permitted Uses over the 30 days following the date of such Payment.

(b) Support Requests. To request a Payment, the Payee shall deliver to the Payor a written request (which written request may be a .pdf delivered via email) for such Payment substantially in the form attached as Exhibit A hereto and signed by the Payee (each, a "Support Request"). Each Support Request shall specify (i) the amount of the requested Payment, which shall be no less than $1,000,000, and (ii) the date requested for such Payment, which shall be no earlier than the date that is three Business Days following the delivery of such Support Request (each such date, a "Payment Date"). Each Support Request by the Payee shall constitute a representation and warranty by the Payee that the conditions set forth in Section 2(d) have been satisfied and that there shall have been no uncured violation by the Payee of the covenants set forth in Section 5.

(c) Payments. Subject only to the satisfaction of the conditions set forth in Section 2(d), on any Payment Date, the Payor shall pay or cause to be paid to the Payee an amount equal to the amount of the requested Payment specified in the applicable Support Request. All Payments shall be made by wire or other transfer of immediately available funds, in USD, to the Support Account. In the event that the Payor does not make any Payment within the time period required by this Section 2(c), the amount of the requested Payment shall bear interest at a rate per annum equal to the Base Rate *plus* 2% until such Payment is made, and the Payor shall include any interest accruing pursuant to this Section 2(c) in the next Payment made to the Payee.

(d) Conditions to Payments. The Payor's obligation to make any Payment is subject to the satisfaction of the following conditions as of the date of the Support Request relating to such Payment: (i) the representations and warranties of the Payee set forth in Section 3(b) shall be true and correct without regard to the impact of any Bankruptcy Case, including any notices or other actions that may be required therein; and (ii) there shall have been no uncured violation by the Payee of the covenants set forth in Section 5.

3. **Representations and Warranties**.

(a) Representations and Warranties of the Payor. The Payor represents and warrants to the Payee that:

(i) Existence, Qualification and Power. The Payor (A) is duly organized or formed, validly existing and, as applicable, in good standing under the laws of its jurisdiction of incorporation or organization, (B) has all requisite power and authority and all requisite governmental licenses, authorizations, consents and approvals to (I) own or lease its material assets and carry on its business and (II) execute, deliver and perform its obligations under this Agreement and (C) is duly qualified and is licensed and, as applicable, in good standing under the laws of each jurisdiction where its ownership, lease or operation of properties or the conduct of its business requires such qualification or license; except in each case referred to in clause (B)(I) or (C), to the extent that failure to do so could not reasonably be expected to have a Payor Material Adverse Effect.

(ii) Authorization; No Contravention. The execution, delivery and performance by the Payor of this Agreement has been duly authorized by all necessary corporate or other organizational action, and does not and will not (A) contravene the terms of its Organizational Documents, (B) conflict with or result in any breach or contravention of, or the creation of any lien under, or require any payment to be made under (I) any Contractual Obligation to which it is a party or affecting it or its properties or (II) any order, injunction, writ or decree of any Governmental Authority or any arbitral award to which it or its property is subject, or (C) violate any applicable law, except in each case referred to in clause (B) or (C), to the extent the failure to do so could not reasonably be expected to have a Payor Material Adverse Effect.

(iii) Governmental Authorization; Other Consents. No approval, consent, exemption, authorization, or other action by, or notice to, or filing with, any Governmental Authority or any other Person is necessary or required in connection with the execution, delivery, or performance of this Agreement by, or enforcement against, the Payor.

(iv) Binding Effect. This Agreement has been duly executed and delivered by the Payor. This Agreement constitutes a legal, valid and binding obligation of the Payor, enforceable against the Payor in accordance with its terms, except to the extent such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or limiting creditors' rights generally and by equitable principles.

(b) Representations and Warranties of the Payee. The Payee represents and warrants to the Payor that:

(i) Existence, Qualification and Power. The Payee (A) is duly organized or formed, validly existing and, as applicable, in good standing under the laws of its jurisdiction of incorporation or organization, (B) has all requisite power and authority and all requisite governmental licenses, authorizations, consents and approvals to (I) own or lease its material assets and carry on its business and (II) execute, deliver and perform its obligations under this Agreement and (C) is duly qualified and is licensed and, as applicable, in good standing under the laws of each jurisdiction where its ownership, lease or operation of properties or the conduct of its business requires such qualification or license; except in each case referred to in clause (B)(I) or (C), to the extent that failure to do so could not reasonably be expected to have a Payee Material Adverse Effect.

(ii) Authorization; No Contravention. The execution, delivery and performance by the Payee of this Agreement has been duly authorized by all necessary corporate or other organizational action, and does not and will not (A) contravene the terms of its Organizational Documents, (B) conflict with or result in any breach or contravention of, or the creation of any lien under, or require any payment to be made under (I) any Contractual Obligation to which it is a party or affecting it or its properties or (II) any order, injunction, writ or decree of any Governmental Authority or any arbitral award to which it or its property is subject, or (C) violate any applicable law, except in each case referred to in clause (B) or (C), to the extent the failure to do so could not reasonably be expected to have a Payee Material Adverse Effect.

(iii) Governmental Authorization; Other Consents. No approval, consent, exemption, authorization, or other action by, or notice to, or filing with, any Governmental Authority or any other Person is necessary or required in connection with the execution, delivery, or performance of this Agreement by, or enforcement against, the Payee.

(iv) Binding Effect. This Agreement has been duly executed and delivered by the Payee. This Agreement constitutes a legal, valid and binding obligation of the Payee, enforceable against the Payee in accordance with its terms, except to the extent such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or limiting creditors' rights generally and by equitable principles.

4. **Covenants of the Payor**.

(a) Provision of Financial Information.

(i) The Payor will have (i) its annual financial statements audited by the Payor's independent registered public accountants and will furnish to the Payee, no later than 90 days after the end of each fiscal year (in the case of annual financial statements) and (ii) unaudited quarterly financial statements (other than the last fiscal quarter of each fiscal year) provided to Payee no later than 45 days after the end of such fiscal quarter. The unaudited quarterly and audited annual consolidated financial statements shall be prepared in accordance with GAAP subject, with respect to quarterly financial statements, to the absence of footnote disclosure and normal year-end audit adjustments.

(ii) By accepting such financial information, the Payee will be deemed to have represented to and agreed with the Payor that: (A) it will not use the information in violation of applicable securities laws or regulations; and (B) it will not communicate any such information not publicly disclosed by the Payor to any Person, including, without limitation, in any aggregated or converted form, and will keep such information confidential, other than where disclosure of such information is required by law, regulation or legal process (in which case the Payee shall, to the extent permitted by law, notify the Payor promptly thereof).

(iii) Notwithstanding the foregoing, the Payor may fulfill the requirement to distribute the financial information required by Section 4(a)(i) by filing the information with the SEC within the applicable time periods specified in the SEC's rules and regulations, including any applicable grace period or extension. The Payor will be deemed to have satisfied the reporting requirements of Section 4(a)(i) if it has filed such reports containing such information with the SEC within the applicable time periods specified in the SEC's rules and regulations, including any applicable grace period or extension, and such reports are publicly available.

(b) Successor to the Payor upon Consolidation or Merger.

(i) Subject to the provisions of Sections 4(b)(ii) and 4(b)(iii), nothing contained in this Agreement shall prevent any consolidation or merger of the Payor with or into any Person, or successive consolidations or mergers in which the Payor or its successor or successors shall be a party or parties, or shall prevent any sale, assignment, transfer, lease, conveyance or other disposition of all or substantially all the property of the Payor (for the avoidance of doubt, calculated by including the equity interests of the Payor), to any Person; *provided*, *however*, and the Payor hereby covenants and agrees, that, if the surviving Person, acquiring Person or lessee is a Person other than the Payor, upon any such consolidation, merger, sale, assignment, transfer, lease, conveyance or other disposition, all of the Payor's funding obligations under this Agreement and the observance of all other covenants and conditions of this Agreement to be performed by the Payor, shall be expressly assumed by an amendment to this Agreement or such other documentation in form reasonably satisfactory to the Payee, executed and delivered to the Payee by the Person formed by such consolidation, or into which the Payor shall have been merged, or by the Person which shall have acquired or leased such property. This covenant will not apply to: (A) a merger of the Payor with an Affiliate solely for the purpose of reincorporating the Payor in another jurisdiction within the United States; (B) any conversion of the Payor from an entity formed under the laws of one state to the same type of entity formed under the laws of another state; or (C) any conversion of the Payor from a limited liability company to a corporation, from a corporation to a limited liability company, from a limited liability company to a limited partnership or a similar conversion, whether the converting entity and the converted entity are formed under the laws of the same state or the converting entity is formed under the laws of one state and the converted entity is formed of the laws of a different state, so long as, in each case, the surviving entity by operation of law remains bound by the provisions of this Agreement.

(ii) Upon any consolidation or merger, or any sale, assignment, transfer, lease, conveyance or other disposition of all or substantially all of the assets of the Payor (for the avoidance of doubt, calculated by including the equity interests of the Payor) in a transaction that is subject to, and that complies with, the provisions of the preceding clause (i), the successor Person formed by such consolidation into or with which the Payor is merged or to which such sale, assignment, transfer, lease, conveyance or other disposition is made shall succeed to, and be substituted for (so that from and after the date of such consolidation, merger, sale, lease, conveyance or other disposition, the provisions of this Agreement referring to the "Payor" shall refer instead to the successor Person and not to the Payor), and may exercise every right and power of the Payor under this Agreement with the same effect as if such successor Person had been named as the Payor herein. In the event of a succession in compliance with this Section 4(b)(ii), the predecessor Person shall be relieved from every obligation and covenant under this Agreement upon the consummation of such succession.

(iii) Any consolidation, merger, sale, conveyance or lease referred to in the preceding clause (i) shall not be permitted under this Agreement unless immediately after giving effect to such transaction, no Default or Event of Default arising from any action or inaction by Payor shall have occurred and be continuing.

5. **Covenants of the Payee**.

(a) The Payee shall not use the proceeds of any Payment made under this Agreement for any purpose other than a Permitted Use; and

(b) The Payee will perform its indemnification obligations under the Merger Agreement in all material respects.

6. **Events of Default**. Each of the following events constitutes an "Event of Default":

(a) The Payee defaults in the performance of, or breaches, any covenant or representation or warranty of the Payee in this Agreement and such default or breach continues for a period of five (5) Business Days after there has been given to the Payee by the Payor a written notice specifying such default or breach and requiring it to be remedied and stating that such notice is a "Notice of Default" hereunder;

(b) the Payor defaults in its funding obligations pursuant to Section 2 and such default continues for a period of five (5) Business Days;

(c) the Payor defaults in the performance of, or breaches, any covenant or representation or warranty of the Payor in this Agreement (other than a covenant or representation or warranty which is specifically dealt with elsewhere in this Section 6) and such default or breach continues for a period of 90 days, or, in the case of any failure to comply with Section 4(a) of this Agreement, 180 days, in each case after there has been given to the Payor by the Payee a written notice specifying such default or breach and requiring it to be remedied and stating that such notice is a "Notice of Default" hereunder;

(d) the Payor, pursuant to or within the meaning of the Bankruptcy Code or any similar federal or state law for the relief of debtors, (i) commences a voluntary case, (ii) consents to the entry of an order for relief against it in an involuntary case, (iii) consents to the appointment of a custodian of it or for all or substantially all of its property, (iv) makes a general assignment for the benefit of its creditors, or (v) generally is not paying its debts as they become due; and

(e) a court of competent jurisdiction enters an order or decree under the Bankruptcy Code or any similar federal or state law for the relief of debtors that (i) is for relief against the Payor in the nature of an exercise of jurisdiction over all or the majority of Payor's assets, (ii) appoints a custodian of the Payor for all or substantially all of the property of the Payor, or (iii) orders the liquidation of the Payor, and, in each case of (i) through (iii) above, such order or decree remains unstayed and in effect for 60 consecutive days.

Upon becoming aware of any Default or Event of Default, the Payor or the Payee, as applicable, shall promptly deliver to the Payee or Payor, as applicable, a written statement specifying such Default or Event of Default.

7. **Remedies**. Upon the occurrence of any Event of Default, and at any time thereafter during the continuance of any such Event of Default, the non-defaulting Party may continue to enforce the performance of any provision of this Agreement, as applicable, and the Payee, if a non-defaulting Party may pursue any available remedy to collect any unfunded Payments due and owing to the Payee.

8. **Notices**. All notices required under this Agreement, including each Support Request and any approval of or objection to a Support Request, shall be delivered to the applicable party to this Agreement at the address set forth below. Unless otherwise specified herein, delivery of any such notice by email, facsimile or other electronic transmission (including .pdf) shall be effective as delivery of a manually executed counterpart thereof.

Payor:

O-I Glass, Inc.
One Michael Owens Way, Plaza 1
Perrysburg, OH 43551-2999
Email: Anand.Patel@o-i.com

Corp.tr@o-i.com

Payee:

Paddock Enterprises, LLC
One Michael Owens Way, Plaza 1
Perrysburg, OH 43551-2999
Email: dgordon@djoservicesllc.com

9. **Governing Law; Jury Trial Waiver**. This Agreement shall be governed and construed in accordance with the laws of the State of Delaware without regard to principles of conflict of law that would defer to the laws of another jurisdiction. **PAYOR AND PAYEE AGREE TO WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM BROUGHT BY OR ON BEHALF OF THE PARTIES HERETO WITH RESPECT TO ANY MATTER RELATING TO OR ARISING OUT OF THE ENGAGEMENT OR THE PERFORMANCE OR NON-PERFORMANCE OF THE PARTIES HEREUNDER.** Payor and Payee agree, to the extent permitted by applicable law, (a) that any federal court sitting within the District of Delaware shall have exclusive jurisdiction over any litigation arising out of this Agreement; (b) to submit to the personal jurisdiction of the Courts of the United States District Court for the District of Delaware; (c) to waive any and all personal rights under the law of any jurisdiction to object on any basis (including, without limitation, inconvenience of forum) to jurisdiction or venue within the State of Delaware for any litigation arising in connection with this Agreement; and (d) in the event that the Payee commences a Bankruptcy Case, that (1) the Bankruptcy Court shall have exclusive jurisdiction over any and all matters arising under or in connection with this Agreement and that each of the Parties hereby consents to entry by the Bankruptcy Court of a final order in any dispute arising out of or related to this Agreement and (2) Payor shall be entitled to participate and be heard in any matters implicating, in any way, the scope, extent, timing, or enforceability of, or obligations under, this Agreement.

10. **No Implied Waiver; Amendments**. No failure or delay on the part of the Payee or Payor to exercise any right, power or privilege under this Agreement, and no course of dealing between the Payor, on the one hand, and the Payee, on the other hand, shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege under this Agreement preclude any other or further exercise thereof or the exercise of any other right, power or privilege. No notice to or demand on the Payor or the Payee in any case shall entitle the other Party to any other or further notice or demand in similar or other circumstances, or constitute a waiver of the right of the holder of this Agreement to any other or further action in any circumstances without notice or demand. The remedies provided in this Agreement are cumulative and not exclusive of any remedies provided by law. No amendment or waiver of any provision of this Agreement, nor consent to any departure by the Payee or the Payor therefrom, shall in any event be effective unless the same shall be in writing, specifically refer to this Agreement, and be signed by the Payor and the Payee, and then such amendment or waiver shall be effective only in the specific instance and for the specific purpose for which given. A waiver on any such occasion shall not be construed as a bar to, or waiver of, any such right or remedy on any future occasion.

11. **Counterparts; Entire Agreement; Electronic Execution**. This Agreement may be executed in separate counterparts, each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement constitutes the entire contract among the parties relating to the subject matter hereof and supersedes, in its entirety, any prior written or oral agreement between the Parties on the subject matter herein. This Agreement shall become effective when it shall have been executed by each party hereto and each party shall have received counterparts hereof which, when taken together, bear the signatures of each of party hereto, and thereafter shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. Delivery of an executed

counterpart of a signature page of this Agreement by telecopy, .pdf or any other electronic means that reproduces an image of the actual executed signature page shall be effective as delivery of a manually executed counterpart of this Agreement.

12. **Severability**. If any one or more of the provisions contained in this Agreement are invalid, illegal or unenforceable in any respect, the validity, legality or enforceability of all the remaining provisions will not in any way be affected or impaired. If any one or more provisions contained in this Agreement are deemed invalid, illegal or unenforceable because of their scope or breadth, such provisions shall be reformed and replaced with provisions whose scope and breadth are valid under applicable law and are consistent with the Parties' intentions with respect to the applicable invalid, illegal or unenforceable provisions.

13. **Transfer; Assignment**. This Agreement shall be binding upon the Payor and its successors and assigns, and the terms and provisions of this Agreement shall inure to the benefit of the Payee and its successors and assigns. The Payor's rights and obligations under this Agreement may not be assigned without the prior written consent of the Payee, which may be withheld in its sole and absolute discretion; provided, however, that no such consent of the Payee shall be required in connection with any transfer effected in compliance with Section 4(b). The Payee's rights and obligations under this Agreement may not be assigned without the prior written consent of the Payor, which may be withheld in its sole and absolute discretion.

14. **Rights of Parties**. This Agreement shall not confer any rights or remedies upon any Person other than the parties and their respective successors and permitted assigns.

[*Signature pages follow*]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

O-I GLASS, INC., a Delaware corporation, as the Payor

By:_____
Name: Mary Beth Wilkinson
Title: Senior Vice President, General Counsel and Corporate Secretary

PADDOCK ENTERPRISES, LLC, a Delaware limited liability company, as the Payee

By:_____
Name: John Haudrich
Title: Treasurer and Chief Financial Officer

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

O-I GLASS, INC., a Delaware corporation, as the Payor

By:_____
Name: MaryBeth Wilkinson
Title: Senior Vice President, General Counsel and Corporate Secretary

PADDOCK ENTERPRISES, LLC, a Delaware limited liability company, as the Payee

By:_____
Name: John Haudrich
Title: Treasurer and Chief Financial Officer

SCHEDULE 1

Definition of Asbestos Related Liabilities

For purposes of this Agreement, "Asbestos Related Liabilities" means all Liabilities (as defined below) of the Payee related in any way to asbestos or asbestos containing materials.

Capitalized terms that are used in this Schedule 1 have the following meanings:

(a) "Cause of Action" means any claim, judgment, cause of action, counterclaim, crossclaim, third party claim, defense, indemnity claim, reimbursement claim, contribution claim, subrogation claim, right of set off, right of recovery, recoupment, right under any settlement Contract and similar right, whether choate or inchoate, known or unknown, contingent or noncontingent.

(b) "Contract" means any contract, agreement, arrangement, lease, indenture, mortgage, deed of trust, evidence of indebtedness, License, Plan, guarantee, understanding, course of dealing or performance, instrument, bid, order, proposal, demand, offer or acceptance, whether written or oral.

(c) "Governmental Authority" means any national, central, federal, state, provincial, municipal, local or other domestic, foreign or supranational governmental, legislative, administrative, or regulatory authority, agency, court, arbitration tribunal, board, department, commission or other governmental, or regulatory entity, including any competent governmental authority responsible for the determination, assessment or collection of taxes.

(d) "Law" means any federal, state, local, municipal or foreign statute, law, ordinance, decree, order, injunction, rule, regulation, directive, constitution, code, edict, writ, judgment, opinion, decree, injunction, stipulation, award or other document or pronouncement having the effect of law (including common law), of any Governmental Authority, and includes rules and regulations of any regulatory or self-regulatory authority with which compliance is required by any of the foregoing.

(e) "Liability" shall mean any claim, demand, offer, acceptance, action, suit, liability or obligation of any kind, whether accrued or fixed, absolute or contingent, matured or unmatured, determined or determinable, choate or inchoate, asserted or unasserted, known or unknown, including those arising or that may arise under any past, present, or future Law or Contract or pursuant to any Cause of Action or Proceeding, including all claims for economic or noneconomic damages or injuries of any type or nature whatsoever including claims for physical, mental, and emotional pain and suffering, loss of enjoyment of life, loss of society or consortium, wrongful death as well as claims for damage to property and/or punitive damages.

(f) "License" means any license, sublicense, agreement, covenant not to sue or permission.

(g) "Person" means any individual, corporation (including any non-profit corporation), general or limited partnership, limited liability company, joint venture, estate, trust, benefit plan, unincorporated organization, business, syndicate, sole proprietorship, association, organization, labor union, or other entity, association or Governmental Authority.

(h) "Plan" means, with respect to any Person, (a) any "employee benefit plan" (as defined in Section 3(3) of ERISA), (b) all specified fringe benefit plans as defined in Section 6039(D) of the Internal Revenue Code and (c) any other plan, program, policy, agreement or arrangement, whether or not in writing, relating to compensation, employee benefits, severance, change in control, retention,

deferred compensation, equity, employment, consulting, vacation, sick leave, paid time off, salary continuation, disability, hospitalization, medical insurance, life insurance, scholarship programs, incentive compensation or bonus compensation, in each case that is sponsored, maintained or contributed to or required to be sponsored, maintained or contributed to by, or otherwise covering such Person.

(i) "Proceeding" means any action, appeal, arbitration, assessment, cancellation, charge, citation, claim, complaint, concurrent use, controversy, contested matter, demand, grievance, hearing, inquiry, interference, investigation, litigation (including class actions and multidistrict litigation), mediation, opposition, re-examination, summons, subpoena or suit or other case or proceeding, whether civil, criminal, administrative, judicial or investigative, whether formal or informal, whether public or private, commenced, brought, conducted or heard by or before, under the supervision or direction of, or otherwise involving, any Governmental Authority or arbitrator or other agreed-upon tribunal or dispute resolution mechanism.

SCHEDULE 2

Definition of Environmental Liabilities

For purposes of this Agreement, "Environmental Liabilities" means all Liabilities (as defined below) of the Payee arising under or related to any Environmental Laws (as defined below); provided, for the avoidance of doubt, that Environmental Liabilities shall exclude any Asbestos Related Liabilities (as defined in Schedule 1).

Capitalized terms that are used in this Schedule 2 have the following meanings:

(a) "Cause of Action" means any claim, judgment, cause of action, counterclaim, crossclaim, third party claim, defense, indemnity claim, reimbursement claim, contribution claim, subrogation claim, right of set off, right of recovery, recoupment, right under any settlement Contract and similar right, whether choate or inchoate, known or unknown, contingent or noncontingent.

(b) "Contract" means any contract, agreement, arrangement, lease, indenture, mortgage, deed of trust, evidence of indebtedness, License, guarantee, understanding, course of dealing or performance, instrument, bid, order, proposal, demand, offer or acceptance, whether written or oral.

(c) "Environmental Law" means (a) the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act of 1986, 42 U.S.C. §§ 9601, et seq., (b) the Resource Conservation and Recovery Act, as amended by the Hazardous and Solid Waste Amendment of 1984, 42 U.S.C. §§ 6901, et seq., (c) the Clean Air Act, 42 U.S.C. §§ 7401, et seq., (d) the Clean Water Act of 1977, 33 U.S.C. §§ 1251, et seq., (e) the Toxic Substances Control Act, 15 U.S.C. §§ 2601, et seq., (f) all statutes, laws, rules, permits or regulations issued or promulgated by any Governmental Authority or court (including the common law), as they may be amended from time to time, relating to the protection and/or prevention of harm, contamination or pollution of or to the environment (including ecological systems and living organisms including humans and the following media whether alone or in combination: air (including air within buildings), water (including water under or within land or in pipe or sewage systems), land, buildings and soil) and (g) ordinances, rules, regulations, orders, notices of violation, requests, demands, permits and requirements issued or promulgated by any Governmental Authority in connection with such statutes or laws.

(d) "Governmental Authority" means any national, central, federal, state, provincial, municipal, local or other domestic, foreign or supranational governmental, legislative, administrative, or regulatory authority, agency, court, arbitration tribunal, board, department, commission or other governmental, or regulatory entity, including any competent governmental authority responsible for the determination, assessment or collection of taxes.

(e) "Liability" shall mean any claim, demand, offer, acceptance, action, suit, liability or obligation of any kind, whether accrued or fixed, absolute or contingent, matured or unmatured, determined or determinable, choate or inchoate, asserted or unasserted, known or unknown, including those arising or that may arise under any past, present, or future Environmental Law or Contract or pursuant to any Cause of Action or Proceeding.

(f) "License" means any license, sublicense, agreement, covenant not to sue or permission.

(g) "Proceeding" means any action, appeal, arbitration, assessment, cancellation, charge, citation, claim, complaint, concurrent use, controversy, contested matter, demand, grievance, hearing,

inquiry, interference, investigation, litigation, mediation, opposition, re-examination, summons, subpoena or suit or other case or proceeding, whether civil, criminal, administrative, judicial or investigative, whether formal or informal, whether public or private, commenced, brought, conducted or heard by or before, under the supervision or direction of, or otherwise involving, any Governmental Authority or arbitrator or other agreed-upon tribunal or dispute resolution mechanism.

SCHEDULE 3

Support Account

[TO BE PROVIDED]

EXHIBIT A

FORM OF SUPPORT REQUEST

EXECUTION VERSION

Paddock Enterprises, LLC
One Michael Owens Way, Plaza 1
Perrysburg, OH 43551-2999

[Date]

O-I Glass, Inc.
One Michael Owens Way, Plaza 1
Perrysburg, OH 43551-2999

Re: Support Request for Paddock Enterprises, LLC (this "**Support Request Letter**")

Ladies and Gentlemen:

Reference is hereby made to the Support Agreement, dated as of December 27, 2019 (as it may be amended, restated, modified or supplemented from time to time, the "**Support Agreement**"), by and between O-I Glass, Inc., a Delaware corporation ("**Payor**"), and Paddock Enterprises, LLC, a Delaware limited liability company ("**Payee**"). Capitalized terms used but not defined herein shall have the meanings assigned to such terms in the Support Agreement.

This Support Request Letter is executed and delivered by Payee to Payor pursuant to Section 2(b) of the Support Agreement. Payee hereby requests a Payment from Payor pursuant to the Support Agreement in the amount of $[amount] to be made on [date]. Payee hereby instructs Payor to disburse on the date of the Payment requested herein, the proceeds of the Payment to the Support Account.

In connection with the Payment requested herein, Payee hereby represents, warrants and certifies to Payor that:

i. proceeds from the Payment shall be used to fund Payee's projected Permitted Uses over the 30 days following the date of the Payment;

ii. the representations and warranties of Payee set forth in Section 3(b) of the Support Agreement are true and correct without regard to the impact of any Bankruptcy Case, including any notices or other actions that may be required therein; and

iii. there are no uncured violations by Payee of the covenants set forth in Section 5 of the Support Agreement.

[*Signature page follows*]

The undersigned hereby certifies each and every matter contained herein to be true and correct.

PADDOCK ENTERPRISES, LLC, a Delaware limited liability company, as the Payee

By:_____
Name:
Title:

Exhibit 19

1)

Original Entity: Apartment Investment & Management Co.
New Spun-Off Entity: Apartment Income REIT Corp.
Completion Date: December 15, 2020
Relevant Agreement (Section): Separation and Distribution Agreement (Article IX)
Link to Information:
https://www.sec.gov/Archives/edgar/data/1820877/000119312520317473/0001193125-20-317473-index.htm

2)

Original Entity: SYNNEX Corp.
New Spun-Off Entity: Concentrix Corp.
Completion Date: November 30, 2020
Relevant Agreement (Section): Separation and Distribution Agreement (Article IV)
Link to Information:
https://www.sec.gov/Archives/edgar/data/1803599/000180359920000026/0001803599-20-000026-index.htm

3)

Original Entity: Aaron's Holdings Company, Inc.
New Spun-Off Entity: Aaron's Company, Inc.
Completion Date: November 29, 2020
Relevant Agreement (Section): Separation and Distribution Agreement (Article V)
Link to Information:
https://www.sec.gov/Archives/edgar/data/1821393/000119312520306240/0001193125-20-306240-index.htm

4)

Original Entity: Fortive Corp.
New Spun-Off Entity: Vontier Corp.
Completion Date: October 8, 2020
Relevant Agreement (Section): Separation and Distribution Agreement (Article V)
Link to Information:
https://www.sec.gov/Archives/edgar/data/d35176d8k.htm/000119312520268470/0001193125-20-268470-index.html

5)

Original Entity: PDL Biopharma, Inc.
New Spun-Off Entity: Lensar, Inc.
Completion Date: October 1, 2020
Relevant Agreement (Section): Separation and Distribution Agreement (Article V)
Link to Information:
https://www.sec.gov/Archives/edgar/data/1320350/000119312520262511/0001193125-20-262511-index.htm

6)

Original Entity: Smith & Wesson Brands, Inc.
New Spun-Off Entity: American Outdoor Brands, Inc.
Completion Date: August 24, 2020
Relevant Agreement (Section): Separation Agreement (Article V)
Link to Information:
https://www.sec.gov/Archives/edgar/data/1808997/000119312520231332/0001193125-20-231332-index.htm

7)

Original Entity: Madison Square Garden Sports Corp.
New Spun-Off Entity: Madison Square Garden Entertainment Corp.
Completion Date: April 17, 2020
Relevant Agreement (Section): Distribution Agreement (Article III)
Link to Information:
https://www.sec.gov/Archives/edgar/data/1795250/000179525020000005/0001795250-20-000005-index.htm

8)

Original Entity: Raytheon Technologies Corp. (f/k/a United Technologies Corp.)
New Spun-Off Entity: Carrier Global Corp.
Completion Date: April 2, 2020
Relevant Agreement (Section): Separation and Distribution Agreement (Article IV)
Link to Information:
https://www.sec.gov/Archives/edgar/data/1783180/000114036120007888/0001140361-20-007888-index.htm

9)

Original Entity: Raytheon Technologies Corp. (f/k/a United Technologies Corp.)
New Spun-Off Entity: Otis Worldwide Corp.
Completion Date: April 2, 2020
Relevant Agreement (Section): Separation and Distribution Agreement (Article IV)
Link to Information:
https://www.sec.gov/Archives/edgar/data/1781335/000114036120007885/0001140361-20-007885-index.htm

10)

Original Entity: Howmet Aerospace Inc. (f/k/a Arconic Inc.)
New Spun-Off Entity: Arconic Corp. (f/k/a Arconic Rolled Products Corp.)
Completion Date: March 31, 2020
Relevant Agreement (Section): Separation and Distribution Agreement (Article IV)
Link to Information:
https://www.sec.gov/Archives/edgar/data/1790982/000110465920043138/0001104659-20-043138-index.htm

11)

Original Entity: Lineage Cell Therapeutics, Inc.
New Spun-Off Entity: Agex Therapeutics, Inc.
Completion Date: November 28, 2019
Relevant Agreement (Section): Asset Contribution and Separation Agreement (Article VIII)
Link to Information:
https://www.sec.gov/Archives/edgar/data/form8-k.htm/0001493152-19-003570-index.html

https://www.sec.gov/Archives/edgar/data/form10-12ba.htm/0001493152-18-014695-index.html

12)

Original Entity: Emmis Communications Corp.
New Spun-Off Entity: Mediaco Holding Inc.
Completion Date: November 25, 2019
Relevant Agreement (Section): Contribution and Distribution Agreement (Article VIII)
Link to Information:
https://www.sec.gov/Archives/edgar/data/1784254/000104746919006549/0001047469-19-006549-index.htm

13)

Original Entity: Recro Pharma, Inc.
New Spun-Off Entity: Baudax Bio, Inc.
Completion Date: November 21, 2019
Relevant Agreement (Section): Separation Agreement (Article VI)
Link to Information:
https://www.sec.gov/Archives/edgar/data/1780097/000119312519301240/0001193125-19-301240-index.htm

14)

Original Entity: Ensign Group, Inc.
New Spun-Off Entity: Pennant Group, Inc.
Completion Date: October 1, 2019
Relevant Agreement (Section): Master Separation Agreement (Article IX)
Link to Information:
https://www.sec.gov/Archives/edgar/data/1766400/000119312519260914/0001193125-19-260914-index.htm

15)

Original Entity: Nuance Communications, Inc.
New Spun-Off Entity: Cerence Inc.
Completion Date: October 1, 2019
Relevant Agreement (Section): Separation and Distribution Agreement (Article VI)

Link to Information:
https://www.sec.gov/Archives/edgar/data/1768267/000119312519260136/0001193125-19-260136-index.htm

16)

Original Entity: KAR Auction Services, Inc.
New Spun-Off Entity: Insurance Auto Auctions Inc.
Completion Date: June 27, 2019
Relevant Agreement (Section): Separation and Distribution Agreement (Article IV)
Link to Information:
https://www.sec.gov/Archives/edgar/data/nc10002868x1_8-k.htm/000114036119011980/0001140361-19-011980-index.html

17)

Original Entity: Dupont De Nemours, Inc.
New Spun-Off Entity: Corteva, Inc.
Completion Date: June 1, 2019
Relevant Agreement (Section): Separation and Distribution Agreement (Article VIII)
Link to Information:
https://www.sec.gov/Archives/edgar/data/d615112d1012ba.htm/000119312519106808/0001193125-19-106808-index.html

https://www.sec.gov/Archives/edgar/data/d753864d8k.htm/000119312519163314/0001193125-19-163314-index.html

18)

Original Entity: FRP Holdings, Inc.
New Spun-Off Entity: New Patriot Transportation Holdings Inc.
Completion Date: May 28, 2019
Relevant Agreement (Section): Separation and Distribution Agreement (Article VI)
Link to Information:
https://www.sec.gov/Archives/edgar/data/pativ-8k_012815.htm/0001387131315000298/0001387131-15-000298-index.html

19)

Original Entity: V. F. Corp.
New Spun-Off Entity: Kontoor Brands, Inc.
Completion Date: May 22, 2019
Relevant Agreement (Section): Separation and Distribution Agreement (Article 5)
Link to Information:
https://www.sec.gov/Archives/edgar/data/1760965/000119312519155386/0001193125-19-155386-index.htm

20)

Original Entity: Dupont De Nemours, Inc.
New Spun-Off Entity: Dow Inc.

Completion Date: April 1, 2019
Relevant Agreement (Section): Separation and Distribution Agreement (Article VIII)
Link to Information:
https://www.sec.gov/Archives/edgar/data/1751788/000119312519095067/0001193125-19-095067-index.htm

21)

Original Entity: Ironwood Pharmaceuticals Inc.
New Spun-Off Entity: Cyclerion Therapeutics, Inc.
Completion Date: April 1, 2019
Relevant Agreement (Section): Separation Agreement (Article VI)
Link to Information:
https://www.sec.gov/Archives/edgar/data/1755237/000110465919019416/0001104659-19-019416-index.htm

22)

Original Entity: Twenty-First Century Fox, Inc.
New Spun-Off Entity: Fox Corp.
Completion Date: March 19, 2019
Relevant Agreement (Section): Separation and Distribution Agreement (Article IV)
Link to Information:
https://www.sec.gov/Archives/edgar/data/form8k.htm/000095015719000308/0000950157-19-000308-index.html

23)

Original Entity: EQT Corp.
New Spun-Off Entity: Equitrans Midstream Corp.
Completion Date: November 12, 2018
Relevant Agreement (Section): Separation and Distribution Agreement (Article IV)
Link to Information:
https://www.sec.gov/Archives/edgar/data/1747009/000104746918007216/0001047469-18-007216-index.htm

24)

Original Entity: Trinity Industries Inc.
New Spun-Off Entity: Arcosa, Inc.
Completion Date: October 31, 2018
Relevant Agreement (Section): Separation and Distribution Agreement (Article VI)
Link to Information:
https://www.sec.gov/Archives/edgar/data/1739445/000114036118042111/0001140361-18-042111-index.htm

25)

Original Entity: Honeywell International Inc.
New Spun-Off Entity: Resideo Technologies, Inc.
Completion Date: October 19, 2018

Relevant Agreement (Section): Separation and Distribution Agreement (Article VII)
Link to Information:
https://www.sec.gov/Archives/edgar/data/d623394d8k.htm/000119312518303216/0001193125-18-303216-index.html

26)

Original Entity: Honeywell International Inc.
New Spun-Off Entity: Garrett Motion
Completion Date: October 1, 2018
Relevant Agreement (Section): Separation and Distribution Agreement (Article VI)
Link to Information:
https://www.sec.gov/Archives/edgar/data/d622124d8k.htm/000119312518288687/0001193125-18-288687-index.html

27)

Original Entity: Terminix Global Holdings Inc. (f/k/a ServiceMaster Global Holdings, Inc.)
New Spun-Off Entity: Frontdoor, Inc.
Completion Date: September 28, 2018
Relevant Agreement (Section):
Link to Information:
https://www.sec.gov/Archives/edgar/data/1727263/000110465918059550/0001104659-18-059550-index.htm

28)

Original Entity: KLX Inc.
New Spun-Off Entity: KLX Energy Services Holdings, Inc.
Completion Date: September 14, 2018
Relevant Agreement (Section): Distribution Agreement (Article IV)
Link to Information:
https://www.sec.gov/Archives/edgar/data/1738827/000110465918057604/0001104659-18-057604-index.htm

29)

Original Entity: Amerant Bancorp Inc. (f/k/a Mercantil Bank Holding Corporation)
New Spun-Off Entity: Mercantil Servicios Financieros CA
Completion Date: August 10, 2018
Relevant Agreement (Section): Amended and Restated Separation and Distribution Agreement (Article VI)
Link to Information:
https://www.sec.gov/Archives/edgar/data/1734342/000119312518246221/d604288d8k.htm

https://www.sec.gov/Archives/edgar/data/1734342/000119312518194633/0001193125-18-194633-index.htm

30)

Original Entity: SITE Centers Corp. (f/k/a DDR Corp.)
New Spun-Off Entity: Retail Value Inc.
Completion Date: July 1, 2018
Relevant Agreement (Section): Separation and Distribution Agreement (Article IV)
Link to Information:
https://www.sec.gov/Archives/edgar/data/1735184/000119312518211628/0001193125-18-211628-index.htm

31)

Original Entity: Autoliv Inc.
New Spun-Off Entity: Veoneer, Inc.
Completion Date: June 28, 2018
Relevant Agreement (Section): Distribution Agreement (Article V)
Link to Information:
https://www.sec.gov/Archives/edgar/data/1733186/000119312518210717/0001193125-18-210717-index.htm

32)

Original Entity: DXC Technology Co.
New Spun-Off Entity: Perspecta Inc.
Completion Date: May 31, 2018
Relevant Agreement (Section): Separation and Distribution Agreement (Article VI)
Link to Information:
https://www.sec.gov/Archives/edgar/data/1724670/000119312518185743/0001193125-18-185743-index.htm

33)

Original Entity: Wyndham Destinations, Inc.
New Spun-Off Entity: Wyndham Hotels & Resorts, Inc.
Completion Date: May 31, 2018
Relevant Agreement (Section): Separation and Distribution Agreement (Article VII)
Link to Information:
https://www.sec.gov/Archives/edgar/data/1722684/000110465918037816/0001104659-18-037816-index.htm

34)

Original Entity: La Quinta Holdings Inc.
New Spun-Off Entity: CorePoint Lodging Inc.
Completion Date: May 30, 2018
Relevant Agreement (Section): Separation and Distribution Agreement (Article VI)
Link to Information:
https://www.sec.gov/Archives/edgar/data/1707178/000119312518105195/0001193125-18-105195-index.htm

https://www.sec.gov/Archives/edgar/data/1707178/000119312518182417/0001193125-18-182417-index.htm

35)

Original Entity: Spirit Realty Capital, Inc.
New Spun-Off Entity: SMTA Liquidating Trust
Completion Date: May 21, 2018
Relevant Agreement (Section): Separation and Distribution Agreement (Article IX)
Link to Information:
https://www.sec.gov/Archives/edgar/data/1722992/000119312518169631/0001193125-18-169631-index.htm

36)

Original Entity: Dover Corp.
New Spun-Off Entity: Apergy Corp.
Completion Date: May 9, 2018
Relevant Agreement (Section): Separation and Distribution Agreement (Article VI)
Link to Information:
https://www.sec.gov/Archives/edgar/data/1723089/000119312518159527/0001193125-18-159527-index.htm

37)

Original Entity: Pentair plc
New Spun-Off Entity: nVent Electric plc
Completion Date: April 27, 2018
Relevant Agreement (Section): Separation and Distribution Agreement (Article IV)
Link to Information:
https://www.sec.gov/Archives/edgar/data/1720635/000119312518143574/0001193125-18-143574-index.htm

38)

Original Entity: Cogint, Inc.
New Spun-Off Entity: Red Violet Inc.
Completion Date: March 26, 2018
Relevant Agreement (Section): Separation and Distribution Agreement (Article V)
Link to Information:
https://www.sec.gov/Archives/edgar/data/1720116/000119312518097860/0001193125-18-097860-index.htm

39)

Original Entity: CNX Resources Corp.
New Spun-Off Entity: CONSOL Energy Inc.
Completion Date: November 28, 2017
Relevant Agreement (Section): Separation and Distribution Agreement (Article IV)
Link to Information:

https://www.sec.gov/cgi-bin/browse-edgar?action=getcompany&CIK=0001710366&type=&dateb=&owner=exclude&start=80&count=40

40)

Original Entity: Aptiv plc
New Spun-Off Entity: Delphi Technologies plc
Completion Date: November 15, 2017
Relevant Agreement (Section): Separation and Distribution Agreement (Article V)
Link to Information:
https://www.sec.gov/Archives/edgar/data/1707092/000119312517344150/0001193125-17-344150-index.htm

41)

Original Entity: Huntsman Corp.
New Spun-Off Entity: Venator Materials plc
Completion Date: August 7, 2017
Relevant Agreement (Section): Separation Agreement (Article V)
Link to Information:
https://www.sec.gov/Archives/edgar/data/a17-20060_18k.htm/000110465917051381/0001104659-17-051381-index.html

42)

Original Entity: MetLife Inc.
New Spun-Off Entity: Brighthouse Financial, Inc.
Completion Date: August 4, 2017
Relevant Agreement (Section): Master Separation Agreement (Article IV)
Link to Information:
https://www.sec.gov/Archives/edgar/data/1685040/000119312517252871/0001193125-17-252871-index.htm

43)

Original Entity: Vornado Realty Trust
New Spun-Off Entity: JBG Smith Properties
Completion Date: July 17, 2017
Relevant Agreement (Section): Separation and Distribution Agreement (Article IV)
Link to Information:
https://www.sec.gov/Archives/edgar/data/a17-17912_18k.htm/000110465917046321/0001104659-17-046321-index.html

44)

Original Entity: TEGNA Inc.
New Spun-Off Entity: Cars.com Inc.
Completion Date: May 31, 2017
Relevant Agreement (Section): Separation and Distribution Agreement (Article IV)
Link to Information:

https://www.sec.gov/Archives/edgar/data/d514190d8k.htm/000119312517194574/0001193125-17-194574-index.html

45)

Original Entity: Seacor Holdings Inc.
New Spun-Off Entity: Seacor Marine Holdings Inc.
Completion Date: May 10, 2017
Relevant Agreement (Section): Distribution Agreement (Article III)
Link to Information:
https://www.sec.gov/Archives/edgar/data/seacorholdingsinc8-kckhann.htm/000085959817000073/0000859598-17-000073-index.html

46)

Original Entity: Biogen Inc.
New Spun-Off Entity: Bioverativ Inc.
Completion Date: February 1, 2017
Relevant Agreement (Section): Separation Agreement (Article VI)
Link to Information:
https://www.sec.gov/Archives/edgar/data/a17-3513_18k.htm/000110465917005936/0001104659-17-005936-index.html

47)

Original Entity: Varian Medical Systems Inc.
New Spun-Off Entity: Varex Imaging Corp.
Completion Date: January 27, 2017
Relevant Agreement (Section): Separation and Distribution Agreement (Article IV)
Link to Information:
https://www.sec.gov/Archives/edgar/data/1681622/000119312517022649/0001193125-17-022649-index.htm

48)

Original Entity: Hilton Worldwide Holdings Inc.
New Spun-Off Entity: Hilton Grand Vacations Inc.
Completion Date: January 2, 2017
Relevant Agreement (Section): Distribution Agreement (Article VII)
Link to Information:
https://www.sec.gov/Archives/edgar/data/d302894d8k.htm/000119312517001901/0001193125-17-001901-index.html

49)

Original Entity: Hilton Worldwide Holdings Inc.
New Spun-Off Entity: Park Hotels & Resorts Inc.
Completion Date: January 2, 2017
Relevant Agreement (Section): Distribution Agreement (Article VII)
Link to Information:

https://www.sec.gov/Archives/edgar/data/d322163d8k.htm/000119312517001898/0001193125-17-001898-index.html

50)

Original Entity: Xerox Corp.
New Spun-Off Entity: Conduent Inc.
Completion Date: December 30, 2016
Relevant Agreement (Section): Separation and Distribution Agreement (Article VI)
Link to Information:
https://www.sec.gov/Archives/edgar/data/d260662d8k.htm/000119312517000332/0001193125-17-000332-index.html

51)

Original Entity: Overseas Shipholding Group Inc.
New Spun-Off Entity: International Seaways, Inc.
Completion Date: November 30, 2016
Relevant Agreement (Section): Separation and Distribution Agreement (Article IV)
Link to Information:
https://www.sec.gov/Archives/edgar/data/1679049/000114420416137731/0001144204-16-137731-index.htm

52)

Original Entity: Conagra Brands Inc.
New Spun-Off Entity: Lamb Weston Holdings Inc.
Completion Date: November 9, 2016
Relevant Agreement (Section): Separation and Distribution Agreement (Article IV)
Link to Information:
https://www.sec.gov/Archives/edgar/data/d273163d8k.htm/000119312516766127/0001193125-16-766127-index.html

53)

Original Entity: Arconic Inc. (f/k/a Alcoa Inc.)
New Spun-Off Entity: Alcoa Corp.
Completion Date: November 1, 2016
Relevant Agreement (Section): Separation and Distribution Agreement (Article IV)
Link to Information:
https://www.sec.gov/Archives/edgar/data/d269902d8k.htm/000119312516760308/0001193125-16-760308-index.html

54)

Original Entity: HCP, Inc.
New Spun-Off Entity: Quality Care Properties, Inc.
Completion Date: October 31, 2016
Relevant Agreement (Section): Separation and Distribution Agreement (Article IX)
Link to Information:

https://www.sec.gov/Archives/edgar/data/a16-12302_158k.htm/0001104659165153366/0001104659-16-153366-index.html

55)

Original Entity: Yum Brands, Inc.
New Spun-Off Entity: Yum China Holdings, Inc.
Completion Date: October 31, 2016
Relevant Agreement (Section): Separation and Distribution Agreement (Article IV)
Link to Information:
https://www.sec.gov/Archives/edgar/data/a2230169z8-k.htm/0001047469165016421/0001047469-16-016421-index.html

56)

Original Entity: Cousins Properties Inc.
New Spun-Off Entity: Parkway, Inc.
Completion Date: October 5, 2016
Relevant Agreement (Section): Separation, Distribution and Transition Services Agreement (Article IV)
Link to Information:
https://www.sec.gov/Archives/edgar/data/d190175d8k.htm/0001193125165731910/0001193125-16-731910-index.html

57)

Original Entity: Air Products & Chemicals Inc.
New Spun-Off Entity: Versum Materials, Inc.
Completion Date: October 1, 2016
Relevant Agreement (Section): Separation Agreement (Article VI)
Link to Information:
https://www.sec.gov/Archives/edgar/data/2969/0001193125165731580/0001193125-16-731580-index.htm

58)

Original Entity: Donnelley Financial Solutions, Inc.
New Spun-Off Entity: LSC Communications, Inc.
Completion Date: October 1, 2016
Relevant Agreement (Section): Separation and Distribution Agreement (Article VIII)
Link to Information:
https://www.sec.gov/Archives/edgar/data/d259865d8k.htm/0001193125165728611/0001193125-16-728611-index.html

59)

Original Entity: Honeywell International Inc.
New Spun-Off Entity: AdvanSix Inc.
Completion Date: September 28, 2016
Relevant Agreement (Section): Separation and Distribution Agreement (Article VI)
Link to Information:

https://www.sec.gov/Archives/edgar/data/c86152_8k.htm/0000930413160083 34/0000930413-16-008334-index.html

60)

Original Entity: Johnson Controls International plc
New Spun-Off Entity: Adient Limited
Completion Date: September 8, 2016
Relevant Agreement (Section): Separation and Distribution Agreement (Article IV)
Link to Information:
https://www.sec.gov/Archives/edgar/data/a16-18104_18k.htm/0001104659161438 35/0001104659-16-143835-index.html

61)

Original Entity: Emergent Biosolutions Inc.
New Spun-Off Entity: Aptevo Therapeutics Inc.
Completion Date: August 1, 2016
Relevant Agreement (Section): Separation and Distribution Agreement (Article IV)
Link to Information:
https://www.sec.gov/Archives/edgar/data/apvo-8k_20160729.htm/0001564590160220 97/0001564590-16-022097-index.html

62)

Original Entity: Danaher Corp.
New Spun-Off Entity: Fortive Corp.
Completion Date: July 1, 2016
Relevant Agreement (Section): Separation and Distribution Agreement (Article VI)
Link to Information:
https://www.sec.gov/Archives/edgar/data/1659166/000119312516643459/0001193125-16-643459-index.htm

https://www.sec.gov/Archives/edgar/data/d43850d1012ba.htm/0001193125165 16491973/0001193125-16-491973-index.html

63)

Original Entity: Herc Holdings Inc. (f/k/a Hertz Global Holdings, Inc.)
New Spun-Off Entity: Hertz Global Holdings, Inc. (f/k/a Hertz Rental Car Holding Company, Inc.)
Completion Date: June 30, 2016
Relevant Agreement (Section): Separation and Distribution Agreement (Article V)
Link to Information:
https://www.sec.gov/Archives/edgar/data/a16-14543_18k.htm/0001104659161313 28/0001104659-16-131328-index.html

64)

Original Entity: WRKCO Inc. (f/k/a Westrock Company)
New Spun-Off Entity: Ingevity Corp.

Completion Date: May 14, 2016
Relevant Agreement (Section): Separation and Distribution Agreement (Article IV)
Link to Information:
https://www.sec.gov/Archives/edgar/data/1653477/000157104916015307/0001571049-16-015307-index.htm

65)

Original Entity: Community Health Systems Inc.
New Spun-Off Entity: Quorum Health Corp.
Completion Date: April 29, 2016
Relevant Agreement (Section): Separation and Distribution Agreement (Article IV)
Link to Information:
https://www.sec.gov/Archives/edgar/data/d187043d8k.htm/000119312516572674/0001193125-16-572674-index.html

66)

Original Entity: Gold Merger Sub, LLC
New Spun-Off Entity: Pinnacle Entertainment, Inc.
Completion Date: April 28, 2016
Relevant Agreement (Section): Separation and Distribution Agreement (Article V)
Link to Information:
https://www.sec.gov/Archives/edgar/data/1656239/000119312516563660/0001193125-16-563660-index.htm

67)

Original Entity: InvenTrust Properties Corp.
New Spun-Off Entity: Highlands REIT, Inc.
Completion Date: April 14, 2016
Relevant Agreement (Section): Separation and Distribution Agreement (Article IX)
Link to Information:
https://www.sec.gov/Archives/edgar/data/d150743d8k.htm/000119312516541476/0001193125-16-541476-index.html

68)

Original Entity: Integer Holdings Corp. (f/k/a Greatbatch, Inc.)
New Spun-Off Entity: Nuvectra Corp.
Completion Date: March 14, 2016
Relevant Agreement (Section): Separation and Distribution Agreement (Article III)
Link to Information:
https://www.sec.gov/Archives/edgar/data/d143435d8k.htm/000119312516509916/0001193125-16-509916-index.html

69)

Original Entity: Armstrong World Industries Inc.
New Spun-Off Entity: Armstrong Flooring, Inc.
Completion Date: March 11, 2016

Relevant Agreement (Section): Separation and Distribution Agreement (Article IV)
Link to Information:
https://www.sec.gov/Archives/edgar/data/1655075/000119312516505354/0001193125-16-505354-index.htm

70)

Original Entity: W R Grace & Co.
New Spun-Off Entity: GCP Applied Technologies Inc.
Completion Date: January 27, 2016
Relevant Agreement (Section): Separation and Distribution Agreement (Article IV)
Link to Information:
https://www.sec.gov/Archives/edgar/data/1644440/000164444016000068/0001644440-16-000068-index.htm

71)

Original Entity: Gamco Investors, Inc. et al.
New Spun-Off Entity: Associated Capital Group, Inc.
Completion Date: November 30, 2015
Relevant Agreement (Section): Separation and Distribution Agreement (Article VI)
Link to Information:
https://www.sec.gov/Archives/edgar/data/a15-24521_18k.htm/000110465915083060/0001104659-15-083060-index.html

72)

Original Entity: Computer Sciences Corp.
New Spun-Off Entity: CSRA Inc. (f/k/a Computer Sciences Government Services Inc.)
Completion Date: November 27, 2015
Relevant Agreement (Section): Master Separation and Distribution Agreement (Article 7)
Link to Information:
https://www.sec.gov/Archives/edgar/data/form8-kdecember22015.htm/000164638315000049/0001646383-15-000049-index.html

73)

Original Entity: Archrock, Inc. (f/k/a Exterran Holdings, Inc.)
New Spun-Off Entity: Exterran Corp.
Completion Date: November 3, 2015
Relevant Agreement (Section): Separation and Distribution Agreement (Article VII)
Link to Information:
https://www.sec.gov/Archives/edgar/data/a15-22361_18k.htm/000110465915076312/0001104659-15-076312-index.html

74)

Original Entity: HP Inc.
New Spun-Off Entity: Hewlett-Packard Enterprise

Completion Date: November 1, 2015
Relevant Agreement (Section): Separation and Distribution Agreement (Article VI)
Link to Information:
https://www.sec.gov/Archives/edgar/data/1645590/000119312515368376/0001193125-15-368376-index.htm

75)

Original Entity: Darden Restaurants, Inc.
New Spun-Off Entity: Four Corners Property Trust, Inc.
Completion Date: October 21, 2015
Relevant Agreement (Section): Separation and Distribution Agreement (Article VII)
Link to Information:
https://www.sec.gov/Archives/edgar/data/drioct21release8-k.htm/000094094415000071/0000940944-15-000071-index.html

76)

Original Entity: Blackstone Group L.P.
New Spun-Off Entity: PJT Partners Inc.
Completion Date: October 1, 2015
Relevant Agreement (Section): Separation and Distribution Agreement (Article VIII)
Link to Information:
https://www.sec.gov/Archives/edgar/data/d21345d8k.htm/000119312515337529/0001193125-15-337529-index.html

77)

Original Entity: SPX Corp.
New Spun-Off Entity: SPX Flow, Inc.
Completion Date: September 26, 2015
Relevant Agreement (Section): Separation and Distribution Agreement (Article VI)
Link to Information:
https://www.sec.gov/Archives/edgar/data/1641991/000110465915067758/0001104659-15-067758-index.htm

78)

Original Entity: MSG Networks Inc.
New Spun-Off Entity: Madison Square Garden Sports Corp.
Completion Date: September 23, 2015
Relevant Agreement (Section): Distribution Agreement (Article III)
Link to Information:
https://www.sec.gov/Archives/edgar/data/1636519/000119312515335512/d99443d8k.htm

https://www.sec.gov/Archives/edgar/data/d868003d1012ba.htm/000119312515318614/0001193125-15-318614-index.html

79)

Original Entity: Fidelity National Financial, Inc.

New Spun-Off Entity: J. Alexander's Holdings, Inc.
Completion Date: September 16, 2015
Relevant Agreement (Section): Separation and Distribution Agreement (Article IV)
Link to Information:
https://www.sec.gov/Archives/edgar/data/d13345d8k.htm/000119312515321709/0001193125-15-321709-index.html

80)
Original Entity: Capital Southwest Corp.
New Spun-Off Entity: CSW Industrials, Inc.
Completion Date: September 8, 2015
Relevant Agreement (Section): Distribution Agreement (Article IV)
Link to Information:
https://www.sec.gov/Archives/edgar/data/form8k.htm/000114036115035006/0001140361-15-035006-index.html

81)
Original Entity: Ventas, Inc.
New Spun-Off Entity: Care Capital Properties, Inc.
Completion Date: August 17, 2015
Relevant Agreement (Section): Separation and Distribution Agreement (Article IV)
Link to Information:
https://www.sec.gov/Archives/edgar/data/1639947/000110465915061326/0001104659-15-061326-index.htm

82)
Original Entity: Viavi Solutions Inc.
New Spun-Off Entity: Lumentum Holdings Inc.
Completion Date: August 1, 2015
Relevant Agreement (Section): Separation Agreement (Article IV)
Link to Information:
https://www.sec.gov/Archives/edgar/data/a15-16911_18k.htm/000110465915056495/0001104659-15-056495-index.html

83)
Original Entity: E.I. du Pont de Nemours and Company
New Spun-Off Entity: The Chemours Company
Completion Date: July 1, 2015
Relevant Agreement (Section): Separation Agreement (Article VI)
Link to Information:
https://www.sec.gov/Archives/edgar/data/1627223/000119312515242128/0001193125-15-242128-index.htm

84)
Original Entity: Integra LifeSciences Holdings Corp.
New Spun-Off Entity: SeaSpine Holding Corp.

Completion Date: July 1, 2015
Relevant Agreement (Section): Separation and Distribution Agreement (Article V)
Link to Information:
https://www.sec.gov/Archives/edgar/data/d73910d8k.htm/000119312515243185/0001193125-15-243185-index.html

85)

Original Entity: Baxter International Inc.
New Spun-Off Entity: Baxalta Inc.
Completion Date: June 30, 2015
Relevant Agreement (Section): Separation and Distribution Agreement (Article IV)
Link to Information:
https://www.sec.gov/Archives/edgar/data/1620546/000119312515244456/0001193125-15-244456-index.htm

86)

Original Entity: Masco Corp.
New Spun-Off Entity: Topbuild Corp.
Completion Date: June 30, 2015
Relevant Agreement (Section): Separation and Distribution Agreement (Article 6)
Link to Information:
https://www.sec.gov/Archives/edgar/data/a15-15044_18k.htm/000110465915049826/0001104659-15-049826-index.html

87)

Original Entity: NiSource Inc.
New Spun-Off Entity: Columbia Pipeline Group, Inc.
Completion Date: June 30, 2015
Relevant Agreement (Section): Separation and Distribution Agreement (Article VIII)
Link to Information:
https://www.sec.gov/Archives/edgar/data/d42242d8k.htm/000119312515243669/0001193125-15-243669-index.html

88)

Original Entity: eBay Inc.
New Spun-Off Entity: PayPal Holdings, Inc.
Completion Date: June 26, 2015
Relevant Agreement (Section): Separation and Distribution Agreement (Article IV)
Link to Information:
https://www.sec.gov/Archives/edgar/data/d944939d8k.htm/000119312515240245/0001193125-15-240245-index.html

89)

Original Entity: TEGNA Inc.
New Spun-Off Entity: Gannett Media Corp.
Completion Date: June 26, 2015

Relevant Agreement (Section): Separation and Distribution Agreement (Article IV)
Link to Information:
https://www.sec.gov/Archives/edgar/data/a2225299z8-k.htm/000104746915005951/0001047469-15-005951-index.html

90)

Original Entity: Energizer Holdings, Inc.
New Spun-Off Entity: Energize Spinco, Inc.
Completion Date: June 25, 2015
Relevant Agreement (Section): Separation and Distribution Agreement (Article VI)
Link to Information:
https://www.sec.gov/Archives/edgar/data/d949927d8k.htm/000119312515239139/0001193125-15-239139-index.html

91)

Original Entity: Graham Holdings Co.
New Spun-Off Entity: Cable One, Inc.
Completion Date: June 16, 2015
Relevant Agreement (Section): Separation and Distribution Agreement (Article VI)
Link to Information:
https://www.sec.gov/Archives/edgar/data/form8k.htm/000095015715000588/0000950157-15-000588-index.html

92)

Original Entity: BWX Technologies, Inc.
New Spun-Off Entity: Babcock & Wilcox Enterprises, Inc.
Completion Date: June 8, 2015
Relevant Agreement (Section): Master Separation Agreement (Article III)
Link to Information:
https://www.sec.gov/Archives/edgar/data/d939027d8k.htm/000119312515216731/0001193125-15-216731-index.html

93)

Original Entity: Windstream Holdings, Inc.
New Spun-Off Entity: Uniti Group Inc. (f/k/a Communications Sales & Leasing, Inc.)
Completion Date: March 26, 2015
Relevant Agreement (Section): Separation and Distribution Agreement (Article VII)
Link to Information:
https://www.sec.gov/Archives/edgar/data/d895819d8k.htm/000119312515106562/0001193125-15-106562-index.html

94)

Original Entity: Manitowoc Company Inc.
New Spun-Off Entity: WELBILT, INC. (f/k/a Manitowoc Foodservice, Inc.)
Completion Date: March 4, 2015

Relevant Agreement (Section): Master Separation and Distribution Agreement (Article 6)
Link to Information:
https://www.sec.gov/Archives/edgar/data/d150497d8k.htm/000119312516498390/0001193125-16-498390-index.html

95)
Original Entity: Targa Energy LP (f/k/a Atlas Energy LP)
New Spun-Off Entity: Atlas Energy Group, LLC
Completion Date: February 26, 2015
Relevant Agreement (Section): Separation and Distribution Agreement (Article IV)
Link to Information:
https://www.sec.gov/Archives/edgar/data/1623595/000119312515071935/0001193125-15-071935-index.htm

96)
Original Entity: Northrop Grumman Innovation Systems, Inc.
New Spun-Off Entity: Vista Outdoor Inc.
Completion Date: February 9, 2015
Relevant Agreement (Section): Transaction Services Agreement (Article VI)
Link to Information:
https://www.sec.gov/Archives/edgar/data/a15-3772_28k.htm/000110465915008286/0001104659-15-008286-index.html

97)
Original Entity: Inventrust Properties Corp. (f/k/a Inland American Real Estate Trust, Inc.)
New Spun-Off Entity: Xenia Hotels & Resorts, Inc.
Completion Date: January 20, 2015
Relevant Agreement (Section): Separation and Distribution Agreement (Article IX)
Link to Information:
https://www.sec.gov/Archives/edgar/data/d853186d8k.htm/000119312515018038/0001193125-15-018038-index.html

98)
Original Entity: Vornado Realty Trust
New Spun-Off Entity: Urban Edge Properties
Completion Date: January 14, 2015
Relevant Agreement (Section): Separation and Distribution Agreement (Article IV)
Link to Information:
https://www.sec.gov/Archives/edgar/data/1611547/000110465915003680/0001104659-15-003680-index.htm

99)
Original Entity: B/E Aerospace Inc.
New Spun-Off Entity: KLX Inc.

Completion Date: December 16, 2014
Relevant Agreement (Section): Separation and Distribution Agreement (Article VII)
Link to Information:
https://www.sec.gov/Archives/edgar/data/a14-26406_18k.htm/0001104659-14-087992/0001104659-14-087992-index.html

100)
Original Entity: Occidental Petroleum Corp.
New Spun-Off Entity: California Resources Corp.
Completion Date: December 1, 2014
Relevant Agreement (Section): Separation and Distribution Agreement (Article V)
Link to Information:
https://www.sec.gov/Archives/edgar/data/a14-25233_18k.htm/0001104659-14-084170/0001104659-14-084170-index.html

101)
Original Entity: Cash America International Inc.
New Spun-Off Entity: Enova International, Inc.
Completion Date: November 13, 2014
Relevant Agreement (Section): Separation and Distribution Agreement (Article V)
Link to Information:
https://www.sec.gov/Archives/edgar/data/1529864/000119312514417045/0001193125-14-417045-index.htm

102)
Original Entity: Drive Shack Inc. (f/k/a Newcastle Investment Corp.)
New Spun-Off Entity: New Senior Investment Group Inc.
Completion Date: November 6, 2014
Relevant Agreement (Section): Separation and Distribution Agreement (Article IX)
Link to Information:
https://www.sec.gov/Archives/edgar/data/1610114/000156761914000565/0001567619-14-000565-index.htm

https://www.sec.gov/Archives/edgar/data/nct-2014930x10q.htm/0001175483-14-000009/0001175483-14-000009-index.html

103)
Original Entity: Agilent Technologies, Inc.
New Spun-Off Entity: Keysight Technologies, Inc.
Completion Date: November 1, 2014
Relevant Agreement (Section): Separation and Distribution Agreement (Article V)
Link to Information:
https://www.sec.gov/Archives/edgar/data/1601046/000104746914006952/0001047469-14-006952-index.htm

https://www.sec.gov/Archives/edgar/data/1601046/000110465914076024/a14-23444_18k.htm

104)

Original Entity: Ashford Hospitality Trust Inc.
New Spun-Off Entity: Ashford Inc.
Completion Date: October 31, 2014
Relevant Agreement (Section): Separation and Distribution Agreement (Article IX)
Link to Information:
https://www.sec.gov/Archives/edgar/data/1604738/000160473814000003/0001604738-14-000003-index.htm

105)

Original Entity: Kimball International Inc.
New Spun-Off Entity: Kimball Electronics, Inc.
Completion Date: October 31, 2014
Relevant Agreement (Section): Separation and Distribution Agreement (Article VI)
Link to Information:
https://www.sec.gov/Archives/edgar/data/1606757/000160675714000041/0001606757-14-000041-index.htm

106)

Original Entity: Kimberly Clark Corp.
New Spun-Off Entity: Avanos Medical, Inc. (f/k/a Halyard Heath, Inc.)
Completion Date: October 31, 2014
Relevant Agreement (Section): Distribution Agreement (Article X)
Link to Information:
https://www.sec.gov/Archives/edgar/data/d815290d8k.htm/000119312514397382/0001193125-14-397382-index.html

107)

Original Entity: Automatic Data Processing Inc.
New Spun-Off Entity: CDK Global Holdings, Inc.
Completion Date: September 29, 2014
Relevant Agreement (Section): Separation and Distribution Agreement (Article IV)
Link to Information:
https://www.sec.gov/Archives/edgar/data/d795871d8k.htm/000119312514360102/0001193125-14-360102-index.html

108)

Original Entity: Exelis Inc.
New Spun-Off Entity: Vectrus, Inc.
Completion Date: September 25, 2014
Relevant Agreement (Section): Distribution Agreement (Article VII)
Link to Information:

https://www.sec.gov/Archives/edgar/data/d795431d8k.htm/000119312514355718/0001193125-14-355718-index.html

109)

Original Entity: Tribune Media Co.
New Spun-Off Entity: Tribune Publishing Co.
Completion Date: August 4, 2014
Relevant Agreement (Section): Separation and Distribution Agreement (Article X)
Link to Information:
https://www.sec.gov/Archives/edgar/data/d768434d8k.htm/000119312514300860/0001193125-14-300860-index.html

110)

Original Entity: Leaf Group Ltd. (f/k/a Demand Media, Inc.)
New Spun-Off Entity: Rightside Group, Ltd.
Completion Date: August 1, 2014
Relevant Agreement (Section): Separation and Distribution Agreement (Article V)
Link to Information:
https://www.sec.gov/Archives/edgar/data/a14-18420_18k.htm/000110465914058356/0001104659-14-058356-index.html

111)

Original Entity: Chesapeake Energy Corp.
New Spun-Off Entity: Seventy Seven Energy Inc.
Completion Date: June 30, 2014
Relevant Agreement (Section): Master Separation Agreement (Article III)
Link to Information:
https://www.sec.gov/Archives/edgar/data/1532930/000119312514257858/0001193125-14-257858-index.htm

112)

Original Entity: Northstar Realty Financial Corp.
New Spun-Off Entity: Northstar Asset Management Group Inc.
Completion Date: June 30, 2014
Relevant Agreement (Section): Separation Agreement (Article V)
Link to Information:
https://www.sec.gov/Archives/edgar/data/nrf8-k712014.htm/000127380114000018/0001273801-14-000018-index.html

113)

Original Entity: Timken Co.
New Spun-Off Entity: TimkenSteel Corp.
Completion Date: June 30, 2014
Relevant Agreement (Section): Separation and Distribution Agreement (Article V)
Link to Information:

https://www.sec.gov/Archives/edgar/data/a8kforsteelspinoff.htm/000009836214000094/0000098362-14-000094-index.html

114)

Original Entity: Time Warner Inc.
New Spun-Off Entity: Time Inc.
Completion Date: June 4, 2014
Relevant Agreement (Section): Separation and Distribution Agreement (Article VI)
Link to Information:
https://www.sec.gov/Archives/edgar/data/1591517/000119312514227172/0001193125-14-227172-index.htm

115)

Original Entity: Ensign Group, Inc.
New Spun-Off Entity: CareTrust REIT, Inc.
Completion Date: June 1**,** 2014
Relevant Agreement (Section): Separation and Distribution Agreement (Article IX)
Link to Information:
https://www.sec.gov/Archives/edgar/data/1590717/000119312514226134/0001193125-14-226134-index.htm

116)

Original Entity: Innoviva, Inc. (f/k/a Theravance Inc.)
New Spun-Off Entity: Theravance Biopharma, Inc.
Completion Date: June 1, 2014
Relevant Agreement (Section): Separation and Distribution Agreement (Article V)
Link to Information:
https://www.sec.gov/Archives/edgar/data/1583107/000110465914043506/0001104659-14-043506-index.htm

117)

Original Entity: Nov Inc. (National Oilwell Varco, Inc.)
New Spun-Off Entity: Now Inc.
Completion Date: May 30, 2014
Relevant Agreement (Section): Separation and Distribution Agreement (Article V)
Link to Information:
https://www.sec.gov/Archives/edgar/data/1599617/000119312514220143/0001193125-14-220143-index.htm

118)

Original Entity: Rayonier Inc.
New Spun-Off Entity: Rayonier Advanced Materials Inc.
Completion Date: May 28, 2014
Relevant Agreement (Section): Separation and Distribution Agreement (Article IV)
Link to Information:

https://www.sec.gov/Archives/edgar/data/sdaboard.htm/0000052827 14000027/0000052827-14-000027-index.html

119)

Original Entity: SLM Corp.
New Spun-Off Entity: Navient Corp.
Completion Date: April 30, 2014
Relevant Agreement (Section): Separation and Distribution Agreement (Article IV)
Link to Information:
https://www.sec.gov/Archives/edgar/data/1593538/000119312514180430/0001193125-14-180430-index.htm

120)

Original Entity: Sears Holdings Corp.
New Spun-Off Entity: Lands' End, Inc.
Completion Date: April 4, 2014
Relevant Agreement (Section): Separation and Distribution Agreement (Article X)
Link to Information:
https://www.sec.gov/Archives/edgar/data/799288/000119312514134340/0001193125-14-134340-index.htm

121)

Original Entity: Dover Corp.
New Spun-Off Entity: Knowles Corp.
Completion Date: February 28, 2014
Relevant Agreement (Section): Separation and Distribution Agreement (Article VI)
Link to Information:
https://www.sec.gov/Archives/edgar/data/d680759d8k.htm/000119312514079068/0001193125-14-079068-index.html

122)

Original Entity: Starwood Property Trust, Inc.
New Spun-Off Entity: Invitation Homes (f/k/a Starwood Waypoint Residential Trust)
Completion Date: January 16, 2014
Relevant Agreement (Section): Separation and Distribution Agreement (Article IX)
Link to Information:
https://www.sec.gov/Archives/edgar/data/1579471/000110465914003114/0001104659-14-003114-index.htm

123)

Original Entity: Oneok Inc.
New Spun-Off Entity: One Gas, Inc.
Completion Date: January 14, 2014
Relevant Agreement (Section): Separation and Distribution Agreement (Article VII)
Link to Information:

https://www.sec.gov/Archives/edgar/data/1587732/000119312514012045/0001193125-14-012045-index.htm

124)

Original Entity: Trane Technologies PLC (f/k/a Ingersoll-Rand plc)
New Spun-Off Entity: Allegion PLC
Completion Date: December 1, 2013
Relevant Agreement (Section): Separation and Distribution Agreement (Article VI)
Link to Information:
https://www.sec.gov/Archives/edgar/data/1579241/000157924113000031/0001579241-13-000031-index.htm

125)

Original Entity: Ashford Hospitality Trust Inc.
New Spun-Off Entity: Braemar Hotels & Resorts Inc. (f/k/a Ashford Hospitality Prime, Inc.)
Completion Date: November 8, 2013
Relevant Agreement (Section): Separation and Distribution Agreement (Article X)
Link to Information:
https://www.sec.gov/Archives/edgar/data/1574085/000119312513438553/0001193125-13-438553-index.htm

126)

Original Entity: Harvard Bioscience Inc.
New Spun-Off Entity: Biostage, Inc. (f/k/a Harvard Apparatus Regenerative Technology, Inc.)
Completion Date: November 1, 2013
Relevant Agreement (Section): Separation and Distribution Agreement (Article V)
Link to Information:
https://www.sec.gov/Archives/edgar/data/1563665/000114420413059292/0001144204-13-059292-index.htm

127)

Original Entity: United Online, Inc.
New Spun-Off Entity: Gue Liquidation Companies, Inc. (f/k/a FTD Companies, Inc.)
Completion Date: November 1, 2013
Relevant Agreement (Section): Separation and Distribution Agreement (Article IX)
Link to Information:
https://www.sec.gov/Archives/edgar/data/a13-23475_18k.htm/000110465913081784/0001104659-13-081784-index.html

128)

Original Entity: Leidos Holdings, Inc.
New Spun-Off Entity: Science Applications International Corp.
Completion Date: September 25, 2013

Relevant Agreement (Section): Distribution Agreement (Article VII)
Link to Information:
https://www.sec.gov/Archives/edgar/data/1571123/000119312513387316/0001193125-13-387316-index.htm

129)
Original Entity: Murphy Oil Corp.
New Spun-Off Entity: Murphy USA Inc.
Completion Date: August 30, 2013
Relevant Agreement (Section): Separation and Distribution Agreement (Article 6)
Link to Information:
https://www.sec.gov/Archives/edgar/data/musa-20130905x8k.htm/000157351613000008/0001573516-13-000008-index.html

130)
Original Entity: Covidien plc
New Spun-Off Entity: Mallinckrodt plc
Completion Date: June 28, 2013
Relevant Agreement (Section): Separation and Distribution Agreement (Article IV)
Link to Information:
https://www.sec.gov/Archives/edgar/data/1567892/000119312513279760/0001193125-13-279760-index.htm

131)
Original Entity: Twenty-First Century Fox, Inc.
New Spun-Off Entity: News Corp.
Completion Date: June 28, 2013
Relevant Agreement (Section): Separation and Distribution Agreement (Article IV)
Link to Information:
https://www.sec.gov/Archives/edgar/data/1564708/000119312513281463/0001193125-13-281463-index.htm

132)
Original Entity: Valero Energy Corp.
New Spun-Off Entity: CST Brands, Inc.
Completion Date: May 1, 2013
Relevant Agreement (Section): Separation and Distribution Agreement (Article V)
Link to Information:
https://www.sec.gov/Archives/edgar/data/1562039/000119312513192119/0001193125-13-192119-index.htm

133)
Original Entity: Seacor Holdings Inc.
New Spun-Off Entity: Bristow Group Inc. (f/k/a Era Group Inc.)
Completion Date: January 31, 2013
Relevant Agreement (Section): Distribution Agreement (Article III)

Link to Information:
https://www.sec.gov/Archives/edgar/data/1525221/000152522113000014/0001525221-13-000014-index.htm

134)

Original Entity: Abbott Laboratories
New Spun-Off Entity: Abbvie Inc.
Completion Date: January 1, 2013
Relevant Agreement (Section): Separation and Distribution Agreement (Article IV)
Link to Information:
https://www.sec.gov/Archives/edgar/data/1551152/000104746913002827/0001047469-13-002827-index.htm

https://www.sec.gov/Archives/edgar/data/a2211432z10-12ba.htm/000104746912010903/0001047469-12-010903-index.html

135)

Original Entity: Altisource Portfolio Solutions S.A.
New Spun-Off Entity: Front Yard Residential Corp. (f/k/a Altisource Residential Corporation)
Completion Date: December 21, 2012
Relevant Agreement (Section): Separation Agreement (Article VI)
Link to Information:
https://www.sec.gov/Archives/edgar/data/a12-25847_78k.htm/000110465912086787/0001104659-12-086787-index.html

136)

Original Entity: Comverse Technology Inc.
New Spun-Off Entity: Xura, Inc. (f/k/a Comverse, Inc.)
Completion Date: October 31, 2012
Relevant Agreement (Section): Distribution Agreement (Article III)
Link to Information:
https://www.sec.gov/Archives/edgar/data/1549872/000119312512447426/0001193125-12-447426-index.htm

137)

Original Entity: Mondelez International, Inc.
New Spun-Off Entity: Kraft Foods Group, Inc.
Completion Date: October 1, 2012
Relevant Agreement (Section): Separation and Distribution Agreement (Article V)
Link to Information:
https://www.sec.gov/Archives/edgar/data/1545158/000119312512412668/0001193125-12-412668-index.htm

138)

Original Entity: Johnson Controls International PLC (f/k/a Tyco International Ltd.)
New Spun-Off Entity: ADT Corp.
Completion Date: September 26, 2012
Relevant Agreement (Section): Separation and Distribution Agreement (Article VIII)
Link to Information:
https://www.sec.gov/Archives/edgar/data/1546640/000119312512411566/0001193125-12-411566-index.htm

139)

Original Entity: Alexander & Baldwin Holdings, Inc.
New Spun-Off Entity: Alexander & Baldwin, Inc.
Completion Date: June 8, 2012
Relevant Agreement (Section): Separation Agreement (Article IX)
Link to Information:
https://www.sec.gov/Archives/edgar/data/1545654/000104746912006546/0001047469-12-006546-index.htm

140)

Original Entity: Conocophillips
New Spun-Off Entity: Phillips 66
Completion Date: April 26, 2012
Relevant Agreement (Section): Separation and Distribution Agreement (Article V)
Link to Information:
https://www.sec.gov/Archives/edgar/data/d341711d8k.htm/000119312512200916/0001193125-12-200916-index.html

141)

Original Entity: Carrols Restaurant Group, Inc.
New Spun-Off Entity: Fiesta Restaurant Group, Inc.
Completion Date: April 24, 2012
Relevant Agreement (Section): Separation and Distribution Agreement (Article III)
Link to Information:
https://www.sec.gov/Archives/edgar/data/d340103d8k.htm/000119312512186274/0001193125-12-186274-index.html

142)

Original Entity: Ralcorp Holdings Inc.
New Spun-Off Entity: Post Holdings, Inc.
Completion Date: February 2, 2012
Relevant Agreement (Section): Separation and Distribution Agreement (Article XI)
Link to Information:
https://www.sec.gov/Archives/edgar/data/1530950/000119312512046535/0001193125-12-046535-index.htm

143)

Original Entity: General Growth Properties, Inc.
New Spun-Off Entity: Rouse Properties, LLC
Completion Date: January 12, 2012
Relevant Agreement (Section): Separation Agreement (Article V)
Link to Information:
https://www.sec.gov/Archives/edgar/data/1528558/000110465912002712/0001104659-12-002712-index.htm

144)

Original Entity: Williams Companies, Inc.
New Spun-Off Entity: WPX Energy, Inc.
Completion Date: December 30, 2011
Relevant Agreement (Section): Separation and Distribution Agreement (Article VII)
Link to Information:
https://www.sec.gov/Archives/edgar/data/1518832/000119312512004256/0001193125-12-004256-index.htm

145)

Original Entity: NTELOS Holdings Corp.
New Spun-Off Entity: Lumos Networks Corp.
Completion Date: October 31, 2011
Relevant Agreement (Section): Separation and Distribution Agreement (Article 6)
Link to Information:
https://www.sec.gov/Archives/edgar/data/1520744/000119312511296422/0001193125-11-296422-index.htm

https://www.sec.gov/Archives/edgar/data/1520744/000119312511272719/0001193125-11-272719-index.htm

146)

Original Entity: Beam Suntory Inc. (f/k/a Fortune Brands, Inc.)
New Spun-Off Entity: Fortune Brands Home & Security, Inc.
Completion Date: September 27, 2011
Relevant Agreement (Section): Separation and Distribution Agreement (Article X)
Link to Information:
https://www.sec.gov/Archives/edgar/data/1519751/000119312511261517/0001193125-11-261517-index.htm

147)

Original Entity: CSC Holdings, LLC
New Spun-Off Entity: AMC Networks Inc.
Completion Date: June 30, 2011
Relevant Agreement (Section): Distribution Agreement (Article III)
Link to Information:

https://www.sec.gov/Archives/edgar/data/1514991/000095012311063740/y91900e8vk.htm#Y91900004

https://www.sec.gov/Archives/edgar/data/1514991/000095012311056616/0000950123-11-056616-index.htm

148)

Original Entity: Marathon Oil Corp.
New Spun-Off Entity: Marathon Petroleum Corp.
Completion Date: June 30, 2011
Relevant Agreement (Section): Separation and Distribution Agreement (Article XI)
Link to Information:
https://www.sec.gov/Archives/edgar/data/1510295/000119312511179960/0001193125-11-179960-index.htm

https://www.sec.gov/Archives/edgar/data/1510295/000119312511151775/0001193125-11-151775-index.htm

149)

Original Entity: Northrop Grumman Corp.
New Spun-Off Entity: Huntington Ingalls Industries, Inc.
Completion Date: March 29, 2011
Relevant Agreement (Section): Separation and Distribution Agreement (Article V)
Link to Information:
https://www.sec.gov/Archives/edgar/data/1501585/000095012311032558/0000950123-11-032558-index.htm

150)

Original Entity: Vishay Intertechnology Inc.
New Spun-Off Entity: Vishay Precision Group, Inc.
Completion Date: July 6, 2010
Relevant Agreement (Section): Separation Agreement (Article V)
Link to Information:
https://www.sec.gov/Archives/edgar/data/1487952/000120677410001567/vishay_8k.htm

https://www.sec.gov/Archives/edgar/data/1487952/000120677410001483/vishay_8k.htm

https://www.sec.gov/Archives/edgar/data/1487952/000120677410001467/0001206774-10-001467-index.htm

151)

Original Entity: McDermott International Inc.
New Spun-Off Entity: BWX Technologies, Inc. (f/k/a The Babcock & Wilcox Company)
Completion Date: July 2, 2010
Relevant Agreement (Section): Master Separation Agreement (Article III)

Link to Information:
https://www.sec.gov/Archives/edgar/data/1486957/000119312510183408/0001193125-10-183408-index.htm

152)

Original Entity: First American Corp.
New Spun-Off Entity: First American Financial Corp.
Completion Date: June 1, 2010
Relevant Agreement (Section): Separation and Distribution Agreement (Article X)
Link to Information:
https://www.sec.gov/Archives/edgar/data/1472787/000095013010002251/0000950130-10-002251-index.htm

153)

Original Entity: Cablevision Systems Corp.
New Spun-Off Entity: Madison Square Garden, Inc.
Completion Date: February 9, 2010
Relevant Agreement (Section): Distribution Agreement (Article III)
Link to Information:
https://www.sec.gov/Archives/edgar/data/1469372/000095012310026050/c97978e10vk.htm

https://www.sec.gov/Archives/edgar/data/1469372/000095012310002400/0000950123-10-002400-index.htm

154)

Original Entity: Warner Media, LLC
New Spun-Off Entity: AOL Inc.
Completion Date: December 9, 2009
Relevant Agreement (Section): Separation and Distribution Agreement (Article VI)
Link to Information:
https://www.sec.gov/Archives/edgar/data/1468516/000119312510045310/0001193125-10-045310-index.htm

https://www.sec.gov/Archives/edgar/data/1468516/000119312509235507/0001193125-09-235507-index.htm

155)

Original Entity: iGate Corp.
New Spun-Off Entity: Mastech Holdings, Inc.
Completion Date: September 30, 2008
Relevant Agreement (Section): Separation and Distribution Agreement (Article V)
Link to Information:
https://www.sec.gov/Archives/edgar/data/1437226/000119312508204587/0001193125-08-204587-index.htm

156)

Original Entity: Cadbury Public Ltd Co (f/k/a Cadbury Schweppes plc)
New Spun-Off Entity: Keurig Dr Pepper Inc. (f/k/a Dr Pepper Snapple Group, Inc.)
Completion Date: May 1, 2008
Relevant Agreement (Section): Separation and Distribution Agreement (Article VII)
Link to Information:
https://www.sec.gov/Archives/edgar/data/1418135/000095012308005099/0000950123-08-005099-index.htm

157)

Original Entity: Dean Foods Co.
New Spun-Off Entity: Treehouse Foods, Inc.
Completion Date: June 27, 2005
Relevant Agreement (Section): Distribution Agreement (Article X)
Link to Information:
https://www.sec.gov/Archives/edgar/data/1320695/000095013305002821/0000950133-05-002821-index.htm

Exhibit 20

FILED & JUDGMENT ENTERED
David E. Weich

Jun 21 2010

Clerk, U.S. Bankruptcy Court
Western District of North Carolina

George R. Hodges
United States Bankruptcy Judge

UNITED STATES BANKRUPTCY COURT
FOR THE WESTERN DISTRICT OF NORTH CAROLINA
Charlotte Division

IN RE: GARLOCK SEALING TECHNOLOGIES LLC, et al. Debtors.	Case No. 10-BK-31607 Chapter 11 Jointly Administered
GARLOCK SEALING TECHNOLOGIES LLC, GARRISON LITIGATION MANAGEMENT GROUP, LTD., and THE ANCHOR PACKING COMPANY, Plaintiffs v. THOSE PARTIES LISTED ON EXHIBIT B TO COMPLAINT, and UNKNOWN ASBESTOS CLAIMANTS, Defendants.	Adversary Proceeding No. 10-03145

ORDER GRANTING PRELIMINARY INJUNCTION

This matter having come before the Court on June 21, 2010, on motion of the Debtors, as debtors-in-possession in the above-captioned jointly administered Chapter 11 cases, and as plaintiffs in the above-captioned Adversary Proceeding, for preliminary injunction (the "Motion") having filed on June 7, 2010 a Complaint in this Adversary Proceeding.

The following terms are defined for the purposes of this Order:

1. "Affiliates" means those non-debtor affiliates or assignees of the Debtors more particularly set forth on Exhibit A, incorporated herein by reference, as well as the directors, officers, employees, and counsel to the Debtors or such non-debtor affiliates or assignees.

2. "Pending Asbestos Actions" means pending asbestos-related claims against the Debtors and Affiliates, and in which the Defendants in this Adversary Proceeding are plaintiffs.

3. "Future Asbestos Actions" means all new actions or proceedings asserting asbestos-related claims against the Affiliates.

4. "Available Shared Insurance" means approximately $192 million of uncollected insurance shared by the Debtors and Affiliates, more particularly described in the Complaint in this Adversary Proceeding.

In support of this Order, the Court finds and concludes that:

1. The Court has jurisdiction to hear this Adversary Proceeding, the Motion, and the relief requested under 28 U.S.C. §§ 157 and 1334. This is a core proceeding under 28 U.S.C. § 157(b)(2)(A), (G) and (O).

2. On June 7, 2010, the court entered a Temporary Restraining Order ("TRO") restraining the Defendants from prosecuting all Pending Asbestos Actions and Future Asbestos Actions pending resolution of the Motion (Docket No. 19). The Court scheduled a hearing on the Motion for June 21, 2010 at 9:30 a.m.

3. The Court ordered the Debtors to serve the TRO on Defendants as set forth therein, and required that in order for any Defendant opposing the Motion to be heard, such Defendant must file a response or opposition to the Motion three days before the hearing. The

TRO and notice of hearing was properly served, and no party has filed any response or objection to the Motion.

4. The Debtors are defendants in approximately 100,000 asbestos-related personal injury law suits pending in various civil courts across the country. The Affiliates are defendants in approximately 30,000 Pending Asbestos Actions, almost all of which are asserted in actions pending against debtor Garlock Sealing Technologies LLC ("Garlock"). The Defendants are the plaintiffs in the Pending Asbestos Actions. Some of the Defendants allege that the Affiliates have derivative liability for the asbestos torts of the Debtors based on piercing the corporate veil, alter ego, or successor liability. Some Defendants have also alleged that exposure to asbestos contained in or used in connection with equipment manufactured by the Affiliates contributed to their injuries.

5. No Affiliate has ever paid a personal injury asbestos claim based on any of the legal theories described in the previous paragraph.

6. Coltec Industries Inc ("Coltec") is the sole shareholder of Garlock. Coltec and its predecessors purchased products liability insurance policies to cover defense costs and liability payments associated with, among other things, product liability claims against Coltec and its subsidiaries, including Garlock (the "Coltec Insurance Policies"). As a Coltec subsidiary, Garlock is entitled under the Coltec Insurance Policies in effect on or after January 1, 1976 to coverage for defense costs and liability payments associated with asbestos claims that trigger such Coltec Insurance Policies. Prior to these Cases, proceeds from the Coltec Insurance Policies have been used to pay most of the defense costs incurred and indemnity payments made to resolve asbestos claims against Garlock. In addition to Garlock, however, Coltec and the

other Affiliates also have rights to coverage of defense costs and liability payments under the Coltec Insurance Policies protecting such Affiliates from any asbestos-related losses.

7. To the extent that any Affiliate is required to incur defense costs and pay settlements or judgments in any Future Asbestos Actions or Pending Asbestos Actions, including those arising from allegations of injury caused by Garlock's products, such Affiliate is entitled to coverage for all or a portion of defense costs and liability payments under the Coltec Insurance Policies for any such claim that triggers such Coltec Insurance Policies. Collections under the Coltec Insurance Policies may be utilized by Coltec or Garlock to satisfy settlements, judgments or defense costs related to asbestos-related personal injury claims against either of them on a first paid basis.

8. There are approximately $192 million of collections available under the Coltec Insurance Policies. The Debtors filed these Chapter 11 cases in part to protect the Coltec Insurance Policies. To the extent necessary to pay asbestos personal injury claims in full, the Debtors contemplate using the full remaining Coltec Insurance Policy proceeds.

9. Garlock's interest in the Coltec Insurance Policies constitutes property of Garlock's estate.

10. The Debtors have demonstrated that, absent a stay of Pending Asbestos Actions and Future Asbestos Actions:

a. the Defendants will continue to prosecute their asbestos claims against the Affiliates which will deplete collections under the Coltec Insurance Policies and such depletion of the Coltec Insurance Policies will cause immediate and irreparable injury to the Debtors' estates and impair the Debtor's ability to successfully reorganize under Chapter 11 of the Bankruptcy Code; and

b. the Debtors will be forced to participate in the defense of Pending Asbestos Actions and Future Asbestos Actions to protect their own interests, the same key personnel of the Debtors required to defend the Affiliates in Pending Asbestos Actions and Future Asbestos Actions will be central to the Debtors' reorganization and resolution of thousands of Asbestos Claims that may be filed against the Debtors, and the Pending Asbestos Actions and Future Asbestos Actions will therefore compromise and impair the Debtors' ability to successfully reorganize.

11. The Debtors have demonstrated that the injunctive relief requested herein is necessary to protect property of the estate and is in the best interests of the Debtor and their estates, creditors, and other parties' interest.

12. The Debtors properly served copies of all relevant papers (including all exhibits to such papers) on counsel for all known Defendants pursuant to the Order Authorizing Service Of The Summons And Complaint On Counsel For Defendants And By Publication, dated June 8, 2010, including the Summons; Adversary Proceeding Complaint; Adversary Proceeding Coversheet; Motion for Temporary Restraining Order/Preliminary Injunction; Affidavit of Paul Grant; Brief in Support of Motion for Temporary Restraining Order/Preliminary Injunction; the TRO; and Order Authorizing Service Of Summons And Complaint On Counsel For Defendants And By Publication.

13. The Debtors have demonstrated that they have a high likelihood of a successful reorganization, are likely to suffer irreparable harm in the absence of preliminary relief, and the balance of equities tips in their favor.

14. Notice of the Motion, the hearing on the Motion, and the Complaint has been effectively given to all known Defendants consistent with Fed. R. Civ. P. 65(a)(1) and section 102(1) of the Bankruptcy Code, and no security shall be required in connection with the relief granted herein.

After due deliberation and cause appearing therefore, accordingly:

IT IS HEREBY ORDERED that the automatic stay of section 362(a) of the Bankruptcy Code stays any Pending Asbestos Action or Future Asbestos Action against the Affiliates (1) based on fraudulent transfer theory, piercing the corporate veil, alter ego, or successor liability; or (2) that results in diminishment of the Available Shared Insurance;

IT IS FURTHER ORDERED that, pursuant to sections 105(a) and 362(a), all parties, including Defendants in this action, their agents, servants, employees and counsel, are restrained and enjoined from prosecuting any Pending Asbestos Action or commencing any Future Asbestos Action against any Affiliate other than (1) pursuant to a plan or plans of reorganization to be confirmed in the above-captioned jointly administered Chapter 11 cases or (2) if any such claim is not addressed by such a plan or plans of reorganization, as provided in any final, non-appealable judgments, orders, or decrees entered in the above captioned Adversary Proceeding (Adversary Proceeding No. 10-03145(GRH));

IT IS FURTHER ORDERED that any Defendant may, without leave of court and after appropriate notice to the Debtors and the Affiliates, take reasonable steps to perpetuate the testimony of any person who is not expected to survive until trial, and such notice may be effected by service upon counsel of record for the Debtors and the Affiliates in this Adversary Proceeding;

IT IS FURTHER ORDERED that, subject to subsequent order by this Court, from June 7, 2010 until the sixtieth day after this Adversary Proceeding has been disposed of by final, non-appealable judgment, order, or decree, all statutes of limitation applicable to any Pending Asbestos Action, Future Asbestos Action, or any claim derivative of any Pending Asbestos Action or Future Asbestos Action, including without limitation any claim for fraudulent conveyance, piercing the corporate veil, alter ego, or successor liability, shall be tolled;

IT IS FURTHER ORDERED that nothing in this Order shall prevent any Affiliate from providing notice to insurance carriers or other appropriate persons or entities or otherwise exercising their rights under the Available Shared Insurance, provided that no Affiliates shall seek reimbursement or payment under any of the Available Shared Insurance without further order of this Court;

IT IS FURTHER ORDERED that this Order does not constitute a determination of the extent to which the Debtors or any of the Affiliates are entitled to coverage under the Available Shared Insurance;

IT IS FURTHER ORDERED that the Official Committee of Asbestos Personal Injury Claimants (“Committee”), which was duly appointed on June 16, 2010, shall have until August 20, 2010, to file a motion to intervene in this Adversary Proceeding and, if such motion is granted, to make objections to the Motion on any basis that the Committee could have raised had it filed a timely objection prior to entry of this Order, without prejudice or preclusion from the findings of this Order;

IT IS FURTHER ORDERED that any unknown Defendant shall have until August 20, 2010, to object the Motion on any basis that such unknown Defendant could have raised as of June 18, 2010; and

IT IS FURTHER ORDERED that the Debtors shall, on or before July 7, 2010, publish in *USA Today*, notice of service of process to unknown Defendants of the pendency of this Adversary Proceeding, entry of this Order, and opportunity to be heard on the Debtors' request for preliminary injunction, without prejudice or preclusion from the findings of this Order.

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This Order has been signed electronically. The judge's signature and court's seal appear at the top of the Order.

United States Bankruptcy Court

Exhibit A

List of Affiliates

Allwest Compressor Products ULC
CAB Compressores Industria e Comercio Ltda.
Central Maloney
Coltec do Brasil Productos Industriais Ltda.
Coltec Finance Company Limited
Coltec Industrial Products LLC
Coltec Industries France SAS
Coltec Industries Pacific Pte Ltd
Coltec Industries Inc
Coltec Int'l Services Co.
Compressor Products Holdings, Inc.
Compressor Products Holdings, Limited
Compressor Products International GmbH
Compressor Products International Inc.
Compressor Products International Ltd.
Compressor Products International Ltda.
Compressor Services Holdings, Inc.
Corrosion Control Corporation (d/b/a Pikotek)
CPI Investments Limited
CPI Pacific Pty Limited
CPI-LIARD SAS
EnPro Corporate Management Consulting (Shanghai) Co. Ltd.
EnPro German Holding GmbH
EnPro Hong Kong Holdings Company Limited
EnPro India Private Limited
EnPro Industries International Trading (Shanghai) Co., Ltd.
EnPro Industries, Inc.
EnPro Luxembourg Holding Company S.a.r.l.
Fairbanks Morse
Fairbanks Morse Engine
Fairbanks Morse Pump (FMPD Purchasing Corporation and its successors and assigns)
Farnum
Garlock (Great Britain) Limited
Garlock de Mexico, S.A.
Garlock France SAS
Garlock GmbH
Garlock International Inc.
Garlock of Canada Ltd.
Garlock Overseas Corporation
Garlock Pty Limited
Garlock Sealing Technologies (Shanghai) Co., Ltd.
Garlock Valqua Japan, Inc.

GGB Austria GmbH
GGB Bearing Technology (Suzhou) Co., Ltd.
GGB Brasil Industria de Mancais E Componentes Ltda.
GGB France E.U.R.L.
GGB Heilbronn GmbH
GGB Holdings E.U.R.L.
GGB Italy s.r.l.
GGB Kunststoff-Technologie GmbH
GGB LLC
GGB Real Estate GmbH
GGB Slovakia s.r.o.
GGB Tristar Suisse S.A.
GGB, Inc.
Holley Automotive Systems GmbH
HTCI Inc.
Kunshan Q-Tech Air System Technologies Ltd.
QFM Sales and Services, Inc.
Quincy Compressor
Stempro de Mexico, S. de R.L. de C.V.
Stemco Crewson LLC
Stemco Holdings, Inc.
Stemco LP
Texflo Compressor Services, ULC
V.W. Kaiser Engineering

Exhibit 21

EXHIBIT I.A.102

SPHC ASBESTOS PERSONAL INJURY TRUST DISTRIBUTION PROCEDURES

FORM OF SPECIALTY PRODUCTS HOLDING CORP.
ASBESTOS PERSONAL INJURY TRUST DISTRIBUTION PROCEDURES

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SPECIALTY PRODUCTS HOLDING CORP.

ASBESTOS PERSONAL INJURY TRUST DISTRIBUTION PROCEDURES

The Specialty Products Holding Corp. Asbestos Personal Injury Trust Distribution Procedures ("**TDP**") contained herein are established pursuant to the Joint Plan of Reorganization of Specialty Products Holding Corp., Bondex International, Inc., Republic Powdered Metals, Inc. and NMBFiL, Inc. ("**Plan**") and the Specialty Products Holding Corp., Bondex International, Inc., Republic Powdered Metals, Inc. and NMBFiL, Inc. Personal Injury Trust Agreement ("**Trust Agreement**" or "**Asbestos PI Trust Agreement**"), which establish the Asbestos Personal Injury Trust ("**Trust**" or "**Asbestos PI Trust**"). These TDP provide for the resolution of all SPHC Trust Claims, Bondex Trust Claims, and Republic Trust Claims for which the Trust has legal responsibility (hereinafter referred to collectively for all purposes of these TDP as "**SPHC Trust Claims**").[1]

The Asbestos PI Trustees ("**Trustees**") shall implement and administer these TDP in accordance with the Trust Agreement. Capitalized terms used herein and not otherwise defined shall have the meanings assigned to them in the Plan and the Trust Agreement. For purposes of these TDP, "SPHC Trust Claims" shall not include Asbestos Personal Injury Trust Expenses.

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[1] These TDP are inapplicable to NMBFiL Asbestos Personal Injury Claims and NMBFiL Asbestos Personal Injury Indirect Claims which will be resolved pursuant to the NMBFiL Asbestos Personal Injury Trust Distribution Procedures. Furthermore, to the extent that a claim that was subject to documentation resolving any asbestos-related liability or purported asbestos-related liability of one or more of the SPHC Parties for an agreed amount which amount remained unpaid as of the applicable Petition Date (collectively, the "Settled SPHC Asbestos Personal Injury Claims") does not elect to be re-valued by the Trust, these TDP shall not apply to such Settled SPHC Asbestos Personal Injury Claim except for: the Payment Percentage described in Section 4.2, the Claims Payment Ratio as described in Section 2.5, the FIFO Processing Queue, and FIFO Payment Queue.

SECTION I

INTRODUCTION

1.1 **Purpose.** These TDP have been adopted pursuant to the Trust Agreement. They are designed to provide fair, equitable, and substantially similar treatment for all similarly situated SPHC Trust Claims that presently exist and may arise in the future.

1.2 **Interpretation.** Except as otherwise may be provided below, nothing in these TDP shall be deemed to create a substantive right for any claimant. The rights and benefits, if any, provided herein to holders of SPHC Trust Claims shall vest in such holders as of the Effective Date of the Plan.

SECTION II

OVERVIEW

2.1 **Trust Goals.** The goal of the Trust is to treat all those asserting SPHC Asbestos Personal Injury Claims similarly and equitably and in accordance with the requirements of Section 524(g) of the Bankruptcy Code. These TDP set forth procedures for processing and paying the SPHC Parties' several shares of the unpaid portion of the liquidated value of all SPHC Trust Claims generally on an impartial, first-in-first-out ("**FIFO**") basis, with the intention of paying all claimants over time as equivalent a share as possible of the value of their claims based on historical values for substantially similar claims in the tort system.[2] To that end, these TDP establish a schedule of eight asbestos-related diseases ("**Disease Levels I-VIII**"), all of which have presumptive medical and exposure requirements ("**Medical/Exposure Criteria**"), seven of which have specific liquidated values ("**Scheduled Values**"), four of which have

[2] As used in these TDP, the phrase "**in the tort system**" shall not include claims asserted against a trust established for the benefit of asbestos personal injury claimants pursuant to Section 524(g) and/or Section 105 of the Bankruptcy Code or any other applicable law.

anticipated average values ("**Average Values**"), and five of which have caps on their liquidated values ("**Maximum Values**").

The Disease Levels, Medical/Exposure Criteria, Scheduled Values, Average Values, and Maximum Values that are set forth in Section 5.3 below have been selected and derived with the intention of achieving a fair allocation of the Trust assets as among claimants suffering from different diseases in light of the best available information considering the domestic settlement history of the SPHC Parties and the rights that claimants would have in the tort system absent the Reorganization Cases.

2.2 Claims Liquidation Procedures. SPHC Trust Claims shall be processed based on their place in the FIFO Processing Queue to be established pursuant to Section 5.1(a) below. The Trust shall take all reasonable steps to resolve SPHC Trust Claims as efficiently and expeditiously as possible at each stage of claims processing, including mediation and arbitration. Those steps may include, in the Trust's sole discretion, conducting settlement discussions with claimants' representatives with respect to more than one claim at a time, provided that the claimants' respective positions in the FIFO Processing Queue are maintained and each claim is individually evaluated pursuant to the valuation factors set forth in Section 5.3(b)(2) below. The Trust shall also make every reasonable effort to resolve each year at least that number of SPHC Trust Claims required to exhaust the Maximum Annual Payment and the Maximum Available Payment for Category A and Category B claims, as those terms are defined below.

The Trust shall, except as otherwise provided below, liquidate all SPHC Trust Claims, including Settled SPHC Trust Claims as applicable, except Foreign Claims (as defined in Section 5.3(b)(1) below) that meet the presumptive Medical/Exposure Criteria of Disease Levels I-V, VII and VIII under the Expedited Review Process described in Section 5.3(a) below. SPHC Trust

Claims involving Disease Levels I-V, VII and VIII that do not meet the presumptive Medical/Exposure Criteria for the relevant Disease Level may undergo the Trust's Individual Review Process described in Section 5.3(b) below. In such a case, notwithstanding that the claim does not meet the presumptive Medical/Exposure Criteria for the relevant Disease Level, the Trust may offer the claimant an amount up to the Scheduled Value of that Disease Level if the Trust is satisfied that the claimant has presented a claim that would be cognizable and valid in the tort system.

In lieu of the Expedited Review Process, a claimant holding a Trust Claim involving Disease Levels IV-V, VII or VIII may seek to establish a liquidated value for the claim that is greater than its Scheduled Value by electing the Trust's Individual Review Process. However, the liquidated value of a Trust Claim that undergoes the Individual Review Process for valuation purposes may be determined to be less than its Scheduled Value, and in any event shall not exceed the Maximum Value for the Disease Level set forth in Section 5.3(b), unless the claim qualifies as an Extraordinary Claim under Section 5.4(a) below, in which case its liquidated value cannot exceed the extraordinary value specified in that provision for such claims. Disease Level VI (Lung Cancer 2) claims and all Foreign Claims may be liquidated only pursuant to the Trust's Individual Review Process.

Based upon the SPHC Parties' domestic claims settlement history in light of applicable law in the tort system, and current projections of present and future unliquidated claims, the Scheduled Values and Maximum Values set forth in Section 5.3(b)(3) have been established for each of the Disease Levels IV-V, VII and VIII that are eligible for Individual Review of their liquidated values with the expectation that over time the combination of domestic settlements at

the Scheduled Values and those resulting from the Individual Review Process should generally result in the Average Values set forth in Section 5.3(b)(3) for each such Disease Level.

All unresolved disputes over a claimant's medical condition, exposure history, and/or the validity or liquidated value of a claim shall be subject to mediation and/or binding or non-binding arbitration pursuant to Section 5.9 below, at the election of the claimant, under the Alternative Dispute Resolution Procedures (the "**ADR Procedures**") to be adopted by the Trust. SPHC Trust Claims that are the subject of a dispute with the Trust that cannot be resolved by non-binding arbitration may enter the tort system as provided in Sections 5.10 and 7.6 below. However, if and when a claimant obtains a judgment in the tort system, the judgment shall be payable (subject to the Payment Percentage, Maximum Available Payment, and Claims Payment Ratio provisions set forth below) as provided in Section 7.7 below.

2.3 Application of the Payment Percentage. After the liquidated value of a Trust Claim (other than a claim involving Other Asbestos Disease (Disease Level I – Cash Discount Payment) as defined in Section 5.3(a)(3) below) is determined pursuant to the procedures set forth herein for Expedited Review, Individual Review, mediation, arbitration, or litigation in the tort system, the claimant shall ultimately receive a pro-rata share of that value based on the Payment Percentage described in Section 4 below. The Payment Percentage shall also apply to all sequencing adjustments paid pursuant to Section 7.5 below.

The initial Payment Percentage (the "**Initial Payment Percentage**") shall be **[TBD]**. The Payment Percentage may thereafter be adjusted upwards or downwards from time to time by the Trust, with the consent of the TAC and the FCR, to reflect then-current estimates of the Trust 's assets and liabilities, as well as the then-estimated value of then-pending and future claims. Any adjustment to the Initial Payment Percentage shall be made only pursuant to Section 4.2

below. If the Payment Percentage is increased over time, claimants whose claims were liquidated and paid in prior periods under these TDP shall receive additional payments only as provided in Section 4.3 below. Because there is uncertainty in the prediction of both the number and severity of future SPHC Trust Claims, and the amount of the Trust's assets, no guarantee can be made of any Payment Percentage that will be applied to Trust Claim's liquidated value.

2.4 Determination of the Maximum Annual Payment and Maximum Available Payment. After calculating the Payment Percentage, the Trust shall estimate or model the amount of cash flow, principal, and income year-by-year so that they will be utilized over the entire life of the Trust in a manner that ensures that all present and future holders of SPHC Trust Claims are compensated in amounts reflecting the same Payment Percentage. In each year, based upon the model of cash flow, the Trust shall be empowered to pay out the portion of its funds payable for that year according to the model (the "**Maximum Annual Payment**"). Excluding Settled SPHC Trust Claims, to which the Maximum Annual Payment shall not apply, the Trust's distributions to all claimants for that year shall not exceed the Maximum Annual Payment.

The Payment Percentage and the Maximum Annual Payment figures are based on projections over the lifetime of the Trust. As noted in Section 2.3 above, if such long-term projections are revised, the Payment Percentage may be adjusted accordingly, which would result in a new model of the Trust's anticipated cash flow and a new calculation of the Maximum Annual Payment figures. However, year-to-year variations in the Trust's flow of claims or the value of its assets, including earnings thereon, will not mean necessarily that the long-term projections are inaccurate; they may simply reflect normal variations, both up and down, from the smooth curve created by the Trust's long-term projections. If however, in a given year, asset

values, including earnings thereon, are below projections, the Trust may need to distribute less in that year than would otherwise be permitted based on the applicable Maximum Annual Payment. Accordingly, the applicable Maximum Annual Payment for a given year may be temporarily decreased if the present value of the assets of the Trust as measured on a specified date during the year is less than the present value of the assets of the Trust projected for that date by the cash flow model described in the foregoing paragraph. The Trust shall make such a comparison whenever the Trustees become aware of any information that suggests that such a comparison should be made and, in any event, no less frequently than once every six months. If the Trust determines that as of the date in question, the present value of the Trust's assets is less than the projected present value of its assets for such date, then it will remodel the cash flow year-by-year to be paid over the life of the Trust based upon the reduced value of the total assets as so calculated and identify the reduced portion of its funds to be paid for that year, which will become the "**Temporary Maximum Annual Payment**" (additional reductions in the Maximum Annual Payment can occur during the course of that year based upon subsequent calculations). If in any year the Maximum Annual Payment was temporarily reduced as a result of an earlier calculation and, based upon a later calculation, the difference between the projected present value of the Trust's assets and the actual present value of its assets has decreased, the Temporary Maximum Annual Payment shall be increased to reflect the decrease in the differential. In no event, however, shall the Temporary Maximum Annual Payment exceed the original Maximum Annual Payment. As a further safeguard, the Trust's distribution to all claimants for the first nine (9) months of a year shall not exceed 85% of the Maximum Annual Payment determined for that year. If on December 31 of a given year, the original Maximum Annual Payment for such year

is not in effect, the original Maximum Annual Payment for the following year shall be reduced proportionately.

In distributing the Maximum Annual Payment, the Trust shall first allocate the amount in question to (a) any SPHC Trust Claims (i) based on a diagnosis dated prior to the Effective Date and (ii) subsequently filed with the Trust within one (1) year following the date the Trust first accepts for processing the proof-of-claims forms and other materials required to file a claim with the Trust[3], which are liquidated by the Trust ("**Existing Claims**"), (b) Exigent Hardship Claims, and (c) SPHC Trust Claims involving Other Asbestos Disease (Disease Level I – Cash Discount Payment) that have been liquidated by the Trust.

Should the Maximum Annual Payment be insufficient to pay all such claims in full, the available funds shall be paid in proportion to the aggregate value of each group of claims, and the available funds allocated to each group of claims shall be paid to the maximum extent to claimants in the particular group based on their place in the FIFO Payment Queue. Claims in any group for which there are insufficient funds shall maintain their place in the FIFO Payment Queue and shall be carried over to the next year. If there is a decrease in the Payment Percentage prior to the payment of such claims, any such claims shall nevertheless be entitled to be paid at the Payment Percentage that they would have been entitled to receive but for the application of the Maximum Annual Payment. The remaining portion of the Maximum Annual Payment ("**Maximum Available Payment**"), if any, shall then be allocated and used to satisfy all other liquidated SPHC Trust Claims, provided, however, that if the Maximum Annual Payment is reduced during a year pursuant to the provisions above, the Maximum Available Payment shall be adjusted accordingly. The Trustees, with the consent of the TAC and the FCR, may offer the

[3] Exceptions to the satisfaction of this one-year filing requirement will be made where a claimant can show an inability to file within the one-year period caused by extraneous factors beyond the claimant's control.

option of a reduced Payment Percentage to holders of claims in return for prompter payment ("**Reduced Payment Option**").

2.5 **<u>Claims Payment Ratio.</u>** Based upon the SPHC Parties' domestic claims settlement history and analysis of present and future claims, a Claims Payment Ratio has been set, as of the Effective Date, at 85% for Disease Level VIII (Category A Claims) that were unliquidated as of the applicable Petition Date, and 15% for claims in all other Disease Levels (Disease Levels II – VII) (Category B Claims) that were similarly unliquidated as of the applicable Petition Date. The Claims Payment Ratio shall not apply to any claims involving Other Asbestos Disease (Disease Level I – Cash Discount Payment).

In each year, after the determination of the Maximum Available Payment described in <u>Section 2.4</u> above, 85% of that amount will be available to pay claims in Disease Level VIII and 15% will be available to pay claims in all other Disease Levels (II – VII) placed in the FIFO Payment Queue described in <u>Section 5.l(c)</u> below. In the event there are insufficient funds in any year to pay the liquidated claims within either or both of the Categories, the available funds allocated to the particular Category shall be paid to the maximum extent to claimants in that Category based on their place in the FIFO Payment Queue. Claims for which there are insufficient funds allocated to the relevant Category shall be carried over to the next year where they shall be placed at the head of the FIFO Payment Queue. If there are excess funds in either or both Categories because there is an insufficient amount of liquidated claims to exhaust the respective Maximum Available Payment amount for that Category, then the excess funds for either or both Categories shall be rolled over and remain dedicated to the respective Category to which they were originally allocated.

The 85%/15% Claims Payment Ratio and the rollover provision shall apply to all SPHC Trust Claims (except claims that, pursuant to Section 2.5 above, are not subject to the Claims Payment Ratio). The Claims Payment Ratio may be amended by the Committee or TAC, as the case may be, and the FCR prior to the date the Trust first accepts for processing proof-of-claim forms and other materials required to file a claim with the Trust. Thereafter, both the Claims Payment Ratio and its rollover provision may be continued or recalibrated in order to reflect the actual number of SPHC Trust Claims that have been paid pursuant to these TDP.

Notwithstanding any other provision herein, if, at the end of a calendar year, there are excess funds in either Category A or Category B and insufficient funds in the other Category to pay such Category's claims, the Trustees may transfer up to a specified amount of excess funds (the "**Permitted Transfer Amount**" as defined below) to the Category with the shortfall; provided however that the Trustees shall never transfer more than the amount of the receiving Category's shortfall. The "**Permitted Transfer Amount**" shall be determined as follows: (a) the Trustees shall first determine the cumulative amount allocated to the Category with excess funds based on the Claims Payment Ratio since the date the Trust last calculated its Payment Percentage; (b) the Trustees shall then determine the cumulative amount that the Trust estimated would be paid to the Category with excess funds since the date the Trust last calculated its Payment Percentage; (c) the Trustees shall then subtract the amount determined in (b) from the amount determined in (a), and the difference between the two shall be referred to as the "Permitted Transfer Amount." When deciding whether to make a transfer, the Trust shall take into account any artificial failures of the processing queue that may have impacted the amount of funds expended from either Category. The Trustees shall provide the TAC and the FCR with the Permitted Transfer Amount calculation thirty (30) days prior to making a transfer.

In considering whether to make any amendments to the Claims Payment Ratio and/or its rollover provisions, the Trustees shall consider the reasons for which the Claims Payment Ratio and its rollover provisions were adopted, the domestic settlement history that gave rise to its calculation, and the foreseeability or lack of foreseeability of the reasons why there would be any need to make an amendment. In that regard, the Trustees should keep in mind the interplay between the Payment Percentage and the Claims Payment Ratio as it affects the net cash actually paid to claimants.

In any event, no amendment to the Claims Payment Ratio may be made without the consent of the TAC and the FCR. In the case of any amendments to the Claims Payment Ratio, the consent process set forth in Section 6.7 and Section 7.7 of the Trust Agreement shall apply. The Trustees, with the consent of the TAC and the FCR, may offer the option of a reduced Payment Percentage to holders of claims in either Category A or Category B in return for prompter payment.

2.6 Indirect SPHC Trust Claims. As set forth in Section 5.5 below, SPHC Asbestos Personal Injury Indirect Claims, if any, shall be subject to the same categorization, evaluation, and payment provisions of these TDP as all other SPHC Trust Claims.

SECTION III

TDP ADMINISTRATION

3.1 TAC and FCR. Pursuant to the Plan and the Trust Agreement, the Trustees shall administer the Trust Agreement and these TDP in consultation with the TAC, which represents the interests of holders of present SPHC Trust Claims, and the FCR, who represents the interests of holders of SPHC Trust Claims that will be asserted in the future. Except as set forth in these TDP, including with respect to processing and liquidation of Foreign Claims and the adjustments to section 5.3(b), the Trustees shall obtain the consent of the TAC and the FCR on any

amendments to these TDP pursuant to Section 9.1 below, and on such other matters as are otherwise required below and in Section 2.2(e) of the Trust Agreement. The Trustees shall also consult with the TAC and the FCR on such matters as are provided below and in Section 2.2(d) of the Trust Agreement. The initial Trustees, the initial members of the TAC, and the initial FCR are identified in the Trust Agreement.

3.2 Consent and Consultation Procedures. In those circumstances in which consultation or consent is required, the Trustees shall provide written notice to the TAC and the FCR of the specific amendment or other action that is proposed. The Trustees shall not implement such amendment or take such action unless and until the parties have engaged in the Consultation Process described in Section 6.7(a) and Section 7.7(a), or the Consent Process described in Section 6.7(b) and Section 7.7(b), of the Trust Agreement, respectively.

SECTION IV

PAYMENT PERCENTAGE; PERIODIC ESTIMATES

4.1 Uncertainty of the Total Personal Injury Asbestos Liabilities. As discussed above, there is inherent uncertainty regarding the SPHC Parties' total asbestos-related tort liabilities, as well as the total value of the assets available to the Trust to pay SPHC Trust Claims. Consequently, there is inherent uncertainty regarding the amounts that holders of SPHC Trust Claims shall receive. To ensure substantially equivalent treatment of all present and future SPHC Trust Claims, the Trustees must determine from time to time the percentage of full liquidated value that holders of present and future SPHC Trust Claims will be likely to receive, i.e., the "**Payment Percentage**" described in Section 2.3 above and Section 4.2 and Section 4.3 below.

4.2 Computation of Payment Percentage. As provided in Section 2.3 above, the Trustees, with the consent of the TAC and the FCR, shall establish the Initial Payment Percentage after the Plan's Effective Date. The Payment Percentage shall be subject to change pursuant to the terms of these TDP and the Trust Agreement if the Trustees, with the consent of the TAC and the FCR, determine that an adjustment is required. No less frequently than once every three (3) years, commencing with the first day of January occurring after the Effective Date, the Trustees shall reconsider the then-applicable Payment Percentage to assure that it is based on accurate, current information and may, if necessary after such reconsideration, change the Payment Percentage with the consent of the TAC and the FCR. The Trustees shall also reconsider the Payment Percentage at shorter intervals if they deem such reconsideration to be appropriate or if requested to do so by the TAC or the FCR.

The Trustees must base their determination of the Payment Percentage on current estimates of the number, types, and values of present and future SPHC Trust Claims, the value of the assets then available to the Trust for payment of SPHC Trust Claims, all anticipated administrative and legal expenses, and any other material matters that are reasonably likely to affect the sufficiency of funds to pay a comparable percentage of full value to all present and future holders of SPHC Trust Claims. When making these determinations, the Trustees shall exercise common sense and flexibly evaluate all relevant factors. The Payment Percentage applicable to Category A or Category B claims may not be reduced to alleviate delays in payments of claims in the other Category; both Categories of claims shall receive the same Payment Percentage, but the payment may be deferred as needed pursuant to Section 7.3 below, and a Reduced Payment Option may be instituted as described in Section 2.4 above.

4.3 Applicability of the Payment Percentage. Except as provided in this Section 4.3, no holder of a Trust Claim for Disease Levels II-VIII shall receive a payment that exceeds the liquidated value of the claim times the Payment Percentage in effect at the time of payment. Claims involving Other Asbestos Disease (Disease Level I – Cash Discount Payment) shall not be subject to the Payment Percentage, but shall instead be paid the full amount of their Scheduled Value as set forth in Section 5.3(a)(3) below. Except as otherwise provided in (a) Section 5.1(c) for SPHC Trust Claims involving deceased or incompetent claimants for which the Trust's offer must be approved by a court or through a probate process and (b) the paragraph below with respect to Released Claims, no holder of any Trust Claim shall receive a payment that exceeds the liquidated value of the claim times the Payment Percentage in effect at the time of payment; provided, however, that if there is a reduction in the Payment Percentage, the Trustees, in their discretion, may cause the Trust to pay a Trust Claim based on the Payment Percentage that was in effect prior to the reduction if such Trust Claim was filed and actionable with the Trust ninety (90) days or more prior to the date the Trustees proposed the new Payment Percentage in writing to the TAC and the FCR ("**Proposal Date**") and the processing of such claim was unreasonably delayed due to circumstances beyond the control of the claimant or the claimant's counsel, but only if such claim had no deficiencies for the ninety (90) days prior to the Proposal Date.

If a redetermination of the Payment Percentage has been proposed in writing by the Trustees to the TAC and the FCR, but has not yet been adopted, the claimant shall receive the lower of the current Payment Percentage or the proposed Payment Percentage. However, if the proposed Payment Percentage was the lower amount but was not subsequently adopted, the claimant shall thereafter receive the difference between the lower proposed amount and the

higher current amount. Conversely, if the proposed Payment Percentage was the higher amount and was subsequently adopted, the claimant shall thereafter receive the difference between the lower current amount and the higher adopted amount.

Notwithstanding anything contained herein, if the proposed Payment Percentage is lower than the current Payment Percentage, a claimant whose Trust Claim was liquidated prior to the Proposal Date and who either (a) transmitted[4] an executed release to the Trust prior to the Proposal Date or (b) with respect to those claimants who had received releases fewer than thirty (30) days prior to the Proposal Date, transmitted an executed release to the Trust within thirty (30) days of the claimant's receipt of the release (the claims described in (a) and (b) are collectively referred to herein as the "**Released Claims**") shall be paid based on the current Payment Percentage ("**Released Claims Payment Percentage**"). For purposes hereof, (a) a claimant represented by counsel shall be deemed to have received a release on the date that the claimant's counsel receives the release, (b) if the Trust transmits a release electronically, the release shall be deemed to have been received on the date the Trust transmits the offer notification, and (c) if the Trust places the release in the U.S. mail, postage pre-paid, the release shall be deemed to have been received three (3) business days after such mailing date. A delay in the payment of the Released Claims for any reason, including delays resulting from limitations on payment amounts in a given year pursuant to Sections 2.4 and 2.5 hereof, shall not affect the rights of the holders of the Released Claims to be paid based on the Released Claims Payment Percentage.

At least thirty (30) days prior to the Proposal Date, the Trust shall issue a written notice to claimants or claimants' counsel indicating the Trust is reconsidering the Payment Percentage.

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[4] For purposes of this sentence, "transmitted" is defined as the date/time postmarked if submitted by mail or the date/time uploaded if submitted electronically.

There is uncertainty surrounding the amount of the Trust's future assets and liabilities. There is uncertainty surrounding the totality of the SPHC Trust Claims to be paid over time, as well as the extent to which changes in existing law could affect the Trust's liabilities under these TDP. If the value of the Trust's future assets increases significantly and/or if the value or volume of SPHC Trust Claims actually filed with the Trust is significantly lower than originally estimated, the Trust shall use those proceeds and/or claims savings, as the case may be, first to maintain the Payment Percentage, then in effect.

If the Trustees, with the consent of the TAC and the FCR, decide to increase the Payment Percentage due to a material change in the estimates of the Trust's future assets and/or liabilities, the Trustees shall also make supplemental payments to all claimants who previously liquidated their claims against the Trust and received payments based on a lower Payment Percentage. The amount of any such supplemental payment shall be the liquidated value of the claim in question times the newly adjusted Payment Percentage, less all amounts previously paid to the claimant with respect to the claim (excluding the portion of such previously paid amounts that was attributable to any sequencing adjustment paid pursuant to Section 7.5 below).

The Trustees' obligation to make a supplemental payment to a claimant shall be suspended in the event the payment in question would be less than $100.00. The amount of the suspended payment shall be added to the amount of any prior supplemental payment(s) that was (were) also suspended because it (they) would have been less than $100.00. The Trustees shall pay any aggregate supplemental payments owed to the claimant when the total exceeds $100.00.

SECTION V

RESOLUTION OF SPHC TRUST CLAIMS

5.1 Ordering, Processing and Payment of Claims.

(a) Ordering of Claims.

(1) Establishment of FIFO Processing Queues. The Trust shall order all claims that are sufficiently complete to be reviewed for processing purposes on a FIFO basis except as otherwise provided herein ("**FIFO Processing Queue**"). For all claims filed on or before the date six (6) months after the date that the Trust first makes available the proof-of-claim forms and other claims materials required to file a claim with the Trust ("**Initial Claims Filing Date**"), a claimant's position in the FIFO Processing Queue shall be determined as of the earliest of (i) the date prior to the applicable Petition Date that the specific claim was either filed against one or more of the SPHC Parties in the tort system or was actually submitted to one or more of the SPHC Parties pursuant to an administrative settlement agreement; (ii) the date before the applicable Petition Date that the asbestos claim was filed against another defendant in the tort system if at the time the claim was subject to a tolling agreement with a SPHC Party; (iii) the date after the Petition Date but before the date that the Trust first makes available the proof-of-claim forms and other claims materials required to file a claim with the Trust that the asbestos claim was filed against another defendant in the tort system; (iv) the date after the Petition Date but before the Effective Date that an SPHC/Bondex Mesothelioma Claim Information Form ("PIQ") was submitted to Logan & Company, Inc. in connection with the bankruptcy cases; or (v) the date a ballot was submitted on behalf of the claimant for purposes of voting to accept or reject the Plan pursuant to voting procedures approved by the Bankruptcy Court.

Following the Initial Claims Filing Date, the claimant's position in the FIFO Processing Queue shall be determined by the date the claim is filed with the Trust, provided such claim is sufficiently complete, as defined in the Trust's claim filing instructions. If any claims are filed on the same date, the claimant's position in the FIFO Processing Queue shall be determined by the date of the diagnosis of the claimant's asbestos-related disease. If any claims are filed and diagnosed on the same date, the claimant's position in the FIFO Processing Queue shall be determined by the claimant's date of birth, with older claimants given priority over younger claimants.

(2) **Effect of Statutes of Limitations and Repose.** All unliquidated SPHC Trust Claims must meet either: (i) for claims first filed in the tort system against a SPHC Debtor prior to the Petition Date, the statute of limitations and repose that was in effect at the time of the filing of the claim in the tort system; or (ii) for claims not filed against a SPHC Debtor in the tort system prior to the Petition Date, the statute of limitations that was in effect at the time of the filing with the Trust. However, the running of the statute of limitations shall be tolled as of the earliest of: (A) the actual filing of the claim against a SPHC Debtor prior to the Petition Date, whether in the tort system or by submission of the claim to a SPHC Debtor pursuant to an administrative settlement agreement; (B) the tolling of the claim against a SPHC Debtor prior to the applicable Petition Date by an agreement or otherwise, provided such tolling was still in effect on the applicable Petition Date; or (C) the applicable Petition Date.

If a Trust Claim meets any of the tolling provisions described in the preceding sentence and the claim was not barred by the statute of limitations at the time of the tolling event, it shall be treated as timely filed if it is actually filed with the Trust within three (3) years after the Initial Claims Filing Date. In addition, any claims that were first diagnosed after the applicable Petition

Date, irrespective of the application of any relevant federal, state, or foreign statute of limitations or repose, may be filed with the Trust within three (3) years after the date of diagnosis or within three (3) years after the Initial Claims Filing Date, whichever occurs later. However, the processing of any Trust Claim may be deferred at the election of the claimant pursuant to Section 6.3 below.

(b) **Processing of Claims.** As a general practice, the Trust shall review its claims files on a regular basis and notify all claimants whose claims are likely to come up in the FIFO Processing Queue in the near future.

(c) **Payment of Claims.** SPHC Trust Claims that have been liquidated under the provisions of these TDP by the Expedited Review Process as provided in Section 5.3(a) below, by the Individual Review Process as provided in Section 5.3(b) below, by mediation or arbitration as provided in Section 5.9 below, or by litigation in the tort system as provided in Section 5.10 below, shall be paid in FIFO order based on the date their liquidation became final (the "**FIFO Payment Queue**"), all such payments being subject to the applicable Payment Percentage, the Maximum Annual Payment, the Maximum Available Payment, the Claims Payment Ratio, and the sequencing adjustment provided for in Section 7.5 below, except as otherwise provided herein.

Where the claimant is deceased or incompetent and the settlement and payment of the claim must be approved by a court of competent jurisdiction or through a probate process prior to acceptance of the claim by the claimant's representative, an offer made by the Trust on the claim shall remain open so long as proceedings before that court or in that probate process remain pending, provided that the Trust has been furnished with evidence that the settlement offer has been submitted to such court or to the probate process for approval. If the offer is ultimately

approved by the court or through the probate process and accepted by the claimant's representative, the Trust shall pay the claim in the amount so offered, multiplied by the Payment Percentage in effect at the time the offer was first made.

If any claims are liquidated on the same date, the claimant's position in the FIFO Payment Queue shall be determined by the date of the diagnosis of the claimant's asbestos-related disease. If any claims are liquidated on the same date and the respective claimants' asbestos-related diseases were diagnosed on the same date, the position of those claimants in the FIFO Payment Queue shall be determined based on the dates of the claimants' births, with older claimants given priority over younger claimants.

5.2 Resolution of Liquidated SPHC Asbestos Personal Injury Claims. The holder of a SPHC Asbestos Personal Injury Claim that was liquidated but not paid prior to the commencement of the Reorganization Cases (each, a "Settled SPHC Asbestos Personal Injury Claim") may file a claim with the Trust for the liquidated value of the Settled SPHC Asbestos Personal Injury Claim or for a value to be determined under these TDP.

On or before the Effective Date, the SPHC Parties shall deliver to the Trust a schedule of the Settled SPHC Asbestos Personal Injury Claims with the supporting database. The Trust shall provide each claimant on the schedule of the notice of: (i) the liquidated amount of the claim; (ii) the right of the claimant to make the election provided in this Section 5.2; and (iii) instructions for making the election, and, if electing to retain the liquidated amount of the claim, instructions for executing and delivering the release provided under Section 7.8.

If the holder of the Settled SPHC Asbestos Personal Injury Claim elects to be paid pursuant to the terms of such settled claimant's pre-petition settlement, the Trust shall pay the Settled SPHC Asbestos Personal Injury Claim as soon as practical upon receipt by the Trust of a

release. Payment of the liquidated value of the Settled SPHC Asbestos Personal Injury Claim shall be subject to the Payment Percentage and sequencing adjustment, except as otherwise provided herein, but shall not be subject to the Maximum Available Payment described in Section 2.4, the Claims Payment Ratio described in Section 2.5, or the resolution provisions described in Section 5.3.

If the holder of the Settled SPHC Asbestos Personal Injury Claim elects to file a claim with the Trust to be liquidated under these TDP, the holder shall be deemed to have waived the liquidated value of the Settled SPHC Asbestos Personal Injury Claim, and the claim shall be processed under Section 5.3(b).

5.3 Resolution of Unliquidated SPHC Trust Claims. Within six (6) months after the establishment of the Trust, the Trustees, with the consent of the TAC and the FCR, shall adopt procedures for reviewing and liquidating all unliquidated SPHC Trust Claims (including Settled SPHC Asbestos Personal Injury Claims for which the holders waived the liquidated value of the claim), which shall include deadlines for processing such claims. Such procedures shall also require that claimants seeking resolution of unliquidated SPHC Trust Claims must first file a proof-of-claim form, together with the required supporting documentation, in accordance with the provisions of Section 6.1, Section 6.2, Section 6.4 and Section 6.5 below. It is anticipated that the Trust shall provide an initial response to the claimant within six (6) months of receiving the proof-of-claim form.

The proof-of-claim form shall require the claimant to assert his or her claim for the highest Disease Level for which the claim qualifies at the time of filing. Irrespective of the Disease Level alleged on the proof-of-claim form, all claims shall be deemed to be a claim for the highest Disease Level for which the claim qualifies at the time of filing, and all lower

Disease Levels for which the claim may also qualify at the time of filing or in the future shall be treated as merged into the higher Disease Level for both processing and payment purposes. The proof-of-claim form also shall require the claimant to elect the Expedited Review Process, as described in Section 5.3(a) below, or the Individual Review Process, as described in Section 5.3(b) below, if such election is available under these TDP for the Disease Level alleged by the claimant.

Upon filing of a valid proof-of-claim form with the required supporting documentation, the claim shall be placed in the FIFO Processing Queue in accordance with the ordering criteria described in Section 5.1(a) above.

(a) Expedited Review Process.

(1) In General. The Trust's Expedited Review Process is designed primarily to provide an expeditious, efficient, and inexpensive method for liquidating all SPHC Trust Claims (except those involving Lung Cancer 2 - Disease Level VI and all Foreign Claims (as defined below), which shall only be liquidated pursuant to the Trust's Individual Review Process), including secondary exposure claims, where the claim can easily be verified by the Trust as meeting the presumptive Medical/Exposure Criteria for the relevant Disease Level. Expedited Review thus provides claimants with a substantially less burdensome process for pursuing SPHC Trust Claims than does the Individual Review Process described in Section 5.3(b) below. Expedited Review is also intended to provide qualifying claimants a fixed and certain claim value.

Thus, claims that undergo Expedited Review and meet the presumptive Medical/Exposure Criteria for the relevant Disease Level shall be paid the Scheduled Value for such Disease Level set forth in Section 5.3(a)(3) below. However, except for claims involving

Other Asbestos Disease (Disease Level I), all claims liquidated by Expedited Review shall be subject to the applicable Payment Percentage, the Maximum Available Payment, and the Claims Payment Ratio limitations set forth herein. Claimants holding claims that cannot be liquidated by Expedited Review because they do not meet the presumptive Medical/Exposure Criteria for the relevant Disease Level may elect the Trust's Individual Review Process set forth in Section 5.3(b) below.

Subject to the provisions of Section 5.6, the claimant's eligibility to receive the Scheduled Value for his or her Trust Claim pursuant to the Expedited Review Process shall be determined solely by reference to the Medical/Exposure Criteria set forth below for each of the Disease Levels eligible for Expedited Review.

(2) Claims Processing Under Expedited Review. All claimants seeking liquidation of a Trust Claim pursuant to Expedited Review shall file the Trust's proof-of-claim form. If a claimant alleges an asbestos-related disease resulting solely from exposure to an occupationally exposed person, such as a family member, the claimant must establish that the occupationally exposed person would have met the exposure requirements under these TDP that would have been applicable had that person filed a direct claim against the Trust. In addition, the claimant with secondary exposure must establish (1) that he or she is suffering from one of the eight Disease Levels described in Section 5.3(a)(3) or an asbestos-related disease otherwise compensable under these TDP, (2)that his or her own exposure to the occupationally exposed person occurred within the same time frame as the occupationally exposed person was exposed to asbestos-containing products or conduct for which one or more of the SPHC Parties has legal responsibility, and (3) that such secondary exposure was a substantial contributing factor of the claimed disease.

As a proof-of-claim form is reached in the FIFO Processing Queue, the Trust shall determine whether the claim described therein meets the Medical/Exposure Criteria for one of the seven Disease Levels eligible for Expedited Review, and shall advise the claimant of its determination. If the Medical/Exposure Criteria for a Disease Level are determined to have been met, the Trust shall tender to the claimant an offer of payment of the Scheduled Value for the relevant Disease Level multiplied by the applicable Payment Percentage, together with a form of release approved by the Trust. If the claimant accepts the Scheduled Value and returns the release properly executed, the claim shall be placed in the FIFO Payment Queue, following which the Trust shall disburse payment subject to the limitations of the Maximum Available Payment and Claims Payment Ratio, if any.

(3) Disease Levels, Scheduled Values and Medical/Exposure Criteria. The eight Disease Levels covered by these TDP, together with the Medical/Exposure Criteria for each, and the Scheduled Values for the six Disease Levels eligible for Expedited Review, are set forth below. These Disease Levels, Scheduled Values, and Medical/Exposure Criteria shall apply to all SPHC Trust Claims filed with the Trust on or before the Initial Claims Filing Date provided in Section 5.1 above for which the claimant elects the Expedited Review Process. Thereafter, for purposes of administering the Expedited Review Process and, with the consent of the TAC and the FCR, the Trustees may: (1) add to, change or eliminate Disease Levels, Scheduled Values, or Medical/Exposure Criteria; (2) develop subcategories of Disease Levels, Scheduled Values, or Medical/Exposure Criteria; or (3) determine that a novel or exceptional Trust Claim is compensable even though it does not meet the Medical/Exposure Criteria for any of the then current Disease Levels. Because claimants seeking to recover from

the Trust who fall within Disease Level VI may not undergo Expedited Review and must undergo Individual Review, no Scheduled Value is provided.

Disease Level	Scheduled Values	Medical/Exposure Criteria
Mesothelioma (Level VIII)	$80,000.00	(1) Diagnosis[5] of mesothelioma; and (2) Debtor Exposure as defined in Section 5.5(b)(3) below
Lung Cancer 1 (Level VII)	$33,333.00	(1) Diagnosis of a primary lung cancer plus evidence of an underlying Bilateral Asbestos Related Nonmalignant Disease;[6] (2) six months Debtor Exposure prior to December 31, 1982; (3) Significant Occupational Exposure[7] to asbestos; and (4) supporting medical documentation establishing asbestos exposure as a contributing factor in causing the lung cancer in question.

[5] The requirements for a diagnosis of an asbestos-related disease that may be compensated under the provisions of these TDP are set forth in Section 5.5 below.

[6] Evidence of "Bilateral Asbestos-Related Nonmalignant Disease" for purposes of meeting the criteria for establishing Disease Levels I, II, III, V, and VII means either (i) a chest X-ray read by a qualified B reader of 1/0 or higher on the ILO scale or (ii)(x) a chest x-ray read by a qualified B reader or other Qualified Physician, (y) a CT scan read by a Qualified Physician, or (z) pathology, in each case showing either bilateral interstitial fibrosis, bilateral pleural plaques, bilateral pleural thickening, or bilateral pleural calcification. Evidence submitted to demonstrate (i) or (ii) above must be in the form of a written report stating the results (e.g., an ILO report, a written radiology report or a pathology report). Solely for asbestos claims filed against a Debtor or another defendant in the tort system prior to the applicable Petition Date, if an ILO reading is not available, either (i) a chest X-ray or a CT scan read by a Qualified Physician, or (ii) pathology, in each case showing bilateral interstitial fibrosis, bilateral pleural plaques, bilateral pleural thickening, or bilateral pleural calcification consistent with or compatible with a diagnosis of asbestos-related disease, shall be evidence of a Bilateral Asbestos-Related Nonmalignant Disease for purposes of meeting the presumptive medical requirements of Disease Levels I, II, III, V and VII. Pathological proof of asbestosis may be based on the pathological grading system for asbestosis described in the Special Issue of the Archives of Pathology and Laboratory Medicine, "Asbestos-associated Diseases," Vol. 106, No. 11, App. 3 (October 8, 1982). For all purposes of these TDP, a "Qualified Physician" is a physician who is board certified (or in the case of Canadian Claims or Foreign Claims, a physician who is certified or qualified under comparable medical standards or criteria of the jurisdiction in question) in one or more relevant specialized fields of medicine such as pulmonology, radiology, internal medicine or occupational medicine; provided, however, subject to the provisions of Section 5.6, that the requirement for board certification in this provision shall not apply to otherwise qualified physicians whose x-rays and/or CT scan readings are submitted for deceased holders of SPHC Trust Claims.

[7] "Significant Occupational Exposure" is defined in Section 5.6(b)(1)(A) below.

Disease Level	Scheduled Values	Medical/Exposure Criteria
Lung Cancer 2 (Level VI)	N/A	(1) Diagnosis of a primary lung cancer; (2) Debtor Exposure prior to December 31, 1982; and (3) supporting medical documentation establishing asbestos exposure as a contributing factor in causing the lung cancer in question. Lung Cancer 2 (Level VI) claims are claims that do not meet the more stringent medical and/or exposure requirements of Lung Cancer (Level VII) claims. All claims in this Disease Level shall be individually evaluated. The estimated likely average of the individual evaluation awards for this category is $9,250, with such awards capped at $22,000, unless the claim qualifies for Extra-ordinary Claim treatment (discussed in Section 5.3 below). Level VI claims that show no evidence of either an underlying Bilateral Asbestos-Related Non-malignant Disease or Significant Occupational Exposure may be individually evaluated, although it is not expected that such claims shall be treated as having any significant value, especially if the claimant is also a Smoker.[8] In any event, no presumption of validity shall be available for any claims in this category.
Other Cancer (Level V)	$6,667.00	(1) Diagnosis of a primary colorectal, laryngeal, esophageal, pharyngeal, or stomach cancer, plus evidence of an underlying Bilateral Asbestos-Related Nonmalignant Disease; (2) six months Debtor Exposure prior to December 31, 1982; (3) Significant Occupational Exposure to asbestos; and (4) supporting medical documentation establishing asbestos exposure as a contributing factor in causing the other cancer in question.

[8] There is no distinction between Non-Smokers and Smokers for either Lung Cancer 1 (Level VII) or Lung Cancer 2 (Level VI), although a claimant who meets the more stringent requirements of Lung Cancer 1 (Level VII) (evidence of an underlying Bilateral Asbestos-Related Nonmalignant Disease plus Significant Occupational Exposure), and who is also a Non-Smoker, may wish to have his or her claim individually evaluated by the Trust. In such a case, absent circumstances that would otherwise reduce the value of the claim, it is anticipated that the liquidated value of the claim might well exceed the Scheduled Value for Lung Cancer 1 (Level VII), shown above. "Non-Smoker" means a claimant who either (a) never smoked or (b) has not smoked during any portion of the twelve (12) years immediately prior to the diagnosis of the lung cancer.

Disease Level	Scheduled Values	Medical/Exposure Criteria
Severe Asbestosis (Level IV)	$16,667.00	(1) Diagnosis of asbestosis with ILO[9] of 2/1 or greater, or asbestosis determined by pathological evidence of asbestosis, plus (a) TLC less than 65%, or (b) FVC less than 65% and FEV1/FVC ratio greater than 65%; (2) six months Debtor Exposure prior to December 31, 1982; (3) Significant Occupational Exposure to asbestos; and (4) supporting medical documentation establishing asbestos exposure as a contributing factor in causing the pulmonary disease in question.
Asbestosis/Pleural Disease (Level III)	$2,500.00	(1) Diagnosis of Bilateral Asbestos-Related Nonmalignant Disease plus (a) TLC less than 80%, or (b) FVC less than 80% and FEV1/FVC ratio greater than or equal to 65%; (2) six months Debtor Exposure prior to December 31, 1982; (3) Significant Occupational Exposure to asbestos; and (4) supporting medical documentation establishing asbestos exposure as a contributing factor in causing the pulmonary disease in question.
Asbestosis/Pleural Disease (Level II)	$800.00	(1) Diagnosis of a Bilateral Asbestos-Related Nonmalignant Disease; and (2) six months Debtor Exposure prior to December 31, 1982; and (3) five years cumulative occupational exposure to asbestos.
Other Asbestos Disease (Level I Cash Discount Payment)	$70.00	(1) Diagnosis of a Bilateral Asbestos-Related Nonmalignant Disease or an asbestos-related malignancy other than mesothelioma; and (2) Debtor Exposure prior to December 31, 1982.

(b) Individual Review Process.

(1) In General. Subject to the provisions set forth below, a claimant may elect to have his or her Trust Claim reviewed for purposes of determining whether the claim would be cognizable and valid in the tort system even though it does not meet the presumptive

[9] If the diagnostic images being interpreted in such regard are digital images, then a written report by a Qualified Physician confirming that the images reviewed are with reasonable medical certainty equivalent to those that would qualify for the required ILO grade shall be acceptable as well.

Medical/Exposure Criteria for any of the Disease Levels set forth in Section 5.3(a)(3) above.[10] In addition or alternatively, a claimant holding a Trust Claim involving Disease Levels II, III, IV, V, VII, or VIII may elect to have the claim undergo the Individual Review Process for purposes of determining whether the liquidated value of the claim exceeds the Scheduled Value for the relevant Disease Level. However, except for Disease Level VI and any Foreign Claims, until such time as the Trust has made an offer on a claim pursuant to Individual Review, the claimant may change his or her Individual Review election and have the claim liquidated pursuant to the Trust's Expedited Review Process. In the event of such a change in the processing election, the claimant shall nevertheless retain his or her place in the FIFO Processing Queue.

The liquidated value of all Foreign Claims payable under these TDP shall be established only under the Trust's Individual Review Process. SPHC Trust Claims of individuals exposed in Canada who were residents of Canada when such claims were filed ("**Canadian Claims**") shall not be considered Foreign Claims hereunder and shall be eligible for liquidation under the Expedited Review Process. Accordingly, a "**Foreign Claim**" is a Trust Claim or a Trust Claim with respect to which the claimant's exposure to an asbestos-containing product, or to conduct that exposed the claimant to an asbestos-containing product, for which one or more SPHC Parties has legal responsibility, including under theories of alter-ego or similar theories of derivative liability, occurred outside of the United States and its Territories and Possessions and outside of the Provinces and Territories of Canada.[11]

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[10] Under this provision, a Trust Clam that does not include evidence of exposure prior to December 31, 1982 , as set forth in the Significant Occupational Exposure or Debtor Exposure provisions below, may still undergo the Individual Review Process for purposes of determining whether such claim would be cognizable and valid in the tort system.

[11] Prior to the Trust's processing of Foreign Claims, and notwithstanding anything in the TDP to the contrary, the Trustees shall implement separate claim valuation, claim form and arbitration criteria, and evidentiary requirements to govern the resolution of Foreign Claims.

A. Review of Medical/Exposure Criteria. The Trust's Individual Review Process provides a claimant with an opportunity for individual consideration and evaluation of a Trust Claim that fails to meet the presumptive Medical/Exposure Criteria for Disease Levels I-V, VII, or VIII. In such a case, the Trust shall either deny the claim, or, if the Trust is satisfied that the claimant has presented a claim that would be cognizable and valid in the tort system, the Trust can offer the claimant a liquidated value amount up to the Scheduled Value for that Disease Level.

B. Review of Liquidated Value. Claimants holding claims in Disease Levels IV-VIII shall also be eligible to seek Individual Review of the liquidated value of their SPHC Trust Claims, as well as of their medical/exposure evidence. The Individual Review Process is intended to result in payments equal to the full liquidated value for each claim multiplied by the Payment Percentage; however, the liquidated value of any Trust Claim that undergoes Individual Review may be determined to be less than the Scheduled Value the claimant would have received under Expedited Review. Moreover, the liquidated value for a claim involving Disease Levels IV-V, VII, and VIII shall not exceed the Maximum Value for the relevant Disease Level set forth in Section 5.3(b)(3) below, unless the claim meets the requirements of an Extraordinary Claim described in Section 5.4(a) below, in which case its liquidated value cannot exceed the maximum extraordinary value set forth in Section 5.3(b) for such claims. Because the detailed examination and valuation process pursuant to Individual Review requires substantial time and effort, claimants electing to undergo the Individual Review Process may be paid the liquidated value of their Trust Claim later than would have been the case had the claimant elected the Expedited Review Process. Subject to the provisions of

Section 5.6, the Trust shall devote reasonable resources to the review of all claims to ensure that there is a reasonable balance maintained in reviewing all classes of claims.

(2) Valuation Factors to Be Considered in Individual Review. The Trust shall liquidate the value of each Trust Claim that undergoes Individual Review based on the historic liquidated values of other similarly-situated claims in the same Disease Level. The Trust shall thus take into consideration all of the factors that affect the severity of damages and values, including, but not limited to, credible evidence of: (i) the degree to which the characteristics of a claim differ from the presumptive Medical/Exposure Criteria for the Disease Level in question; (ii) factors such as the claimant's age, disability, employment status, disruption of household, family or recreational activities, dependencies, special damages, and pain and suffering; (iii) whether the claimant's damages were (or were not) caused by asbestos exposure, including exposure to an asbestos-containing product or to conduct that exposed the claimant to an asbestos-containing product, for which one or more of the SPHC Parties has legal responsibility, prior to December 31, 1982, including under theories of alter-ego (for example, alternative causes, and the strength of documentation of injuries); (iv) the industry of exposure; (v) settlement and verdict history in the Claimant's Jurisdiction for similarly-situated claims; and (vi) settlements and verdicts of the Claimant's law firm for similarly-situated claims, on the basis of clear and convincing evidence provided to the Trust that the claimant's law firm played a substantial role in the prosecution and resolution of the cases, such as actively participating in court appearances, discovery, and/or trial of the cases, irrespective of whether a second law firm was also involved and would also be entitled to include the cases in its "settlement and verdict histories." For the avoidance of doubt, mere referral of a case, without further direct involvement, will not be viewed as having played a substantial role in the prosecution and

resolution of a case. In liquidating the value of a Trust Claim that undergoes Individual Review, the Trust shall treat a claimant as living if the claimant was alive at the time the initial pre-Petition Date complaint was filed or the proof-of-claim form was filed with the Trust even if the claimant has subsequently died.[12]

For these purposes, the "Claimant's Jurisdiction" is the jurisdiction in which the claim was filed (if at all) against either of the SPHC Parties in the tort system prior to the applicable Petition Date. If the claim was not filed against any of the SPHC Parties in the tort system prior to the applicable Petition Date, the Claimant's Jurisdiction may be either (i) the jurisdiction in which the claimant resides at the time of diagnosis or when the claim is filed with the Trust; (ii) a jurisdiction in which the claimant experienced exposure to an asbestos containing product, or to conduct that exposed the claimant to an asbestos containing product, for which one or more SPHC Parties has legal liability, including under theories of alter-ego or similar theories of derivative liability; or (iii) in a jurisdiction that describes the claim as one for "exemplary" or "punitive" damages, the Commonwealth of Pennsylvania, in which case the claimant's damages shall be determined pursuant to the statutory and common laws of the Commonwealth of Pennsylvania without regard to its choice of law principles.

(3) **Scheduled, Average, and Maximum Values.** The Scheduled, Average, and Maximum Values for domestic claims involving Disease Levels I-VIII are the following:

Scheduled Disease	Scheduled Value	Average Value	Maximum Value
Mesothelioma (Level VIII)	$80,000	$125,000	$300,000

[12] On the seven-year (7-year) anniversary of the date on which the Trust begins to pay claims, the Trustees may review and adjust the then-prevailing valuation factors to be considered in Individual Review in consultation with the TAC and the FCR.

Scheduled Disease	Scheduled Value	Average Value	Maximum Value
Lung Cancer 1 (Level VII)	$33,333	$50,000	$120,000
Lung Cancer 2 (Level VI)	N/A	$9,250	$22,000
Other Cancer (Level V)	$6,667	$10,000	$24,000
Severe Asbestosis (Level IV)	$16,667	$25,000	$60,000
Asbestosis/Pleural Disease (Level III)	$2,500	N/A	N/A
Asbestosis/Pleural Disease (Level II)	$800	N/A	N/A
Other Asbestos Disease Cash Discount Payment (Level I)	$70	N/A	N/A

These Scheduled Values, Average Values, and Maximum Values shall apply to all domestic SPHC Trust Claims filed with the Trust on or before the Initial Claims Filing Date as provided in Section 5.1 above. Thereafter, the Trust, with the consent of the TAC and the FCR pursuant to Section 6.7(b) and Section 7.7(b) of the Trust Agreement, may change these valuation amounts for good cause and consistent with other restrictions on the amendment power.

(4) Claims Processing under Individual Review. At the conclusion of the Individual Review Process, the Trust shall: (i) determine the liquidated value, if any, of the claim; and (ii) advise the claimant of its determination. If the Trust establishes a liquidated value, it shall tender to the claimant an offer of payment of the aforementioned determined value multiplied by the applicable Payment Percentage, together with a form of release approved by the Trust. If the claimant accepts the offer of payment and returns the release properly executed, the claim shall be placed in the FIFO Payment Queue, following which the Trust shall disburse payment subject to the limitations of the Maximum Available Payment and Claims Payment Ratio, if any.

5.4 <u>Categorizing Claims as Extraordinary and/or Exigent.</u>

(a) <u>Extraordinary Claims.</u> "**Extraordinary Claim**" means a Trust Claim that otherwise satisfies the Medical Criteria for Disease Level VIII, and that is held by a claimant whose exposure to asbestos contained in a product of one or more of the SPHC Parties or their predecessors in interest during a period in which a SPHC Party or its predecessor was selling, distributing, processing, manufacturing, or otherwise handling asbestos-containing product (i) was substantial in duration (constituting at least 66.67% of a claimant's Significant Occupation Exposure) or (ii) was substantial (constituting at least 66.67%) in proportion to such claimant's exposures to all other asbestos-containing products. All such Extraordinary Claims shall be presented for Individual Review and, if valid, shall be entitled to an award of up to a maximum extraordinary value of eight (8) times the Scheduled Value set forth in <u>Section 5.3(b)(3)</u> for claims qualifying for Disease Level VIII. In evaluating an Extraordinary Claim, the Trust may require the production of such additional information and documents as deemed necessary or appropriate. It is anticipated that the total number of Extraordinary Claims paid by the Trust in a calendar year shall not be greater than 20% of the number of claims that are paid by the Trust in that same calendar year following Individual Review ("**ER/IR Ratio**"). On an annual basis, the Trust shall review and may adjust the ER/IR Ratio based upon the Trust's actual experience and forecasted claims.

Any dispute as to Extraordinary Claim status shall be submitted to a special panel established by the Trust with the consent of the TAC and the FCR ("**Extraordinary Claims Panel**"). All decisions of the Extraordinary Claims Panel shall be final and not subject to any further administrative or judicial review. An Extraordinary Claim, following its liquidation, shall be placed in the FIFO Payment Queue ahead of all other SPHC Trust Claims, except

Exigent Claims (as defined in Section 5.4(b) below), based on its date of liquidation and shall be subject to the Payment Percentage, Maximum Available Payment, and Claims Payment Ratio described above.

(b) **Exigent Claims.** At any time the Trust may liquidate and pay SPHC Trust Claims that qualify as Exigent Health Claims or Exigent Hardship Claims (together, "**Exigent Claims**") as defined below. Exigent Claims may be considered separately under the Individual Review Process no matter what the order of processing otherwise would have been under these TDP. An Exigent Claim, following its liquidation, shall be placed first in the FIFO Payment Queue ahead of all other SPHC Trust Claims and shall be subject to the Maximum Available Payment and Claims Payment Ratio described above.

(1) **Exigent Health Claims.** A Trust Claim qualifies for payment as an Exigent Health Claim if the claim meets the Medical/Exposure Criteria for Mesothelioma (Disease Level VIII) and the claimant is living when the claim is filed. A claim in Disease Levels IV-VII qualifies as an Exigent Health Claim if the claim meets the Medical/Exposure Criteria for the disease level, and the claimant provides a declaration or affidavit made under penalty of perjury by a physician who has examined the claimant within one hundred twenty (120) days of the date of declaration or affidavit in which the physician states (a) that there is substantial medical doubt that the claimant will survive beyond six (6) months from the date of the declaration or affidavit, and (b) that the claimant's terminal condition is caused by the relevant asbestos-related disease.

(2) **Exigent Hardship Claims.** A Trust Claim qualifies for payment as an Exigent Hardship Claim if the claim meets the Medical/Exposure Criteria for Severe Asbestosis (Disease Level IV) or an asbestos-related malignancy (Disease Levels V-VIII), and

the Trust, in its sole discretion, determines (i) that the claimant needs financial assistance on an immediate basis based on the claimant's expenses and all sources of available income, and (ii) that there is a causal connection between the claimant's dire financial condition and the claimant's asbestos-related disease.

5.5 **<u>Indirect SPHC Trust Claims.</u>** SPHC Asbestos Personal Injury Indirect Claims asserted against the Trust shall be treated as presumptively valid and paid by the Trust subject to the applicable Payment Percentage if (a) such claim satisfied the requirements of the Bar Date for such claims established by the Bankruptcy Court, if applicable, and is not otherwise disallowed by Section 502(e) of the Bankruptcy Code or subordinated under Section 509(c) of the Bankruptcy Code, and (b) the holder of such claim ("**Indirect Claimant**") establishes to the satisfaction of the Trustees that (i) the Indirect Claimant has paid in full the liability and obligation of the Trust to the individual claimant to whom the Trust would otherwise have had a liability or obligation under these TDP ("**Direct Claimant**") (and which has not been paid by the Trust), (ii) the Direct Claimant and the Indirect Claimant have forever and fully released the Trust and the SPHC Protected Parties from all liability to the Direct Claimant and the Indirect Claimant, and (iii) the claim is not otherwise barred by a statute of limitations or repose or by other applicable law. In no event shall any Indirect Claimant have any rights against the Trust superior to the rights of the related Direct Claimant against the Trust, including any rights with respect to the timing, amount, or manner of payment. In addition, no SPHC Asbestos Personal Injury Indirect Claim may be liquidated and paid in an amount that exceeds what the Indirect Claimant has actually paid the related Direct Claimant in respect of such Direct Claimant's claim for which the Trust would have liability.

To establish a presumptively valid SPHC Asbestos Personal Injury Indirect Claims, the Indirect Claimant's aggregate liability for the Direct Claimant's claim must also have been fixed, liquidated and paid fully by the Indirect Claimant by settlement (with an appropriate full release in favor of the Trust and the SPHC Protected Parties) or a Final Order provided that such claim is valid under tort law. In any case where the Indirect Claimant has satisfied the claim of a Direct Claimant against the Trust under applicable law by way of a settlement, the Indirect Claimant shall obtain for the benefit of the Trust and the SPHC Protected Parties a release in form and substance satisfactory to the Trustees.

If an Indirect Claimant cannot meet the presumptive requirements set forth above, including the requirement that the Indirect Claimant provide the Trust and the SPHC Protected Parties with a full release of the Direct Claimant's claim, the Indirect Claimant may request that the Trust review the SPHC Asbestos Personal Injury Indirect Claim individually to determine whether the Indirect Claimant can establish under law that the Indirect Claimant has paid all or a portion of a liability or obligation that the Trust had to the Direct Claimant as of the Effective Date of these TDP. If the Indirect Claimant can show that it has paid all or a portion of such a liability or obligation, the Trust shall reimburse the Indirect Claimant the amount of the liability or obligation so paid, times the applicable Payment Percentage. However, in no event shall such reimbursement to the Indirect Claimant be greater than the amount to which the Direct Claimant would have otherwise been entitled under these TDP. Further, the liquidated value of any SPHC Asbestos Personal Injury Indirect Claim paid by the Trust to an Indirect Claimant shall be treated as an offset to or reduction of the full liquidated value of any SPHC Asbestos Personal Injury Claim that might be subsequently asserted by the Direct Claimant against the Trust.

Any dispute between the Trust and an Indirect Claimant over whether the Indirect Claimant has a right to reimbursement for any amount paid to a Direct Claimant shall be subject to the ADR Procedures. If such dispute is not resolved under the ADR Procedures, the Indirect Claimant may litigate the dispute in the tort system pursuant to Section 5.10 and Section 7.6 below.

The Trustees may develop and approve a separate proof-of-claim form for SPHC Asbestos Personal Injury Indirect Claims as provided in Section 6.1 below. SPHC Asbestos Personal Injury Indirect Claims that have not been disallowed, discharged, or otherwise resolved by prior order of the Bankruptcy Court shall be processed in accordance with procedures to be developed and implemented by the Trustees consistent with the provisions of this Section 5.5, which procedures (a) shall determine the validity, allowability and enforceability of such claims, and (b) shall otherwise provide the same liquidation and payment procedures and rights to the holders of such claims as the Trust would have afforded the holders of the underlying valid SPHC Trust Claims. Nothing in these TDP is intended to preclude a trust to which asbestos-related liabilities are channeled from asserting an SPHC Asbestos Personal Injury Indirect Claim against the Trust subject to the requirements set forth herein.

5.6 Evidentiary Requirements.

(a) Medical Evidence.

(1) In General. All diagnoses of a Disease Level shall be accompanied by either (i) a statement by the physician providing the diagnosis that at least 10 years have elapsed between the date of first exposure to asbestos or asbestos-containing products

and the diagnosis, or (ii) a history of the claimant's exposure sufficient to establish a 10-year latency period.[13]

A. <u>Disease Levels I-IV.</u> Except for asbestos claims filed against a Debtor or any other defendant in the tort system prior to the applicable Petition Date, all diagnoses of a non-malignant asbestos-related disease (Disease Levels I-IV) shall be based in the case of a claimant who was living at the time the claim was filed, upon a physical examination of the claimant by the physician providing the diagnosis of the asbestos-related disease. All living claimants must also provide: (i) for Disease Levels I-III, evidence of Bilateral Asbestos-Related Nonmalignant Disease (as defined in footnote 6 above), (ii) for Disease Level IV, an ILO reading of 2/1 or greater or pathological evidence of asbestosis; and (iii) for Disease Levels III and IV, pulmonary function testing.[14] A finding by a physician after the Effective Date that a claimant's disease is "consistent with" or "compatible with" asbestosis will not alone be treated by the Trust as a diagnosis.

In the case of a claimant who was deceased at the time the claim was filed, all diagnoses of a non-malignant asbestos-related disease (Disease Levels I-IV) shall be based upon either (i) a

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[13] All diagnoses of Asbestosis/Pleural Disease (Disease Levels II and III) not based on pathology shall be presumed to be based on findings of bilateral asbestosis or pleural disease, and all diagnoses of Mesothelioma (Disease Level VIII) shall be presumed to be based on findings that the disease involves a malignancy. However, the Trust may rebut such presumptions.

[14] "**Pulmonary function testing**" or "**PFT**" shall mean testing that is in material compliance with the quality criteria established by the American Thoracic Society ("ATS") and is performed on equipment that is in material compliance with ATS standards for technical quality and calibration. A PFT performed in a hospital accredited by the Joint Commission (as defined in <u>Section 5.5(a)(l)(B)</u>), or performed, reviewed or supervised by a board certified pulmonologist or other Qualified Physician shall be presumed to comply with ATS standards, and the claimant may submit a summary report of the testing. If the PFT was not performed in a Joint Commission-accredited hospital, or performed, reviewed or supervised by a board certified pulmonologist or other Qualified Physician, the claimant must submit the full report of the testing (as opposed to a summary report); provided, however, that if the PFT was conducted prior to the Effective Date of the Plan and the full PFT report is not available, the claimant must submit a declaration signed by a Qualified Physician or other party who is qualified to make a certification regarding the PFT, in the form provided by the Trust, certifying that the PFT was conducted in material compliance with ATS standards.

physical examination of the claimant by the physician providing the diagnosis of the asbestos-related disease; or (ii) pathological evidence of the non-malignant asbestos-related disease; or (iii) in the case of Disease Levels I-III, evidence of Bilateral Asbestos-Related Nonmalignant Disease (as defined in footnote 6 above), and for Disease Level IV, either an ILO reading of 2/1 or greater or pathological evidence of asbestosis; or (iv) for either Disease Level III or IV, pulmonary function testing.

B. Disease Levels V-VIII. All diagnoses of an asbestos-related malignancy (Disease Levels V-VIII) shall be based upon either (i) a physical examination of the claimant by the physician providing the diagnosis of the asbestos-related disease, or (ii) a diagnosis of such a malignant Disease Level by a board-certified pathologist or by a pathology report prepared at or on behalf of a hospital accredited by the Joint Commission (formerly known as the Joint Commission on Accreditation of Healthcare Organizations).

C. Exception to the Exception for Certain Pre-Petition SPHC Trust Claims. If the holder of a Trust Claim that was filed against a SPHC Party or any other defendant in the tort system prior to the applicable Petition Date has available a report of a diagnosing physician engaged by the holder or his or her law firm who conducted a physical examination of the holder as described in Section 5.6(a)(1)(A), or if the holder has filed such medical evidence and/or a diagnosis of the asbestos-related disease by a physician not engaged by the holder or his or her law firm who conducted a physical examination of the holder with another asbestos-related personal injury settlement trust that requires such evidence, without regard to whether the claimant or the law firm engaged the diagnosing physician, the holder shall provide such medical evidence to the Trust notwithstanding the exception in Section 5.6(a)(1)(A).

D. Credibility of Medical Evidence. Before making any payment to a claimant, the Trust must have reasonable confidence that the medical evidence provided in support of the claim is credible and consistent with recognized medical standards. The Trust may require the submission of X-rays, CT scans, detailed results of pulmonary function tests, laboratory tests, tissue samples, results of medical examination, or reviews of other medical evidence, and may require that medical evidence submitted comply with recognized medical standards regarding equipment, testing methods, and procedures to assure that such evidence is reliable. Medical evidence (i) that is of a kind shown to have been received in evidence by a state or federal judge at trial, (ii) that is consistent with evidence submitted to one or more of the SPHC Parties to settle for payment similar disease cases prior to the applicable Petition Date, or (iii) that is a diagnosis by a physician shown to have previously qualified as a medical expert with respect to the asbestos-related disease in question before a state or federal judge using the same methodology and standard, is presumptively reliable, although the Trust may seek to rebut the presumption. Notwithstanding the foregoing or any other provision of these TDP, any medical evidence submitted by a physician or entity that the Trust has determined, after consulting with the TAC and the FCR, to be unreliable shall not be acceptable as medical evidence in support of any Trust Claim.

In addition, claimants who otherwise meet the requirements of these TDP for payment of a Trust Claim shall be paid irrespective of the results in any litigation at any time between the claimant and any other defendant in the tort system. However, any relevant evidence submitted in a proceeding in the tort system, other than any findings of fact, a verdict, or a judgment, involving another defendant may be introduced by either the claimant or the Trust in any

Individual Review proceeding conducted pursuant to Section 5.3(b) or any Extraordinary Claim proceeding conducted pursuant to Section 5.4(a).

(b) Exposure Evidence.

(1) In General. As set forth above in Section 5.3(a)(3), to qualify for any Disease Level, the claimant must demonstrate a minimum exposure to asbestos-containing products of or for which one or more SPHC Parties has liability, or to conduct that exposed the claimant to an asbestos-containing product, for which one or more SPHC Parties otherwise has legal responsibility. Claims based on conspiracy theories that involve no exposure to an asbestos-containing product sold, distributed, marketed, handled, processed, or manufactured by one or more SPHC Parties, their predecessors or successors are not compensable under these TDP. To meet the presumptive exposure requirements of Expedited Review set forth in Section 5.3(a)(2) above, the claimant must show (i) for all Disease Levels, Debtor Exposure as defined in Section 5.6(b)(1)(B) below prior to December 31, 1982; (ii) for Asbestos/Pleural Disease Level II, six (6) months Debtor Exposure prior to December 31, 1982, plus five (5) years cumulative occupational asbestos exposure; and (iii) for Asbestosis/Pleural Disease (Disease Level III), Severe Asbestosis (Disease Level IV), Other Cancer (Disease Level V) or Lung Cancer 1 (Disease Level VII), the claimant must show six (6) months of Debtor Exposure prior to December 31, 1982, plus Significant Occupational Exposure to asbestos as defined below. If the claimant cannot meet the relevant presumptive exposure requirements for a Disease Level eligible for Expedited Review, including exposure occurring prior to December 31, 1982, the claimant may seek Individual Review of his or her claim based on exposure to asbestos-containing products, or to conduct that exposed the claimant to an asbestos-containing product, for which one or more SPHC Parties has legal responsibility.

A. Significant Occupational Exposure. "**Significant Occupational Exposure**" means employment for a cumulative period of at least five (5) years, with a minimum of two (2) years prior to December 31, 1982, in an industry and an occupation in which the claimant (a) handled raw asbestos fibers on a regular basis; (b) fabricated asbestos-containing products such that the claimant in the fabrication process was exposed on a regular basis to raw asbestos fibers; (c) altered, repaired or otherwise worked with an asbestos-containing product such that the claimant was exposed on a regular basis to asbestos fibers; or (d) was employed in an industry and occupation such that the claimant worked on a regular basis in close proximity to workers engaged in the activities described in (a), (b) and/or (c).

B. Debtor Exposure. "**Debtor Exposure**" means the claimant must demonstrate meaningful and credible exposure, which occurred prior to December 31, 1982, (a) to an asbestos-containing product sold, distributed, marketed, handled, processed, or manufactured by one or more SPHC Parties or for which one or more SPHC Parties otherwise have legal responsibility or (b) to conduct for which one or more SPHC Parties have legal responsibility that exposed the claimant to an asbestos-containing product. That meaningful and credible exposure evidence may be established by an affidavit or sworn statement of the claimant (based on personal knowledge); an affidavit or sworn statement of a family member (based on personal knowledge); an affidavit or sworn statement of a co-worker (based on personal knowledge); by invoices, employment, construction or similar records; or by other credible evidence. The specific exposure information required by the Trust to process a claim under either Expedited or Individual Review shall be set forth on the proof-of-claim form to be used by the Trust. The Trust can also require submission of other or additional evidence of exposure when it deems such to be necessary. The Trust shall seek to refrain from applying new or

modified exposure criteria to claimants who die (or who have submitted an affidavit of exposure by an affiant who dies) during the pendency of such claimant's claim review.

Evidence submitted to establish proof of Debtor Exposure is for the sole benefit of the Trust, not third parties or defendants in the tort system. The Trust has no need for, and therefore claimants are not required to furnish the Trust, with evidence of exposure to specific asbestos products other than those for which one or more SPHC Parties have legal responsibility, except to the extent such evidence is required elsewhere in these TDP. Similarly, failure to identify a one or more SPHC Parties' products in the claimant's underlying tort action, or to other bankruptcy trusts, does not preclude the claimant from recovering from the Trust, provided the claimant satisfies the medical and exposure requirements of these TDP.

5.7 Claims Audit Program. The Trustees, with the consent of the TAC and the FCR, may develop methods for auditing the reliability of medical evidence, including additional reading of X-rays, CT scans and verification of pulmonary function tests, as well as the reliability of evidence of exposure to asbestos, including Debtor Exposure, prior to December 31, 1982. In the event that the Trust reasonably determines that any individual or entity has engaged in a pattern or practice of providing unreliable medical evidence, it may decline to accept additional evidence from such provider in the future.

Further, in the event that an audit reveals that fraudulent information has been provided to the Trust, the Trust may penalize any claimant or claimant's attorney by disallowing a Trust Claim and/or by other means including, but not limited to, requiring the source of the fraudulent information to pay the costs associated with the audit and any future audit or audits, reordering the priority of payment of all affected claimants' SPHC Trust Claims, raising the level of scrutiny of additional information submitted from the same source or sources, refusing to accept

additional evidence from the same source or sources, seeking the prosecution of the claimant or claimant's attorney for presenting a fraudulent claim in violation of 18 U.S.C. §152, and seeking sanctions from the Bankruptcy Court.

5.8 **Second Disease (Malignancy) Claims.** The holder of a Trust Claim involving a non-malignant asbestos-related disease (Disease Levels I through IV) may assert a new Trust Claim against the Trust for a malignant disease (Disease Levels V-VIII) that is subsequently diagnosed. Any additional payments to which such claimant may be entitled with respect to such malignant asbestos-related disease shall not be reduced by the amount paid for the non-malignant asbestos-related disease, provided that the malignant disease had not been diagnosed at the time the claimant was paid with respect to his or her original claim involving the non-malignant disease.

5.9 **Arbitration.**

(a) **Establishment of ADR Procedures.** The Trust, with the consent of the TAC and the FCR, shall develop and adopt ADR Procedures,[15] which shall provide for pro-bono evaluation, mediation, and binding or non-binding arbitration to resolve disputes concerning whether the Trust's outright rejection or denial of a claim was proper, or whether the claimant's medical condition or exposure history meets the requirements of these TDP for purposes of categorizing a claim involving Disease Levels I-VIII. Proceedings under the ADR Procedures shall also be available for resolving disputes over the liquidated value of a claim involving Disease Levels II-VIII, as well as disputes over the validity of an SPHC Asbestos Personal Injury Indirect Claim.

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[15] To the extent there is any ambiguity or conflict between any provision of these TDP and the ADR Procedures, the provisions of these TDP shall control.

In all arbitrations, the arbitrator shall consider the same medical and exposure evidentiary requirements that are set forth in Section 5.6 above. In the case of an arbitration involving the liquidated value of a claim involving Disease Levels II-VIII, the arbitrator shall consider the same valuation factors that are set forth in Section 5.3(b)(2) above. In order to facilitate the Individual Review Process, the Trust may from time to time develop valuation methodologies and/or matrices that take into account the valuation factors set forth in Section 5.3(b)(2) above that enable the Trust to efficiently make initial liquidated value offers in the Individual Review Process.

With respect to domestic claims, these valuation methodologies and/or matrices are often referred to as the Individual Review model. The Trust shall neither offer into evidence or describe any such methodologies and/or matrices, nor assert that any information generated by the methodologies and/or matrices has any evidentiary relevance or should be used by the arbitrator in determining the presumed correct liquidated value in the arbitration. The underlying data that was used to create the methodologies and/or matrices may be relevant and may be made available to the arbitrator but only if provided to the claimant or the claimant's counsel at least ten (10) days prior to the arbitration proceeding.

With respect to all claims eligible for arbitration, the claimant, but not the Trust, may elect either non-binding or binding arbitration. The ADR Procedures may be modified by the Trust with the consent of the TAC and the FCR. Such amendments may include the establishment of an Extraordinary Claims Panel to review such claims pursuant to Section 5.4(a) above.

(b) Claims Eligible for Arbitration. In order to be eligible for arbitration, the claimant must first complete the Individual Review Process set forth in Section 5.3(b) above.

Individual Review shall be treated as completed for these purposes when the claim has been individually reviewed by the Trust, the Trust has made an offer on the claim, the claimant has rejected the liquidated value resulting from the Individual Review, and the claimant has notified the Trust of the rejection in writing. Individual Review will also be treated as completed if the Trust has rejected the claim.

(c) **Limitations on and Payment of Arbitration Awards.** In the case of claims involving Disease Level I, the arbitrator shall not return an award in excess of the Scheduled Value for such claims. In the case of a non-Extraordinary Claim involving Disease Levels IV-VIII, the arbitrator shall not return an award in excess of the Maximum Value for the appropriate Disease Level as set forth in Section 5.3(b)(3) above, and for an Extraordinary Claim involving one of those Disease Levels, the arbitrator shall not return an award greater than the maximum extraordinary value for such a claim as set forth in Section 5.4(a) above. A claimant who submits to arbitration and who accepts the arbitral award will receive payments in the same manner as one who accepts the Trust's original valuation of the claim.

5.10 **Litigation.** Claimants who elect non-binding arbitration and then reject their arbitral awards retain the right to institute a lawsuit in the tort system against the Trust pursuant to Section 7.6 below. However, a claimant shall be eligible for payment of a judgment for monetary damages obtained in the tort system from the Trust's available cash only as provided in Section 7.7 below.

SECTION VI

CLAIMS MATERIALS

6.1 **Claims Materials.** The Trust shall prepare suitable and efficient claims materials ("**Claims Materials**") for all SPHC Trust Claims, and shall provide such Claims Materials upon

a written request for such materials to the Trust. The Claims Materials shall include a copy of these TDP, such instructions as the Trustees shall approve, a detailed proof-of-claim form, and a release. A separate claim form for SPHC Asbestos Personal Injury Indirect Claims may be developed. If feasible, the forms used by the Trust to obtain claims information shall be substantially similar to those used by other asbestos-claims resolution organizations. In developing its claim-filing procedures, the Trust shall make every reasonable effort to provide claimants with the opportunity to utilize currently available technology at their discretion, including filing claims and supporting documentation over the internet and electronically by disk, CD, zip drive, or similar device. If requested by the claimant, the Trust shall accept information provided electronically.

6.2 Content of Claims Materials. The proof-of-claim form to be submitted to the Trust shall require the claimant to assert the highest Disease Level for which the claim qualifies at the time of filing. The proof-of-claim form shall also include a certification by the claimant or his or her attorney sufficient to meet the requirements of Rule 11(b) of the Federal Rules of Civil Procedure. The proof-of-claim form and release to be used by the Trust shall be developed by the Trust and submitted to the TAC and the FCR for approval; they may be changed by the Trust with the consent of the TAC and the FCR.

6.3 Withdrawal or Deferral of Claims. A claimant can withdraw a Trust Claim at any time upon written notice to the Trust and file another claim subsequently without affecting the status of the claim for statute of limitations purposes, but any such claim filed after withdrawal shall be given a place in the FIFO Processing Queue based on the date of such subsequent filing. A claimant can also request that the processing of his or her Trust Claim be deferred for a period not to exceed three (3) years without affecting the status of the claim for

statute of limitations purposes, in which case the claimant shall also retain his or her original place in the FIFO Processing Queue. During the period of such deferral, a sequencing adjustment on such claimant's Trust Claim as provided in Section 7.5 hereunder shall not accrue and payment thereof shall be deemed waived by the claimant. Except for SPHC Trust Claims held by representatives of deceased or incompetent claimants for which court or probate approval of the Trust's offer is required, or a Trust Claim for which deferral status has been granted, a claim shall be deemed to have been withdrawn if the claimant neither accepts, rejects, nor initiates arbitration within six (6) months of the Trust's written offer of payment or rejection of the claim. Upon written request and good cause, the Trust may extend the withdrawal or deferral period for an additional six (6) months.

6.4 Filing Requirements and Fees. The Trustees shall have the discretion to determine, with the consent of the TAC and the FCR, (a) whether a claimant must have previously filed an asbestos-related personal injury claim in the tort system to be eligible to file the claim with the Trust, and (b) whether a filing fee should be required for any SPHC Trust Claims.

6.5 English Language. All claims, claim forms, submissions, and evidence submitted to the Trust or in connection with any claim or its liquidation shall be in the English language.

6.6 Confidentiality of Claimants' Submissions. All submissions to the Trust by a holder of a Trust Claim, including the proof-of-claim form and materials related thereto, shall be treated as made in the course of settlement discussions between the holder and the Trust and intended by the parties to be confidential and to be protected by all applicable state and federal privileges, including, but not limited to, those directly applicable to settlement discussions. The

Trust shall preserve the confidentiality of such claimant submissions, and shall disclose the contents thereof only: (i) with the permission of the holder, to another trust established for the benefit of asbestos personal injury claimants pursuant to Section 524(g) and/or Section 105 of the Bankruptcy Code or other applicable law; (ii) to such other persons as authorized by the holder; or (iii) in response to a valid subpoena. Furthermore, the Trust shall provide counsel for the holder a copy of any such subpoena immediately upon being served. The Trust shall on its own initiative or upon request of the claimant in question take all necessary and appropriate steps to preserve any and all privileges.

SECTION VII

GENERAL GUIDELINES FOR LIQUIDATING AND PAYING CLAIMS

7.1 **Showing Required.** To establish a valid Trust Claim a claimant must meet the requirements set forth in these TDP. The Trust may require the submission of X-rays, CT scans, laboratory tests, medical examinations or reviews, other medical evidence, or any other evidence to support or verify a Trust Claim and may further require that medical evidence submitted comply with recognized medical standards regarding equipment, testing methods, and procedures to assure that such evidence is reliable. With respect to a Settled SPHC Asbestos Personal Injury Claims, a copy of the underlying settlement agreement and release will be required in addition to any other information the Trustees may reasonably request to verify the existence and amounts of the Settled SPHC Asbestos Personal Injury Claims. Nothing in these TDP shall prohibit the Trust from challenging at any time the validity of a claim and/or whether a claim has been paid, satisfied, settled, released, waived, or otherwise discharged.

7.2 **Costs Considered.** Notwithstanding any provisions of these TDP to the contrary, the Trustees shall always give appropriate consideration to the cost of investigating and

uncovering invalid SPHC Trust Claims so that the payment of valid SPHC Trust Claims is not further impaired by such processes with respect to issues related to the validity of the medical evidence supporting a Trust Claim. The Trustees shall also have the latitude to make judgments regarding the amount of transaction costs to be expended by the Trust so that valid Settled SPHC Asbestos Personal Injury Claims and SPHC Trust Claims are not unduly further impaired by the costs of additional investigation. Nothing herein shall prevent the Trustees, in appropriate circumstances, from contesting the validity of any claim against the Trust whatever the costs, or declining to accept medical evidence from sources that the Trustees have determined to be unreliable pursuant to the Claims Audit Program described in Section 5.7 above.

7.3 Discretion to Vary the Order and Amounts of Payments in Event of Limited Liquidity. Consistent with the provisions hereof and subject to the FIFO Processing Queue and the FIFO Payment Queue, the Maximum Annual Payment, the Maximum Available Payment and the Claims Payment Ratio requirements set forth above, the Trustees shall proceed as quickly as possible to liquidate valid SPHC Trust Claims, and shall make payments to holders of such claims in accordance with these TDP promptly as funds become available and as claims are liquidated, while maintaining sufficient resources to pay future valid claims in substantially the same manner.

Because the Trust's income over time remains uncertain, and decisions about payments must be based on estimates that cannot be done precisely, they may have to be revised in light of experiences over time, and there can be no guarantee of any specific level of payment to claimants. However, the Trustees shall use their best efforts to treat similar claims in substantially the same manner, consistent with their duties as Trustees, the purposes of the Trust, the established allocation of funds to claims in Categories A and B, and the practical limitations

imposed by the inability to predict the future with precision. In the event that the Trust faces temporary periods of limited liquidity, the Trustees may, with the consent of the TAC and the FCR, suspend the normal order of payment; temporarily limit or suspend payments altogether; and/or offer a Reduced Payment Option as described in Section 2.4 above.

7.4 Punitive Damages. Except as provided below for claims asserted by a claimant for compensatory damages that would otherwise satisfy the criteria for payment under these TDP but the claimant is foreclosed from payment because the governing law describes the claim as a claim for "exemplary" or "punitive" damages in determining the value of any liquidated or unliquidated Trust Claim, punitive or exemplary damages, i.e., damages other than compensatory damages, shall not be considered or allowed, notwithstanding their availability in the tort system. Similarly, no punitive or exemplary damages shall be payable with respect to any claim litigated against the Trust in the tort system pursuant to Section 5.10 above and Section 7.6 below.

The only damages that may be awarded pursuant to this TDP to Alabama Claimants who are deceased and whose personal representatives pursue their claims only under the Alabama Wrongful Death Statute shall be compensatory damages determined pursuant to the statutory and common law of the Commonwealth of Pennsylvania, without regard to its choice of law principles.

7.5 Sequencing Adjustments.

(a) In General. Except for SPHC Trust Claims involving Other Asbestos Disease (Disease Level I – Cash Discount Payment) and subject to the limitations set forth below, a sequencing adjustment shall be paid on all SPHC Trust Claims with respect to which the claimant has had to wait a year or more for payment, provided, however, that no claimant shall receive a sequencing adjustment for a period in excess of seven (7) years. The sequencing

adjustment factor shall be the one-year U.S. Treasury bill interest rate in effect on January 1 of the year in which the accrual of the sequencing adjustment commences. The rate of the sequencing adjustment shall be adjusted each January 1 to correspond to the one-year Treasury bill interest rate then in effect. The applicable sequencing adjustment shall be calculated based only on the value of the claims specified in Section 7.5(b) below, subject to the Payment Percentage; any accrued but unpaid sequencing adjustment shall not be included in such calculation.

(b) Unliquidated SPHC Trust Claims. A sequencing adjustment shall be payable on the Scheduled Value of any unliquidated Trust Claim that meets the requirements of Disease Levels II-V, VII, and VIII, whether the claim is liquidated under Expedited Review, Individual Review, or by arbitration. No sequencing adjustment shall be paid on any claim involving Disease Level I or on any claim liquidated in the tort system pursuant to Section 5.10 above and Section 7.6 below. The sequencing adjustment on an unliquidated Trust Claim that meets the requirements of Disease Level VI shall be based on the Average Value of such a claim. Sequencing adjustments on all unliquidated claims shall be measured from the date of payment back to the date that is one year after the date on which (a) the claim was filed against a Debtor prior to the applicable Petition Date; (b) the claim was filed against another defendant in the tort system on or after the applicable Petition Date but before the Initial Claims Filing Date; (c) a PIQ was submitted in connection with the bankruptcy cases; or (d) the claim was filed with the Trust after the Effective Date.

7.6 Suits in the Tort System. If the holder of a disputed claim disagrees with the Trust's determination regarding the Disease Level of the claim, the claimant's exposure or medical history, the validity of the claim, or the liquidated value of the claim, and if the holder

has first submitted the claim to non-binding arbitration as provided in Section 5.9 above, the holder may file a lawsuit in the Claimant's Jurisdiction as defined in Section 5.3(b)(2) above. Any such lawsuit must be filed by the claimant in his or her own right and name and not as a member or representative of a class, and no such lawsuit may be consolidated with any other lawsuit. All defenses (including, with respect to the Trust, all defenses that could have been asserted by a SPHC Party) shall be available to both sides at trial; however, the Trust may waive any defense and/or concede any issue of fact or law. If the claimant was alive at the time the initial pre-petition complaint was filed or the proof-of-claim form was filed with the Trust, the case shall be treated as a personal injury case with all personal injury damages to be considered even if the claimant has died during the pendency of the claim.

7.7 Payment of Judgments for Money Damages. If and when a claimant obtains a judgment in the tort system, the claim shall be placed in the FIFO Payment Queue based on the date on which the judgment became final. Thereafter, the claimant shall receive from the Trust an initial payment (subject to the applicable Payment Percentage, the Maximum Available Payment, and the Claims Payment Ratio provisions set forth above) of an amount equal to the greater of (i) the Trust's last offer to the claimant or (ii) the award that the claimant declined in non-binding arbitration; provided, however, that in no event shall such payment amount exceed the amount of the judgment obtained in the tort system. The claimant shall receive the balance of the judgment, if any, in five (5) equal installments in years six (6) through ten (10) following the year of the initial payment (also subject to the applicable Payment Percentage, the Maximum Available Payment, and the Claims Payment Ratio provisions above in effect on the date of the payment of the subject installment).

In the case of claims involving Disease Level I, the total amounts paid with respect to such claims shall not exceed the Scheduled Value for such claims. In the case of non-Extraordinary claims involving Disease Levels II-VIII, the total amounts paid with respect to such claims shall not exceed the Maximum Values for such Disease Levels set forth in Section 5.3(b)(3). In the case of Extraordinary Claims, the total amounts paid with respect to such claims shall not exceed the maximum extraordinary values for such claims set forth in Section 5.4 above. Under no circumstances shall the Trust pay (a) sequencing adjustments pursuant to Section 7.5 or (b) interest under any statute on any judgments obtained in the tort system.

7.8 Releases. The Trustees shall have the discretion to determine the form and substance of the releases to be provided to the Trust and the SPHC Protected Parties in order to maximize recovery for claimants against other tortfeasors without increasing the risk or amount of claims for indemnification or contribution from the Trust or the SPHC Protected Parties with respect to the Trust Claim. As a condition to making any payment to a claimant, the Trust shall obtain, for the benefit of the Trust and the SPHC Protected Parties, a general, partial, or limited release as appropriate. If allowed by applicable law, the endorsing of a check or draft for payment by or on behalf of a claimant may, in the discretion of the Trust, constitute such a release.

7.9 Third-Party Services. Nothing in these TDP shall preclude the Trust from contracting with another asbestos claims resolution organization to provide services to the Trust so long as decisions about the categorization and liquidated value of SPHC Trust Claims are based on the relevant provisions of these TDP, including the Disease Levels, Scheduled Values, Average Values, Maximum Values, and Medical/Exposure Criteria set forth above.

SECTION VIII

8.1 Medicare

(a) It is the position of the parties to this Trust Agreement that the SPHC Protected Parties will have no reporting obligations in respect of their contributions to the Trust, or in respect of any payments, settlements, resolutions, awards, or other claim liquidations by the Trust, under the reporting provisions of 42 U.S.C. §1395y et seq. or any other similar statute or regulation, and any related rules, regulations, or guidance issued in connection therewith or relating thereto ("MSPA"), including Section 111 of the Medicare, Medicaid, and SCHIP Extension Act of 2007 (P. L. 110-173), or any other similar statute or regulation, and any related rules, regulations, or guidance issued in connection therewith or relating thereto ("MMSEA"). Unless and until there is definitive regulatory, legislative, or judicial authority (as embodied in a final non-appealable decision from the United States Court of Appeals for the Third Circuit or the United States Supreme Court), or a letter from the Secretary of Health and Human Services confirming that the SPHC Protected Parties have no reporting obligations under MMSEA with respect to any settlements, payments, or other awards made by the Trust or with respect to contributions the SPHC Protected Parties have made or will make to the Trust, the Trust shall, at its sole expense, in connection with the implementation of the Plan, act as a reporting agent for the SPHC Protected Parties, and shall timely submit all reports that would be required to be made by any of the SPHC Protected Parties under MMSEA on account of any claims settled, resolved, paid, or otherwise liquidated by the Trust or with respect to contributions to the Trust. The Trust, in its role as reporting agent for the SPHC Protected Parties, shall follow all applicable guidance published by the Centers for Medicare & Medicaid Services of the United States Department of Health and Human Services and/or any other agent or successor entity

charged with responsibility for monitoring, assessing, or receiving reports made under MMSEA (collectively, "CMS") to determine whether or not, and, if so, how, to report to CMS pursuant to MMSEA.

(b) As long as the Trust is required to act as a reporting agent for any SPHC Protected Parties pursuant to the provisions of Section 8.1(a) above, the Trust shall within ten (10) business days following the end of each calendar quarter, provide a written certification to the party designated in writing by each Protected Party for which the Trust is required to act as reporting agent, confirming that all reports to CMS required by Section 8.1(a) above have been submitted in a timely fashion, and identifying (i) any reports that were rejected or otherwise identified as noncompliant by CMS, along with the basis for such rejection or noncompliance, and (ii) any payments to Medicare benefits recipients or Medicare-eligible beneficiaries that the Trust did not report to CMS.

(c) With respect to any reports rejected or otherwise identified as noncompliant by CMS, the Trust shall, upon request by a Protected Party for which the Trust is required to act as reporting agent, promptly provide copies of the original reports submitted to CMS, as well as any response received from CMS with respect to such reports; provided, however, that the Trust may redact from such copies the names, Social Security numbers other than the last four digits, health insurance claim numbers, taxpayer identification numbers, employer identification numbers, mailing addresses, telephone numbers, and dates of birth of the injured parties, claimants, guardians, conservators and/or other personal representatives, as applicable. With respect to any such reports, the Trust shall reasonably undertake to remedy any issues of noncompliance identified by CMS and resubmit such reports to CMS, and, upon request by a Protected Party, provide such Protected Party with copies of such resubmissions;

provided, however, that the Trust may redact from such copies the names, Social Security numbers other than the last four digits, health insurance claim numbers, taxpayer identification numbers, employer identification numbers, mailing addresses, telephone numbers, and dates of birth of the injured parties, claimants, guardians, conservators and/or other personal representatives, as applicable. In the event the Trust is unable to remedy any issues of noncompliance, the provisions of Section 8.1(g) below shall apply.

(d) As long as the Trust is required to act as a reporting agent for a Protected Party pursuant to Section 8.1(a) above, with respect to each claim of a Medicare benefits recipient or Medicare-eligible beneficiary that was paid by the Trust and not reported to CMS, the Trust shall, upon request by such Protected Party, promptly provide the claimant's name, last four digits of the claimant's Social Security number, the year of the claimant's birth, the claimants' asbestos-related disease, and any other information that may be necessary in the reasonable judgment of such Protected Party to satisfy its obligations, if any, under MMSEA, as well as the basis for the Trust's failure to report the payment. In the event the Protected Party informs the Trust that it disagrees with the Trust's decision not to report a claim paid by the Trust, the Trust shall promptly report the payment to CMS. All documentation relied upon by the Trust in making a determination that a payment did not have to be reported to CMS shall be maintained for a minimum of six years following such determination. The SPHC Protected Parties shall keep any information and documents received from the Trust pursuant to this Section 8.1(d) confidential and shall not use such information for any purpose other than meeting obligations under MSPA and/or MMSEA.

(e) As long as the Trust is required to act as a reporting agent for any Protected Party pursuant to Section 8.1(a) above, the Trust shall make the reports and provide the

certifications required by Section 8.1(a) and (b) above until such time as the Protected Party shall determine, in its reasonable judgment, that it has no further legal obligation under MMSEA or otherwise to report any settlements, resolutions, payments, or liquidation determinations made by the Trust or contributions to the Trust. Furthermore, following any permitted cessation of reporting, or if reporting has not previously commenced due to the satisfaction of one or more of the conditions set forth in Section 8.1(a) above, and if the Protected Party reasonably determines, based on subsequent legislative, administrative, regulatory, or judicial developments, that reporting is required, then the Trust shall promptly perform its obligations under Section 8.1(a) and (b) above.

(f) Section 8.1(a) above is intended to be purely prophylactic in nature, and does not imply, and shall not constitute an admission, that any Protected Party, is, in fact, an "applicable plan" within the meaning of MMSEA, or that any Protected Party has a legal obligation to report any actions undertaken by the Trust or contributions to the Trust under MMSEA or any other statute or regulation.

(g) In the event that CMS concludes that reporting done by the Trust in accordance with Section 8.1(a) above is or may be deficient in any way, and has not been corrected to the satisfaction of CMS in a timely manner, or if CMS communicates to the Trust or any of the SPHC Protected Parties a concern with respect to the sufficiency or timeliness of such reporting, or there appears to a Protected Party a reasonable basis for a concern with respect to the sufficiency or timeliness of such reporting or non-reporting based upon the information received pursuant to Section 8.1(b), (c) or (d) above, or other credible information, then each Protected Party shall have the right to submit its own reports to CMS under MMSEA, and the Trust shall provide in a timely manner to any Protected Party that elects to file its own reports

such information as the electing Protected Party may require in order to comply with MMSEA, including, without limitation, the full reports filed by the Trust pursuant to Section 8.1(a) above without any redactions. Such Protected Party shall keep any information it receives from the Trust pursuant to this Section 4.12(g) confidential and shall not use such information for any purpose other than meeting obligations under MSPA and/or MMSEA.

(h) Notwithstanding any other provision hereof, if the Trust is required to act as a reporting agent for any of the SPHC Protected Parties pursuant to the provisions contained herein, then such SPHC Protected Parties shall take all steps necessary and appropriate as required by CMS to permit any reports contemplated by this Section 8.1 to be filed. Furthermore, until a Protected Party provides the Trust with any necessary information regarding that Protected Party's identifying information that may be required by CMS's Coordination of Benefits Contractor to effectuate reporting, the Trust shall have no obligation to report under Section 8.12(a) above with respect to any such entity that has not provided such information and the Trust shall have no indemnification obligation under Subsection (j) of this Section 8.1 to such Protected Party for any penalty, interest, or sanction that may arise solely on account of the Protected Party's failure to timely provide such information to the Trust in response to a timely request by the Trust for such information.

(i) The Trustees shall obtain prior to remittance of funds to claimants' counsel or to the claimant, if pro se, in respect of any Asbestos Personal Injury Claim a certification from the claimant to be paid that said claimant has or will provide for the payment and/or resolution of any obligations owing or potentially owing under MSPA in connection with, or relating to, such Asbestos Personal Injury Claim and that the SPHC Protected Parties also are beneficiaries of such certification. The Trust shall provide a quarterly certification of its

compliance with the terms of the immediately preceding sentence to the party designated in writing by each Protected Party for which the Trust is required to act as reporting agent, and shall permit reasonable audits by such SPHC Protected Parties, no more often than quarterly, to confirm the Trust's compliance with this Section 8.1(i) during which SPHC Protected Parties may request copies of claimant certifications. For the avoidance of doubt, the Trust shall be obligated to comply with the requirements of this Section 8.1(i) regardless of whether a Protected Party elects to file its own reports under MMSEA pursuant to Section 8.1(g) above. The SPHC Protected Parties shall keep any information and documents received from the Trust pursuant to this Section 8.1(i)

SECTION IX

MISCELLANEOUS

9.1 **Amendments.** Except as otherwise provided herein, the Trustees may amend, modify, delete, or add to any provisions of these TDP (including, without limitation, amendments to conform these TDP to advances in scientific or medical knowledge or other changes in circumstances), provided they first obtain the consent of the TAC and the FCR pursuant to the consent process set forth in Section 6.7(b) and Section 7.7(b) of the Trust Agreement, except that the right to amend the Claims Payment Ratio is governed by the restrictions in Section 2.5 above, and the right to adjust the Payment Percentage is governed by Section 4.2 above. Nothing herein is intended to preclude the TAC or the FCR from proposing to the Trustees, in writing, amendments to these TDP. Any amendment proposed by the TAC or the FCR shall remain subject to Section 8.3 of the Trust Agreement; provided further, however, these TDP may be amended, as set forth above, including with respect to processing and liquidation of Foreign Claims and the adjustments to section 5.3(b).

9.2 **<u>Severability.</u>** Should any provision contained in these TDP be determined to be unenforceable, such determination shall in no way limit or affect the enforceability and operative effect of any and all other provisions of these TDP.

9.3 **<u>Governing Law.</u>** Except for purposes of determining the validity and/or liquidated value of any SPHC Asbestos Personal Injury Claim, administration of these TDP shall be governed by, and construed in accordance with, the laws of the State of Delaware. The law governing the determination of validity and/or liquidation of SPHC Trust Claims in the case of Individual Review, mediation, arbitration or litigation in the tort system shall be the law of the Claimant's Jurisdiction as described in <u>Section 5.3(b)(2)</u> above.

9.4 **<u>Merger of Trust Assets with Other Trusts.</u>** In order to efficiently administer the assets in the account for the Trust, the Trustees may determine, with the consent of the TAC and the FCR, to combine or merge the assets in the account for Trust with another trust or trusts established under Section 524(g) of the Bankruptcy Code. In such an event, the Trustees shall be permitted to obtain claims information maintained by such other 524(g) trusts.

Exhibit 22

UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE

In re:	x	
	:	
LESLIE CONTROLS, INC.,	:	**Chapter 11**
	:	
Debtor.	:	**Case No. 10-12199 (__)**
	x	
LESLIE CONTROLS, INC.	x	
	:	
Plaintiff,	:	
	:	
v.	:	
	:	
THOSE PARTIES LISTED IN EXHIBIT 5 TO THE COMPLAINT and JOHN DOES 1-1000 and JANE DOES 1-1000	:	**Adv. Pro. No. ________**
	:	
	:	
Defendants.	:	
	x	

COMPLAINT FOR DECLARATORY
AND INJUNCTIVE RELIEF

Leslie Controls, Inc. ("Leslie" or the "Debtor"), as plaintiff in this adversary proceeding, by its undersigned attorneys, alleges for its complaint as follows:

INTRODUCTION

1. This is an adversary proceeding commenced by the Debtor for relief, pursuant to sections 105(a) and 362(a) of title 11 of the United States Code (the "Bankruptcy Code") and Rule 65 of the Federal Rules of Civil Procedure (the "Federal Rules"), made applicable hereto by Rule 7065 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), and Bankruptcy Rules 7001(7) and (9), in the form of—

(i) a preliminary injunction pending conclusion of this Chapter 11 proceeding, enjoining the commencement or continuation of all actions against (a) the Debtor's current parent company and sole shareholder, CIRCOR International, Inc., or any of its present or former affiliates

(collectively, "CIRCOR")[1] and/or (b) the Debtor's former parent company and sole shareholder, Watts Water Technologies, Inc. (formerly known as Watts Industries, Inc.), or any of its present or former affiliates (collectively, "Watts")[2] (collectively with CIRCOR, the "Protected Parties"), to the extent that those actions against the Protected Parties assert personal injury or wrongful death claims based on purported exposure to asbestos for which Leslie is allegedly liable ("Leslie Derivative Liability Claims");

(ii) a temporary restraining order enjoining any action against the Protected Parties based on Leslie Derivative Liability Claims pending a hearing and ruling on the Debtor's motion for such preliminary injunction; and

(iii) a declaratory judgment that the automatic stay of section 362(a) of the Bankruptcy Code stays the commencement or continuation of any and all actions or other proceedings that allege Leslie Derivative Liability Claims against the Protected Parties.

2. On this date (the "Commencement Date"), the Debtor filed a voluntary petition for relief under Chapter 11 of the Bankruptcy Code because of liabilities arising from asbestos-related personal injury and wrongful death claims ("Asbestos PI Claims") against Leslie.

3. Leslie Derivative Liability Claims have been brought against CIRCOR, Leslie's parent company since 1999, and Watts, Leslie's ultimate parent company from 1989 until 1999, based on their alleged derivative liability for claims against Leslie under alter ego, successor liability, or other theories of derivative liability. CIRCOR and Watts both take the position that they have no derivative liability for Asbestos PI Claims against Leslie.

4. Contemporaneously with the filing of the Petition, Leslie has filed a pre-negotiated Chapter 11 plan of reorganization (the "Plan"). The Plan is the product of pre-petition negotiations among (i) Leslie, (ii) CIRCOR, (iii) James L. Patton, Jr., who served as the pre-petition representative of future asbestos demand holders against Leslie and whom the Debtor will move to have appointed as the Future Claimants' Representative in this case (the "Pre-

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1 CIRCOR's current and presently-known former affiliates are listed at Exhibit 1, attached hereto.

2 Watts' current and presently-known former affiliates are listed at Exhibit 2, attached hereto.

Petition Future Claimants' Representative"), and (iv) 14 law firms representing claimants holding current Asbestos PI Claims against Leslie (the "Pre-Petition Ad Hoc Asbestos Claimants Committee").

5. Under the terms of the pre-negotiated Plan, CIRCOR, on behalf of itself, Watts, and their affiliates, would make a very substantial contribution into a trust (the "Asbestos PI Trust") to be established under section 524(g) of the Bankruptcy Code, 11 U.S.C. § 524(g), in exchange for which CIRCOR, Watts, and their affiliates would receive the benefit of a permanent channeling injunction (the "Asbestos PI Channeling Injunction") protecting them from Leslie Derivative Liability Claims, as expressly authorized by section 524(g)(4) of the Bankruptcy Code.

6. While commencement of this Chapter 11 case has unquestionably resulted in the automatic stay of actions against the Debtor, and the Debtor is seeking a permanent Asbestos PI Channeling Injunction pursuant to Section 524(g) of the Bankruptcy Code in conjunction with the confirmation of the Plan, asbestos plaintiffs may try to prosecute Leslie Derivative Liability Claims against CIRCOR and/or Watts during the pendency of this case. By the Debtor's motion (the "Motion") to be filed immediately following commencement of this adversary proceeding, the Debtor seeks entry of (1) an order preliminarily enjoining all such claims against the Protected Parties; (2) a temporary restraining order enjoining all such claims pending a hearing on the request for a preliminary injunction; and (3) a declaratory judgment that the automatic stay of section 362(a) of the Bankruptcy Code already covers all Leslie Derivative Liability Claims because such claims belong to the Debtor's estate. The relief requested herein is critical to the Debtor's ability to successfully reorganize.

JURISDICTION

7. The Court has jurisdiction over this adversary proceeding pursuant to 28 U.S.C. §§ 1334(b) and (e), and 157(b)(1). This adversary proceeding is a core proceeding pursuant to 28 U.S.C. §§ 157(b)(2)(A), (B) and (O).

8. Venue in this District is proper pursuant to 28 U.S.C. § 1409.

9. This adversary proceeding has been brought in accordance with sections 105(a) and 362 of the Bankruptcy Code and Bankruptcy Rules 7001(7), 7001(9) and 7065.

THE PARTIES

10. Leslie is a Delaware limited liability company that maintains its principal place of business in Tampa, Florida. As the debtor in this Chapter 11 case, Leslie continues to operate its business and manage its property as a debtor in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

11. The defendants in this adversary proceeding, listed on Exhibit 5 attached hereto, are asbestos plaintiffs who have asserted Leslie Derivative Liability Claims against CIRCOR and/or Watts; the lawsuits in which such claims have been asserted are listed on Exhibits 3 and 4 attached hereto.[3] Defendants John Does 1-1000 and Jane Does 1-1000 are putative plaintiffs for future Leslie Derivative Liability Claims against the Protected Parties.

[3] Pending cases asserting Leslie Derivative Liability claims against CIRCOR listed on Exhibit 3, and pending cases asserting Leslie Derivate Liability Claims against Watts are listed on Exhibit 4. Leslie reserves the right to supplement these lists if and when additional information becomes available.

OTHER RELEVANT ENTITIES

12. Watts, which is not a party to this adversary proceeding, is a Delaware corporation. Watts acquired the Debtor's stock in 1989, and was its ultimate corporate parent and sole shareholder from that time until 1999.

13. CIRCOR, which is not a party to this adversary proceeding, is a Delaware corporation. CIRCOR was formed in 1999, when Watts spun off a number of subsidiary companies formerly included in its industrial, oil, and gas division, including Leslie Controls, Inc., and transferred their stock to CIRCOR, a newly formed company. Since that time, Leslie has been a wholly-owned subsidiary of CIRCOR.

14. In connection with the spin-off, a Distribution Agreement between Watts and CIRCOR provided in part that "[o]n and after the Distribution Date, Circor shall indemnify ... each member of the Watts Group ... (the 'Watts Indemnitees') from and against any and all damage, loss, liability and expense ... incurred or suffered by any of the Watts Indemnitees and arising out of ... any of the Circor Liabilities, whether before or after the Distribution Date."

15. As of the Petition Date, Leslie was a named defendant in approximately 1,307 active Asbestos PI Claims. In addition, as of the Commencement Date, CIRCOR was named as a defendant in the 37 pending Leslie Derivative Liability Claims listed in Exhibit 3, and Watts was named as a defendant in the 11 pending Leslie Derivative Liability Claims listed in Exhibit 4. Watts has tendered the defense of Leslie Derivative Asbestos PI Claims against Watts to CIRCOR, purportedly under the provision of the Distribution Agreement cited above.

THE PRE-NEGOTIATED CHAPTER 11 PLAN

16. In the months prior to the Commencement Date, Leslie and CIRCOR engaged in negotiations on a consensual plan of reorganization with representatives of both current and future holders of Asbestos PI Claims. Specifically, 14 law firms that represent present asbestos

claimants organized a Pre-Petition Ad Hoc Asbestos Claimants Committee to act as the representative of such claimants,[4] and that Committee appointed a Steering Committee made up of Steven Kazan, John D. Cooney, and Mark H. Iola. The negotiations also included James L. Patton, Jr., Esq., a lawyer with extensive experience in asbestos litigation, who agreed to serve as the Future Claimants' Representative both in pre-petition negotiations and, if the Court approves, during the Chapter 11 case.

17. These negotiations resulted in the proposed Plan, which would establish the Asbestos PI Trust under section 524(g) of the Bankruptcy Code. Under the Plan, CIRCOR, on behalf of itself, Watts, and their affiliates, would contribute $74 million to the Asbestos PI Trust, and would also pledge the stock of Leslie to secure a promissory note to be issued by Leslie, in exchange for the benefit of the Asbestos PI Channeling Injunction protecting CIRCOR, Watts, and their affiliates from all pending and future Leslie Derivative Liability Claims.

COUNT I

INJUNCTIVE RELIEF UNDER SECTIONS 105(a) AND 362(a) OF THE BANKRUPTCY CODE AND BANKRUPTCY RULE 7065

18. Leslie repeats and realleges the allegations contained in paragraphs 1 through 17 as if fully set forth herein.

19. An injunction of Leslie Derivative Liability Claims against the Protected Parties is necessary to preserve and maximize Leslie's estate and to enable Leslie to successfully reorganize. The Debtor's effort to reorganize itself would be interfered with, and it would suffer

[4] The members of the Pre-Petition Ad Hoc Committee were: Joseph Belluck (Belluck & Fox, LLP); Alan R. Brayton (Brayton & Purcell LLP); Matthew Bergman (Bergman, Draper & Frockt); John D. Cooney (Cooney & Conway); James F. Early (Early, Ludwick, Sweeney & Strauss, LLC); Jordan Fox (Belluck & Fox, LLP); David C. Greenstone (Simon, Eddins & Greenstone, LLP); Dean Hanley (Paul Hanley, LLP); Mark H. Iola (Stanley Iola LLP); Steven Kazan (Kazan, McCain, Lyons, Greenwood & Harley, PLC); Peter Kraus (Walters & Kraus, LLP); William (Bill) Levin (Levin, Simes, Kaiser & Gornick, LLP); Jeffrey Simon (Simon, Eddins & Greenstone, LLP); and Perry Weitz (Weitz & Luxenberg, P.C.).

irreparable injury, without a preliminary injunction to enjoin the Leslie Derivative Liability Claims against CIRCOR and Watts.

A. The Debtor's Reorganization Would Be Interfered With and the Debtor Would be Irreparably Harmed in the Absence of an Injunction.

20. Absent an injunction, the Debtor will suffer irreparable harm, because, inter alia, the continued litigation of Leslie Derivative Liability Claims against the Protected Parties could substantially impair CIRCOR's willingness to fund the Trust, risks prejudicing Leslie, and could divert necessary resources and erode available assets, thereby undermining or destroying the Plan.

21. CIRCOR is willing to make a substantial contribution to the Asbestos PI Trust only because it will obtain a 524(g) injunction against the Leslie Derivative Liability Claims for itself, Watts, and their affiliates. Absent an injunction protecting it and Watts during the course of these proceedings, CIRCOR's willingness to participate in the reorganization and contribute to the trust could be compromised or negated.

22. Absent an order enjoining the Leslie Derivative Liability Claims against the Protected Parties, the Debtor faces the risk that potential adverse or inconsistent judgments in those cases could be used against the Debtor in future proceedings. Adverse rulings in any such case run the risk of binding the Debtor in future proceedings, or at a minimum being used as supporting authority against it.

23. Absent an injunction of Leslie Derivative Liability Claims against the Protected Parties, the Debtor faces the risk that statements, testimony and other evidence generated in litigation against CIRCOR or Watts could be used against the Debtor in any subsequent litigation between the Debtor and asbestos claimants. Likewise, document requests, interrogatories, and other discovery from CIRCOR or Watts will seek materials related to or controlled by the

Debtor. As a result, the Debtor and its officers will be required to participate and defend themselves in lawsuits rather than focusing on reorganization, thus negating the benefit of the automatic stay in bankruptcy.

24. Absent an injunction of Leslie Derivative Liability Claims against the Protected Parties, common law indemnity obligations would arise against the Debtor from any successful litigation of those claims. Thus, any continued litigation against CIRCOR or Watts, regardless of the result, would interfere with the Debtor's reorganization.

25. Given the derivative nature of the Leslie Derivative Liability Claims against CIRCOR and Watts, and the risks of adverse judgments, collateral estoppel, evidentiary prejudice, and indemnity obligations associated with those actions, Leslie and its officers and personnel would have no choice but to actively participate in any such actions in the absence of an injunction. These are the same persons who will play critical roles in the reorganization process. The additional burdens demanded by participation in any litigation against the Protected Parties would compromise the Debtor's ability to reorganize by diverting the time and attention of its key employees from tasks that are critical to the reorganization.

26. The aggravation and expense of litigating the Leslie Derivative Liability Claims would also undermine the willingness and ability of key CIRCOR personnel to participate in the Debtor's reorganization.

27. For the foregoing reasons, absent a preliminary injunction enjoining the continued litigation of Leslie Derivative Liability Claims against the Protected Parties, irreparable injury would be suffered by the Debtor.

B. The Debtor Is Likely to Reorganize Successfully With a Channeling Injunction Protecting CIRCOR and Watts.

28. The Debtor is likely to succeed on its claims. It is highly likely that the Debtor will be able to successfully reorganize. It is also highly likely that, under the Debtor's plan of reorganization, CIRCOR and Watts will receive protection from the Leslie Derivative Liability Claims through an Asbestos PI Channeling Injunction.

29. The Debtor has commenced this Chapter 11 case in good faith. The terms of the reorganization Plan have been negotiated and approved pre-petition and those terms include such a permanent channeling injunction against the Leslie Derivative Liability Claims. Accordingly, there is a high likelihood that the Debtor will be able to successfully reorganize and that CIRCOR and Watts will receive protection from the Leslie Derivative Liability Claims through a Channeling Injunction—provided that CIRCOR's contributions to the Asbestos PI Trust and its participation in the reorganization are not frustrated by unchecked litigation of such derivative claims during the pendency of the bankruptcy.

C. The Balance of Hardships Tips Decidedly in Favor of Issuing an Injunction.

30. The balance of hardships weighs decisively in favor of issuing a preliminary injunction. The absence of an injunction could destroy the agreed-upon Plan and thereby injure the Debtor's employees, as well as its present and future asbestos claimants and demand holders, who will benefit from the proposed section 524(g) contribution. By contrast, granting the requested injunction will not impose unfair prejudice on the enjoined plaintiffs, both because the Plan will provide funding for any meritorious Asbestos PI Claims advanced by such plaintiffs and because a preliminary injunction will ensure that the Debtor's assets are preserved in a way that will ensure fair and equitable treatment to all claimants to preserve its assets and treat all claimants fairly and equitably, including future demand holders.

D. An Injunction Will Serve the Public Interest.

31. Granting a preliminary injunction would serve the public interest by promoting the Debtor's ability to obtain confirmation of an otherwise feasible plan of reorganization. Furthermore, granting a preliminary injunction will prevent the prosecution of the Leslie Derivative Liability Claims against the Protected Parties from substantially diminishing the assets with which the Debtor could fund any plan or section 524(g) trust approved in this case, or interfering in material respects with its reorganization.

32. Given these factors, a preliminary injunction barring the continued litigation or prosecution of Leslie Derivative Liability Claims against the Protected Parties is appropriate and necessary to the orderly and affective administration of the Debtor's estate. Accordingly, good cause exists for injunctive relief under sections 105(a) and 362(a) of the Bankruptcy Code and Bankruptcy Rule 7065.

COUNT II

TEMPORARY RESTRAINING ORDER

33. Leslie repeats and realleges the allegations contained in paragraphs 1 through 32 as if fully set forth herein.

34. In order to preserve the status quo prior to the Court's hearing on Leslie's motion for a preliminary injunction, and to prevent the harm to Leslie described above, the Debtor requests that, without notice, the Court issue a temporary restraining order enjoining and restraining the defendants and their counsel, holders of future demands and their counsel, and any other person or party, from commencement or any further prosecution of Leslie Derivative Liability Claims against the Protected Parties, for a period of fourteen (14) days to enable the Court to issue a ruling on Leslie's motion for a preliminary injunction.

35. The Debtor has faced rising numbers of Asbestos Personal Injury Claims. Absent a restraining order, word of the filing of Leslie's bankruptcy will likely cause the number of Leslie Derivative Liability Claims against the Protected Parties to immediately increase. As a result, CIRCOR will continue to incur substantial defense, settlement, and indemnification costs and the risk of potential adverse judgments from an increased number of cases, and its willingness and ability to participate in the bankruptcy and contribute to the trust will be threatened. Likewise, as described above, the Debtor will continue to be involved in any such litigations, distracting its key personnel and resources from its own reorganization efforts. Thus, absent a temporary restraining order, the Debtor will suffer immediate and irreparable injury, loss, or damage.

36. For these reasons, it is appropriate to grant a temporary restraining order pending a hearing on the Debtor's motion for a preliminary injunction, staying, restraining and enjoining the commencement or continuation of any Leslie Derivative Liability Claims against the Protected Parties.

COUNT III

DECLARATORY RELIEF UNDER SECTION 362(a) OF THE BANKRUPTCY CODE

37. Leslie repeats and realleges the allegations contained in paragraphs 1 through 36 as if fully set forth herein.

38. Section 362(a)(3) of the Bankruptcy Code operates as a stay, "applicable to all entities," of "any act to obtain possession of property of the estate or of property from the estate or to exercise control over property of the estate."

39. The Leslie Derivative Liability Claims are based on the (unjustified) allegations that CIRCOR or Watts somehow abused the separate corporate status of Leslie in a fashion that supposedly injured Leslie and its creditors.

40. Courts have long recognized that a debtor-in-possession or the debtor's trustee has the exclusive right to pursue "alter ego" and comparable claims regarding the non-debtor parent's failure to honor the debtor's separate corporate status.

41. Under both Delaware and New Jersey law, Leslie has the authority to assert a veil-piercing action against CIRCOR or Watts, and it has the exclusive right in bankruptcy to assert any alter ego claim or comparable claim to pierce the corporate veil between itself and CIRCOR and/or Watts.

42. Pursuant to sections 362(a)(3) and 541(a)(1) of the Bankruptcy Code, the automatic stay extends to Asbestos PI Claims that have been or will be asserted against CIRCOR and/or Watts. Therefore, Leslie is entitled to a declaratory judgment that the automatic stay of section 362(a)(3) of the Bankruptcy Code extends to Asbestos PI Claims against the Protected Parties and that all parties are stayed from commencing or further prosecuting any such claims against the Protected Parties.

WHEREFORE, for all of the foregoing reasons, Leslie respectfully requests entry of:

1. A preliminary injunction enjoining the commencement or further prosecution of any personal injury, wrongful death, or other claims arising out of alleged exposure to asbestos against CIRCOR, Watts, or any present or former affiliate, employee, officer, director, or agent of CIRCOR or Watts, unless the complaint in the proceeding expressly alleges a basis for liability against those entitles or persons other than derivative liability for the acts or omissions of Leslie Controls, Inc. (or its predecessors, including but not limited to Leslie Co.);

2. A temporary restraining order enjoining and restraining the commencement or further prosecution of any personal injury, wrongful death, or other claims arising out of alleged exposure to asbestos against CIRCOR, Watts, or any present or former affiliate, employee, officer, director, or agent of CIRCOR or Watts, unless the complaint in the proceeding expressly alleges a basis for liability against those entitles or persons other than derivative liability for the acts or omissions of Leslie Controls, Inc. (or its predecessors, including but not limited to Leslie Co.), for a period of up to fourteen (14) days, pending the Court's ruling on the request for preliminary injunction; and

3. A judgment declaring that the automatic stay of Section 362(a)(3) extends to any and all Leslie Derivative Liability Claims against the Protected Parties; and

4. An order granting Leslie such other and further relief as is just.

Dated: July 12, 2010

COLE, SCHOTZ, MEISEL, FORMAN & LEONARD, P.A.

By: _____

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Facsimile: (410) 230-0667

Proposed Counsel for the Debtor and Debtor in Possession

Exhibit 1

Ateliers de Navarre, a French corporation

Atlas Productions Sarl, a Moroccan corporation

Bodet/Socitec Aero, a French corporation

Cambridge Fluid Systems Limited, a United Kingdom corporation

CEP Holdings Sarl, a Luxembourg limited liability company

CEP Holdings Sarl, a Luxembourg limited liability company

CFS Technology PTE Ltd., a Singapore limited liability company

CIRCOR (Jersey) Ltd., a United Kingdom Company

CIRCOR Aerospace, Inc., a Delaware corporation

CIRCOR Energy Pipeline Services, Inc., a Delaware corporation

CIRCOR Energy Products (Canada) ULC, an Alberta unlimited liability company

CIRCOR Energy Products, Inc., an Oklahoma corporation

CIRCOR German Holdings GmbH & Co. KG, a German private company

CIRCOR German Holdings Management GmbH, a German Closed corporation

CIRCOR German Holdings, LLC, a Massachusetts limited liability company

CIRCOR India Holdings BV, a Netherlands corporation

CIRCOR India LLC, a Delaware limited liability company

CIRCOR Instrumentation Ltd., a United Kingdom Company

CIRCOR Instrumentation Technologies, Inc., a New York corporation

CIRCOR International, Inc., a Delaware corporation

CIRCOR IP Holding Co., a Delaware corporation

CIRCOR Luxembourg Holdings Sarl, a Luxembourg limited liability company

CIRCOR, Inc., a Massachusetts corporation

De Martin Giuseppe & Figli Srl, an Italian company

Dopak Inc., a Texas corporation

Dovianus B.V., a Netherlands corporation

Hale Hamilton (Valves) Limited, a United Kingdom corporation

Hoke Handelsgesellschaft GmbH, a German corporation

Howitzer Acquisition Limited, a United Kingdom corporation

Industria S. A., a French limited liability company

Leslie Controls, Inc., a Delaware corporation

Motor Technology, Inc., an Ohio corporation

Nouvelle Industria, a French corporation

Patriot Holdings, Inc., a Colorado corporation

PE America, a Texas Limited Liability corporation

Pibiviesse Srl, an Italian company

Pipeline Engineering LTD, a United Kingdom corporation

Pipeline Engineering Supply Company Limited, a United Kingdom corporation

Pipeline Trustees LTD, a United Kingdom corporation

Polyurethane Engineering Products LTD, a United Kingdom corporation

Regeltechnik Kornwestheim GmbH, a German Closed corporation

RTK Control Systems Limited, a United Kingdom corporation

Sagebrush Pipeline Equipment Co., an Oklahoma corporation

Spence Engineering Company, Inc., a Delaware corporation

Suzhou KF Valve Co., Ltd., a Chinese foreign owned enterprise

Technoflux Sarl, a Moroccan corporation

Texas Sampling Inc., a Texas corporation

Exhibit 2

Actuated Controls Ltd., a United Kingdom corporation

Ames Holding Co. Delaware, a Delaware corporation

Ames Holdings, Inc., a Delaware corporation

Anderson Barrows Benelux BV, a Netherlands corporation

Anderson-Barrows Metals Corp., a California corporation

Black Automatic Controls Ltd., a United Kingdom corporation

Black Teknigas (Far East) Limited, a Hong Kong corporation

Black Teknigas Limited, a United Kingdom corporation

BLÜCHER Beteiligungs GmbH, a Germany holding company

BLÜCHER France SARL, a France corporation

BLÜCHER Germany GmbH, a Germany corporation

BLÜCHER Norway AS, a Norway corporation

BLÜCHER Sweden AB, a Sweden corporation

BLÜCHER UK LTD, a United Kingdom corporation

Blue Ridge Atlantic, Inc., a North Carolina corporation

BM Stainles Steel Drains Limited, a United Kingdom corporation

Canada SSI Equipment, International, a Canada corporation

Contromatics, Inc., a New Hampshire corporation

Core Industries, Inc., a Nevada corporation

DeMartin Srl, an Italy corporation

Dormont Manufacturing Company, a Pennsylvania corporation

Electro Controls Ltd., a United Kingdom corporation

Energy Analysis Controls, a Florida corporation

Flippen Valve Co., a California corporation

Flo-Safe, Inc., a Kansas corporation

Flowmatic Systems, Inc., a Florida corporation

Giuliani Anello S.r.l., an Italy corporation

Green Country Castings, an Oklahoma corporation

Gripp S.A.S., a France corporation

Hale Oilfield Products, a Texas corporation

Henry Pratt Company, an Illinois corporation

HF Scientific, Inc., a Florida corporation

Hunter Innovations Inc., a California corporation

IOG, Canada

Jameco Industries, Inc., a New York corporation

Jameco International, LLP, a New Jersey corporation

James Industries, Inc.

James Jones, Inc., a California corporation

Laboratory Enterprises, Inc., a Kansas corporation

Labranche Trucking, a New Hampshire corporation

Orion Enterprises, Inc., a Kansas corporation

Orion Fittings, Inc., a Kansas corporation

Philabel BV, a Netherlands corporation

Pibircesse SpA, an Italy corporation

Porquet S.A.S., a France corporation

Regtrol, Inc., a Delaware corporation

Rockford Valve Company, a Delaware corporation

Rudolph Labranche, Inc., a New Hampshire corporation

Sea Tech, Inc., a North Carolina corporation

SSI Equipment, Inc., a New York corporation

Suzhon Watts Valve (JV), a China entity

Taizhou Shida Plumbing Mfgt. Co. Ltd, a China corporation

Taras Valve Company, a South Carolina corporation

Teknigas Ltd., a United Kingdom limited liability company

Tianjim Tanggu Watts Valve (JV), a China entity

Tianjim Watts Valve Co. Ltd, a China limited liability company

W.O.F.E., China

W125, a United Kingdom corporation

Watts (Ningbo) International Trading Co., Ltd., a China limited liability company

Watts (Shanghai) Management Company Limited, a China limited liability company

Watts Automatic Control Valve

Watts Belgium Holding Bvba, a Belgium corporation

Watts Business Trust, a Massachusetts trust

Watts Canada Ltd., a Canada limited liability company

Watts Denmark Holding ApS, a Denmark corporation

Watts Denmark Holding ApS, a Denmark corporation

Watts Distribution Company, Inc., a Delaware corporation

Watts Drainage Products, Inc., a Delaware corporation

Watts Drainage Products, Inc., a North Carolina corporation

Watts Electronics S.A.S., a France corporation

Watts Europe Services BV, a Netherlands corporation

Watts Finance Company, a Delaware corporation

Watts Germany Holding GmbH, a Germany corporation

Watts Holding Sweden AB, a Sweden corporation

Watts Industries (Canada), Inc., an Ontario corporation

Watts Industries Belgium Bvba, a Belgium corporation

Watts Industries Bulgaria EAD, a Bulgaria corporation

Watts Industries Deutschland GmbH, a Germany corporation

Watts Industries Europe BV, a Netherlands corporation

Watts Industries France S.A.S., a France corporation

Watts Industries Iberica SA, a Spain corporation

Watts Industries Italia S.r.l., an Italy corporation

Watts Industries Luxembourg, a Luxembourg corporation

Watts Industries Netherlands BV, a Netherlands corporation

Watts Industries Nordic AB, a Sweden corporation

Watts Industries Tunisia S.A.S., a Tunisia corporation

Watts Industries U.K. Ltd., a United Kingdom corporation

Watts Industries, Inc., a Delaware corporation

Watts Industries, Sp. Z.o.o., a Poland corporation

Watts Instrumentation GmbH, a Germany corporation

Watts Intermes AG, a Switzerland corporation

Watts Intermes GmbH, an Austria corporation

Watts Intermes GmbH, an Austria corporation

Watts Intermes Srl, an Italy corporation

Watts International Sales Corp., a Massachusetts corporation

Watts Investment Company Canada Ltd., a Canada corporation

Watts Investment Company, a Delaware corporation

Watts Italy Holding S.r.l., an Italy corporation

Watts Londa SpA, an Italy corporation

Watts Microflex NV, a Belgium corporation

Watts Plumbing Technologies (Taizhou) Co., Ltd., a China limited liability company

Watts Premier, Inc., an Arizona corporation

Watts Radiant, Inc., a Delaware corporation

Watts Regulator Co., a Massachusetts corporation

Watts Sea Tech, Inc., a Delaware corporation

Watts Securities Corp., a Massachusetts corporation

Watts Spacemaker Inc., a California corporation

Watts U.K. Ltd., a United Kingdom corporation

Watts Valve (Changsha) Co., Ltd, a China limited liability company

Watts Valve (Ningbo) Co., Ltd., a China limited liability company

Watts Water Quality and Conditioning Products, Inc., a Delaware corporation

Watts Water Technologies, Inc., a Delaware corporation

Wattsco Int'l Ltd., a U.S.V.I. corporation

Webster Investment Company, a Delaware corporation

Webster Valve, Inc., a New Hampshire corporation

Wefco, a New Hampshire corporation

Exhibit 3

PLAINTIFF NAME	CASE #	State	County
AARON, Ora	MDL-875	MS	Covington
BANG, Albert	02-0286	MS	George
BLACKLIN, Marian (PR)	24x06000672	MD	Baltimore
BOLTZ , Alan	24x02001265	MD	Baltimore
BROUSSARD, Johnny	200864159	TX	Harris
BROWN, Viola (PR)	200773494	TX	Harris
CERBIE, Douglas	L-5957-08AS	NJ	Middlesex
CHOLEWA, Mitchell	06-5003831	CT	Fairfield
CONWAY, James	2002-170	MS	Jefferson
CORLEY, Charles	01-CV-2009-901544	AL	Jefferson
DUROSS, Richard	09-016124-NP	MI	Wayne
EASTON, Robert	C-09-41-J	WY	Sweetwater
ECKARDT, Kurt, dec'd	CV-09683350	OH	Cuyahoga
EDWARDS, Wayne	05-010-AS	MS	Jackson
FRIEDMAN, Peter	09-L-1246	IL	Madison
GRANBERG, Nancy (PR)	2008-140697-3	TX	Dallas
HESTER, Brian	08-L-414	IL	Madison
HOLMES, Gerald	0810-15439	OR	Multnomah
JANOUSEK, Kenneth	2005-54754	TX	Harris
KENT, Virginia (PR)	08-L-1161	IL	Cook
LOWE, Mary	24x06000209	MD	Baltimore
MOORE, Ken	09-5028717-S	CT	Fairfield
PANETTIERE, Anthony	24x06000097	MD	Baltimore
PLUMMER, Edmond, dec'd	08C-08-247	DE	New Castle
PORTER, Katie Mae	12-0230	MS	Jasper
SAAR, Karen (PR)	2008l011179	IL	Cook
SCHAEFER, Raymond	06-5003831	CT	Fairfield
SCHAEN, Burton	09C-03-294	DE	New Castle
STANNARD, Walter	06-5003831	CT	Fairfield (at Bridgeport)
SULLIVAN, Deloris (PR)	06-KV-8212-S	MS	Adams
TARBUTTON, Roland	07C-08-010	DE	New Castle
UMBERGER ,Gretchen	2004-47346	TX	Harris
VENNER, George	111251/95 & 111306/95	NY	New York
VILLANUEVA, Michael	07C-09-233	DE	New Castle
WARGO, John	06-5003831	CT	Fairfield (at Bridgeport)
WISE, Donald	07C-12-224	DE	New Castle
ZEOLLA, Pat	105435/98	NY	New York

Exhibit 4

Plaintiff Name	Docket No.	Court	State
Blacklin, Marion	24X06000672	Baltimore City	MD
Boltz, Alan	24X02001265	Baltimore City	MD
Cumberland, Mary Pat	24x10000195	Baltimore City	MD
Davis, Victoria	RG07319072	Alameda County	CA
Easton, Patricia A.	C-09-41-J	Sweetwater County	WY
Grant, Delano	RG08371716	Alameda County	CA
Grimes, Robert	RG08370958	Alameda County	CA
Lowe, Mary	24x06000209	Baltimore City	MD
Nelson, William T.	PC09-7334	Providence County	RI
Panettiere, Dorothy	24X06000097	Baltimore City	MD
Rapone, Pasquale.	02683	Philadelphia County	PA

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Exhibit 23

UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE

In re:	x	
LESLIE CONTROLS, INC.,	:	**Chapter 11**
Debtor.	:	**Case No. 10-12199 (CSS)**
LESLIE CONTROLS, INC.	x	
Plaintiff,	:	
v.	:	
THOSE PARTIES LISTED IN EXHIBIT 5 TO THE COMPLAINT and JOHN DOES 1-1000 and JANE DOES 1-1000	:	**Adv. Pro. No. 10-51394 (CSS)**
	:	**Related Docket Nos. 3 and 9**
Defendants.	:	
	x	

ORDER GRANTING DEBTOR'S EMERGENCY MOTION FOR PRELIMINARY INJUNCTION AND DECLARATORY RELIEF

This matter comes before the Court on the emergency motion (the "Motion") of Leslie Controls, Inc. (the "Debtor" or "Leslie"), as debtor and debtor in possession in the above Chapter 11 case, pursuant to sections 105(a) and 362(a) of title 11 of the United States Code (the "Bankruptcy Code") and Rule 65 of the Federal Rules of Civil Procedure, made applicable hereto by Rule 7065 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), for (1) a preliminary injunction pending final adjudication of this Chapter 11 proceeding, enjoining the commencement or continuation of all actions against (a) the Debtor's current parent company and sole shareholder, CIRCOR International, Inc., or any of its present or former affiliates as listed on Exhibit 1 hereto (collectively, "CIRCOR") and/or (b) the Debtor's former ultimate parent company and sole shareholder, Watts Water Technologies, Inc. (formerly known as Watts Industries, Inc.) or any of its present or former affiliates as listed on Exhibit 2 hereto

(collectively, "Watts") (collectively with CIRCOR, the "Protected Parties"), to the extent that those actions against the Protected Parties assert personal injury or wrongful death claims based on purported exposure to asbestos for which Leslie is allegedly liable ("Leslie Derivative Liability Claims"); or alternatively (2) a declaratory judgment that the automatic stay of section 362(a) of the Bankruptcy Code stays the commencement or continuation of any and all actions or other proceedings that allege Leslie Derivative Liability Claims against the Protected Parties.[1]

For purposes of this Order, "Leslie Derivative Liability Claims" are defined as any claim or action directed against a Protected Party asserting personal injury or wrongful death based on exposure or purported exposure to asbestos where such Protected Party is alleged to be directly or indirectly liable for the conduct of, claims against, or demands on Leslie to the extent such alleged liability of such third party arises by reason of (i) such Protected Party's ownership of a financial interest in Leslie, a past or present affiliate of Leslie, or a predecessor in interest of Leslie; (ii) such Protected Party's involvement in the management of Leslie or a predecessor in interest of Leslie, or service as an officer, director or employee of Leslie or a related party; (iii) such Protected Party's provision of insurance to Leslie or a related party; or (iv) such Protected Party's involvement in a transaction changing the corporate structure, or in a loan or other financial transaction affecting the financial condition, of Leslie or a related party, including but not limited to (aa) involvement in providing financing (debt or equity), or advice to an entity involved in such a transaction, or (bb) acquiring or selling a financial interest in an entity as part of such a transaction. As used in this paragraph, the term "related party" means (i) a past or present affiliate of Leslie; (ii) a predecessor in interest of Leslie; or (iii) any entity that owned a

[1] Debtor's Motion also included a request for temporary restraining order pending a hearing and ruling on the motion for a preliminary injunction and declaratory relief. This Court granted the requested temporary restraining order on July 14, 2010.

financial interest in (aa) Leslie, (bb) a past or present affiliate of Leslie, or (cc) a predecessor in interest of Leslie.

The Court having reviewed the Motion, the Debtor's memorandum of law in support of the Motion, and the declaration of Alan J. Glass in support of the Motion; and the Court having heard the statements in support of the relief requested and submissions in opposition to the Motion; at a hearing before the Court held and concluded on August 9, 2010 (the "Hearing"); and the Court having determined that the legal and factual bases set forth by the Debtor and at the Hearing establish just cause for the relief granted herein; and the relief sought in the Motion being necessary and in the best interests of the Debtor, its estate and all parties in interest; and upon all the proceedings held before the Court and after due deliberation and sufficient cause appearing therefor,

THE COURT FINDS AND CONCLUDES AS FOLLOWS:

1. The Court has jurisdiction over this adversary proceeding pursuant to 28 U.S.C. §§ 1334(b) and (e), and 157(b)(1). This adversary proceeding is a core proceeding pursuant to 28 U.S.C. §§ 157(b)(2)(A), (B) and (O).

2. Venue in this District is proper pursuant to 28 U.S.C. § 1409.

3. The plaintiff in this adversary proceeding is the Debtor Leslie Controls, Inc., a Delaware limited liability company that maintains its principal place of business in Tampa, Florida. The defendants in this adversary proceeding, listed on Exhibit 5 to the Debtor's Complaint, include asbestos plaintiffs who have asserted Leslie Derivative Liability Claims against CIRCOR and/or Watts. Defendants John Does 1-1000 and Jane Does 1-1000 are putative plaintiffs for future personal injury or wrongful death claims or demands against the Protected Parties.

4. The relief requested in the Debtor's Motion is critical to Leslie Controls' ability to successfully reorganize. Without the injunctive relief sought herein, the Debtor will suffer the following irreparable harm:

(a) Continued litigation of Leslie Derivative Liability Claims against the Protected Parties could substantially impair CIRCOR's willingness to contribute to the Trust, and CIRCOR's proposed contribution is essential to the success of the proposed reorganization plan.

(b) Continued litigation of Leslie Derivative Liability Claims against the Protected Parties will place the Debtor at risk that potential adverse or inconsistent judgments in those cases could be used against the Debtor in future proceedings. Adverse rulings in any such case run the risk of binding the Debtor in future proceedings, or, at a minimum, being used as supporting authority against it.

(c) Continued litigation of Leslie Derivative Liability Claims against the Protected Parties will put the Debtor at risk that statements, testimony and other evidence generated in litigation against CIRCOR or Watts could be used against the Debtor in any subsequent litigation between the Debtor and asbestos claimants. Likewise, document requests, interrogatories, and other discovery will seek materials related to or controlled by the Debtor. As a result, the Debtor and its officers will be required to participate and defend themselves in lawsuits rather than focusing on reorganization.

(d) Continued litigation of Leslie Derivative Liability Claims against the Protected Parties could result in common law indemnity obligations that would arise against the Debtor from any successful litigation of those claims. These obligations would interfere with the Debtor's reorganization.

(e) Given the derivative nature of the Leslie Derivative Liability Claims against CIRCOR and Watts, and the risks of adverse judgments, collateral estoppel, evidentiary prejudice, and indemnity obligations associated with those actions, Leslie and its officers and personnel would have no choice but to actively participate in the litigation of any Leslie Derivative Liability Claims in the absence of an injunction. The additional burdens demanded by participation in any litigation against the Protected Parties could compromise the Debtor's ability to reorganize.

(f) The burden and expense of litigating the Leslie Derivative Liability Claims could also undermine the willingness and ability of key CIRCOR personnel to participate in the Debtor's reorganization.

5. For these reasons, a failure to grant an injunction pending the Debtor's reorganization would irreparably injure the Debtor. In contrast, any harm to the Defendants from

an injunction would be minimal. Accordingly, the balance of the hardships favors the requested injunctive relief.

6. There is a reasonable likelihood that the Debtor will succeed on the merits by successfully reorganizing and establishing an 11 U.S.C. § 524(g) trust to resolve its asbestos liabilities, and that CIRCOR, Watts, and their affiliates will be protected by a section 524(g) channeling injunction.

7. An injunction will serve the public interest by promoting the Debtor's ability to confirm an otherwise feasible plan of reorganization.

8. Accordingly, sufficient cause has been shown for the injunctive relief granted herein.

9. The Court concludes that the Debtor has the exclusive right to pursue the Leslie Derivative Liability Claims during its bankruptcy, and that such claims are property of the Debtor's estate. Accordingly, the automatic stay of 11 U.S.C. § 362(a) extends to such claims during the pendency of the Debtor's bankruptcy.

Based on these findings of fact and conclusions of law, the Court now ORDERS that:

1. All persons and entities, including without limitation the plaintiffs to the actions listed on Exhibits 3 and 4 hereto, are enjoined from initiating or further prosecuting any Leslie Derivative Liability Claims against CIRCOR or its affiliates as listed on Exhibit 1 hereto as such exhibit may be modified from time to time prior to the confirmation of a plan of reorganization, Watts or its affiliates as listed on Exhibit 2 hereto as such exhibit may be modified from time to time prior to confirmation of a plan of reorganization, or any of their past, present, or future employees, officers, directors, or agents, unless and only to the extent that the complaint in the proceeding expressly alleges a basis for liability against those entities or persons other than

liability arising from or otherwise relating to the products, acts, or omissions of Leslie Controls, Inc.

2. The injunction set forth in paragraph 1 above includes, without limitation: (a) the pursuit of discovery from CIRCOR, Watts, any affiliates of CIRCOR or Watts as listed on Exhibits 1 and 2 hereto as such exhibits may be modified from time to time prior to the confirmation of a plan of reorganization, or any past, present, or future employees, officers, directors or agents of any of the foregoing; (b) the enforcement of any discovery order against CIRCOR, Watts, any affiliates of CIRCOR or Watts as listed on Exhibits 1 and 2 hereto as such exhibits may be modified from time to time prior to confirmation of a plan of reorganization, or any past, present, or future employees, officers, directors or agents of any of the foregoing; and (c) any further motions or litigation of pending motions.

3. The Court also finds and declares that while the bankruptcy case remains pending, the initiation or continued prosecution of any personal injury, wrongful death, or other claims arising out of alleged exposure to asbestos against CIRCOR, Watts, or any affiliate, employee, officer, director, or agent thereof, violates the automatic stay imposed by Section 362(a)(3) of the Bankruptcy Code, unless the complaint in the proceeding expressly alleges a basis for liability against those entitles or persons other than derivative liability for the acts or omissions of Leslie Controls, Inc.

4. Notwithstanding anything to the contrary in this Order, any party asserting a Leslie Derivative Liability Claim may, without leave of the Court, take reasonable steps to perpetuate the testimony of any person subject to this Order who is not expected to survive the duration of this Order or who is likely to become incapacitated during the duration of this Order. Notice shall be provided to the Leslie and the Protected Parties by notifying counsel for the

Debtor (Norman Pernick, Esq., Cole, Schotz, Meisel, Forman & Leonard, P.A., 500 Delaware Avenue, Suite 1410, Wilmington, Delaware, 19801, npernick@coleschotz.com) and any counsel of record for any Protected Party in the underlying proceeding of the perpetuation of such testimony. Counsel for the Debtor shall promptly forward any such notice to counsel for the Protected Parties who have appeared in this Chapter 11 bankruptcy case. Leslie and the Protected Parties shall have the right to object to the notice on any grounds they would have had if they were a party to the underlying proceeding and not subject to the terms of this preliminary injunction and may raise any such objection with this Court. The use of such testimony in any appropriate jurisdiction shall be subject to the applicable procedural and evidentiary rules of such jurisdiction. All parties reserve and do not waive any and all objections with respect to such testimony.

5. All further proceedings in this adversary proceeding are stayed pending further Order of the Court.

6. Any party subject to this Order may seek relief from any of the provisions of this Order, including from the stay of further proceedings in this adversary proceeding, for cause shown. This Order is without prejudice to the Debtor's or others' rights to seek relief pursuant to the automatic stay under 11 U.S.C. § 362.

7. Pursuant to Rule 7065 of the Federal Rules of Bankruptcy Procedure, the Debtor is relieved from posting any security payment pursuant to Rule 65(c) of the Federal Rules of Civil Procedure based upon the evidence in the record as to the solvency of the Debtor.

8. The Debtor shall serve a copy of this Order on counsel for the Defendants and the United States Trustee within 3 days from the entry of this Order.

9. This Order shall remain effective for the period through the earlier of (i) thirty days after the effective date of a confirmed plan or reorganization that is no longer subject to appeal or discretionary review or (ii) 120 days after entry of this Order, subject to the Debtor's right to request an extension.

10. The Court retains jurisdiction over this Order and the relief granted herein.

Dated: Wilmington, Delaware
August 9, 2010 (at 3:30 p.m.)

Christopher S. Sontchi
United States Bankruptcy Judge

46392/0001-6853488v3

Exhibit 24

Expert Report of Charles H. Mullin, PhD, dated February 5, 2021

Filed Provisionally Under Seal Per Agreed Protective Order Governing Confidential Information

Exhibit 25

Sample Interrogatory Responses and Objections to Debtors First Set of Interrogatories, dated April 1, 2021 and March 31, 2021

Filed Provisionally Under Seal Per Agreed Protective Order Governing Confidential Information

Exhibit 26

EXHIBIT C
ASBESTOS PI TRUST DISTRIBUTION PROCEDURES

ALL PROVISIONS IN THESE ASBESTOS PI TRUST DISTRIBUTION PROCEDURES, INCLUDING THE VALUES ESTABLISHED FOR ASBESTOS PI CLAIMS IN EACH DISEASE LEVEL, WERE AGREED TO FOR SETTLEMENT PURPOSES ONLY. TO THE EXTENT THE PLAN IS NOT CONFIRMED, OR IS CONFIRMED AND SUBSEQUENTLY REVERSED, THE PARTIES RESERVE ALL RIGHTS WITH RESPECT TO CLAIM VALUES AND OTHER MATTERS DEALT WITH IN THESE ASBESTOS PI TRUST DISTRIBUTION PROCEDURES.

LESLIE CONTROLS, INC.

FORM OF ASBESTOS PERSONAL INJURY TRUST DISTRIBUTION PROCEDURES

LESLIE CONTROLS, INC.
ASBESTOS PERSONAL INJURY TRUST DISTRIBUTION PROCEDURES

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LESLIE CONTROLS, INC.

ASBESTOS PERSONAL INJURY TRUST DISTRIBUTION PROCEDURES

Capitalized terms not otherwise defined herein shall have the meaning ascribed to such terms in the Plan of Reorganization of Leslie Controls, Inc. under Chapter 11 of the Bankruptcy Code dated __________, 2010 (the "Plan"), or the Asbestos PI Trust Agreement executed pursuant to the Plan and referred to below, as applicable.

The Leslie Controls, Inc. Asbestos Personal Injury Trust Distribution Procedures ("Asbestos PI Trust Distribution Procedures") contained herein provide the means for resolving all Asbestos PI Claims under the Plan for which the Asbestos Protected Parties have or are alleged to have legal responsibility for or on account of Leslie Controls, Inc. ("Leslie Controls"), as provided in and required by the Plan and the Leslie Controls, Inc. Asbestos Personal Injury Trust Agreement (the "Asbestos PI Trust Agreement").

The Plan and the Asbestos PI Trust Agreement establish the Leslie Controls, Inc. Asbestos Personal Injury Trust (the "Asbestos PI Trust"). The Asbestos PI Trustee shall implement and administer these Asbestos PI Trust Distribution Procedures in accordance with the Asbestos PI Trust Agreement. For purposes of the Asbestos PI Trust Distribution Procedures, Asbestos PI Claims shall not include Asbestos PI Trust Expenses

SECTION I

Introduction

1.1 Purpose. These Asbestos PI Trust Distribution Procedures have been adopted pursuant to the Asbestos PI Trust Agreement. They are intended and designed to provide fair, equitable, and substantially similar treatment for all Asbestos PI Claims that may presently exist or may arise in the future in substantially the same manner.

1.2 Interpretation. These Asbestos PI Trust Distribution Procedures are not intended to, nor shall they be deemed to, create additional substantive rights for any claimant. The rights and benefits provided herein to holders of Asbestos PI Claims shall vest in such holders as of the Effective Date.

SECTION II

Overview

2.1 Asbestos PI Trust Goal. The goal of the Asbestos PI Trust is to treat all holders of Asbestos PI Claims similarly and equitably and in accordance with the requirements of Section 524(g) of the Bankruptcy Code. These Asbestos PI Trust Distribution Procedures are intended to further that goal by setting forth procedures for processing, resolving and paying Leslie Controls' several share of the unpaid portion of the liquidated value of Asbestos PI Claims from the Asbestos PI Trust on an impartial, first-in-first-out ("FIFO") basis, with the objective of paying all holders of such claims over time as equal a share as possible of the value of their claims based on historical values for substantially similar claims in the tort system.[1,2] To this end, these Asbestos PI Trust Distribution Procedures establish matrices relating to seven asbestos-related diseases ("Disease Levels"), six of which have medical and exposure requirements that create a presumption that the claimant is entitled to compensation hereunder ("Medical/Exposure Criteria"), and specific liquidated values attributable to claims of such type ("Scheduled Values"), five of which have expected average values ("Average Values"), and all of which have upper limits (caps) on their liquidated values ("Maximum Values"). The Disease Levels,

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[1] As used in these Asbestos PI Trust Distribution Procedures, the phrase "in the tort system" shall not include claims asserted against a trust established for the benefit of asbestos personal injury claimants pursuant to Section 524(g) of the Bankruptcy Code or any other applicable law.

[2] Asbestos PI Claims have been classified, for purposes of these Asbestos PI Trust Distribution Procedures, as either Leslie Powerhouse or Below-Deck Naval Station Claims or Leslie Construction and Maintenance Claims (as such terms are defined in Section 5.2 below, because the liquidated value of such claims varies on such basis.

Medical/Exposure Criteria, Scheduled Values, Average Values and Maximum Values, which are set forth in Sections 5.2 and 5.3 below, have all been established with the intention of achieving a fair allocation of the Asbestos PI Trust funds among claimants suffering from different diseases in light of the best available information considering the settlement history of Leslie Controls and the rights claimants would have in the tort system absent Leslie Controls' bankruptcy proceeding.

2.2 Claims Liquidation Procedures.

(a) A claimant may assert an Asbestos PI Claim against the Asbestos PI Trust as herein contemplated. All Asbestos PI Claims shall be processed, liquidated, resolved and/or paid pursuant to these Asbestos PI Trust Distribution Procedures.

(b) All claimants holding an Asbestos PI Claim must file a claim with the Asbestos PI Trust using the proof of claim form provided by the Asbestos PI Trust. Asbestos PI Claims shall be processed based on their place in the FIFO Processing Queue to be established pursuant to Section 5.1(a) below. The Asbestos PI Trust shall take all reasonable steps to resolve Asbestos PI Claims as efficiently and expeditiously as possible at each stage of claims processing, including mediation and arbitration, which steps may include, in the Asbestos PI Trust's sole discretion, conducting settlement discussions with claimants' representatives with respect to more than one claim at a time, provided that the claimants' respective positions in the FIFO Processing Queue are maintained, and each claim is individually evaluated pursuant to the valuation factors set forth in Section 5.2(b)(2) below. The Asbestos PI Trust shall also make every effort to resolve each year at least that number of Asbestos PI Claims required to exhaust the Maximum Annual Payment, as such term is defined below.

The Asbestos PI Trust shall, except as otherwise provided below, liquidate all Asbestos PI Claims except Foreign Claims (as defined in Section 5.2 (b)(1) below) that meet the Medical/Exposure Criteria of Disease Levels I - IV, VI and VII under the Expedited Review Process described in Section 5.2 (a) below. Asbestos PI Claims involving Disease Levels III, IV, VI and VII that do not meet the Medical/Exposure Criteria for the relevant Disease Level may undergo the Asbestos PI Trust's Individual Review Process described in Section 5.2(b) below. In such a case, notwithstanding that the claim does not meet the Medical/Exposure Criteria for the relevant Disease Level, the Asbestos PI Trust may offer the claimant an amount up to the Scheduled Value of that Disease Level if the Asbestos PI Trust is satisfied that the claimant has presented a claim that would be cognizable and valid in the tort system.

In lieu of liquidating Asbestos PI Claims involving Disease Levels III, IV, VI and VII under the Expedited Review Process, a claimant holding an Asbestos PI Claim involving Disease Level III, IV, VI or VII may, in the alternative, seek to establish a liquidated value for the claim that is greater than its Scheduled Value by electing the Asbestos PI Trust's Individual Review Process pursuant to Section 5.2(b) below. However, the liquidated value of an Asbestos PI Claim that undergoes the Individual Review Process for valuation purposes may be determined to be less than the Scheduled Value for the applicable Disease Level, and, in any event, shall not exceed the Maximum Value for the relevant Disease Level set forth in Section 5.2(b)(3) below, unless the claim qualifies as an Extraordinary Claim as defined in Section 5.3(a) below, in which case its liquidated value shall not exceed the maximum extraordinary value specified in Section 5.3(a) for such claims. Claims involving Disease Level V (Lung Cancer 2) and all Foreign Claims may be liquidated only pursuant to the Asbestos PI Trust's Individual Review Process.

The Scheduled Values and Maximum Values for claims involving Disease Levels III, IV, V and VII and the Average Value and Maximum Value for claims involving Disease Level V set forth in Section 5.2(b)(3) which claims are eligible for Individual Review of their liquidated values (or, in the case of Level V, required to be so liquidated), have been established. The Trustee shall use his or her reasonable best efforts to insure that the Asbestos PI Trust processes claims such that over time the combination of settlements at the Scheduled Values and those resulting from the Individual Review Process should generally result in the Average Values set forth in Section 5.2(b)(3) for such Disease Levels.

All unresolved disputes regarding a claimant's medical condition, exposure history and/or the liquidated value of the claim shall be subject to mediation and then, at the election of the claimant, to binding or non-binding arbitration as set forth in Section 5.9 below under the alternative dispute resolution procedures (the "ADR Procedures") to be adopted by the Asbestos PI Trust as provided in Section 5.9 below. Asbestos PI Claims that are the subject of a dispute with the Asbestos PI Trust that are not resolved by arbitration may enter the tort system as provided in Sections 5.10 and 7.6 below. However, if and when a claimant obtains a judgment in the tort system, the judgment shall be payable (subject to the Payment Percentage, Maximum Annual Payment, and Claims Payment Ratio provisions set forth below) as provided in Section 7.7 below.

2.3 <u>Application of the Payment Percentage</u>. After the liquidated value of an Asbestos PI Claim is determined pursuant to the procedures set forth herein for Expedited Review, Individual Review, mediation, arbitration, or litigation in the tort system, the claimant shall ultimately receive a pro-rata portion of the applicable liquidated value based on the Payment Percentage described in Section 4.2 below.

The initial Payment Percentage (the "Initial Payment Percentage") has been set at forty percent (40%) and shall apply to all Asbestos PI Claims accepted as valid for payment by the Asbestos PI Trust, unless and until adjusted by the Asbestos PI Trust with the consent of the Asbestos PI Trust Advisory Committee and the Future Claimants' Representative pursuant to Section 4.2 below, and except as provided in Section 4.3 below with respect to supplemental payments in the event the Initial Payment Percentage is changed. The term "Asbestos PI Trust Voting Claims" means (i) Qualified Asbestos PI Claims; (ii) claims filed against Leslie Controls in the tort system or actually submitted to Leslie Controls; and (iii) all asbestos claims filed against another defendant in the tort system prior to the date the Plan was filed with the Bankruptcy Court (July 12, 2010 (the "Plan Filing Date")), provided, however, that (1) the holder of a claim described in subsection (i), (ii) or (iii) above, or his or her authorized agent, actually voted to accept or reject the Plan pursuant to the voting procedures approved by the Bankruptcy Court, unless such holder certifies to the satisfaction of the Asbestos PI Trustee that he or she was prevented from voting in this proceeding as a result of circumstances resulting in a state of emergency affecting, as the case may be, the holder's residence, principal place of business or legal representative's place of business at which the holder or his or her legal representative receives notice and/or maintains material records relating to the claim; and provided further that (2) the claim was subsequently filed with the Asbestos PI Trust pursuant to Section 6.1 below by the Initial Claims Filing Date defined in Section 5.1(a) below.

The Initial Payment Percentage has been established based upon (i) the Scheduled Values set forth in Section 5.2(b)(3) below with respect to existing and projected future claims involving Disease Levels I and II, and (ii) the assumption that generally the Average Values set forth in

Section 5.2(b)(3) below will be achieved with respect to existing and projected future claims involving Disease Levels III - VII.

The Payment Percentage may be adjusted upwards, but not in excess of 100%, or downwards from time to time by the Asbestos PI Trust with the consent of the Asbestos PI Trust Advisory Committee and the Future Claimants' Representative to reflect then-current estimates of the Asbestos PI Trust's assets and liabilities, as well as the then-estimated value of then-pending and projected future claims. Any adjustment to the Payment Percentage (including the Initial Payment Percentage) shall be made only pursuant to Section 4.2 below. If at any time the Payment Percentage is increased, claimants whose claims were liquidated and paid prior to the increase under these Asbestos PI Trust Distribution Procedures at a lower Payment Percentage shall receive additional payments only as provided in Section 4.3 below. Because there is uncertainty in the prediction of both the number and severity of future Asbestos PI Claims and the amount of the Asbestos PI Trust's assets, no guarantee or representation can be made regarding the Payment Percentage that will be applied to an Asbestos PI Claim's liquidated value.

2.4 Determination of the Maximum Annual Payment. The Asbestos PI Trust shall estimate or model the amount of cash flow anticipated to be necessary over its entire life to ensure that funds shall be available to treat all present and future holders of Asbestos PI Claims as similarly as possible. In each year, the Asbestos PI Trust shall be empowered to pay out all of the income earned during such year (net of taxes payable with respect thereto), together with a portion of its principal calculated so that the application of the Asbestos PI Trust's funds over the life of the trust shall correspond with the needs created by the estimated initial backlog of claims and the estimated anticipated future flow of claims (the "Maximum Annual Payment"), taking

into account the Payment Percentage provisions set forth in Section 2.3 above and Sections 4.2 and 4.3 below. The Maximum Annual Payment shall be determined annually by the Asbestos PI Trustee with the consent of the Asbestos PI Trust Advisory Committee and the Future Claimants' Representative. The Asbestos PI Trust's distributions to all claimants for a year shall not exceed the Maximum Annual Payment so determined for that year.

2.5 Claims Payment Ratio. Based upon Leslie Controls' claims settlement history and the analysis of present and future claims, a ratio (the "Claims Payment Ratio") as of the Effective Date, of Category A claims (which consist of Asbestos PI Claims involving malignancies and Severe Asbestosis (Disease Levels III - VII) that were unliquidated as of the Commencement Date), to Category B claims (which are Asbestos PI Claims involving non-malignant Asbestosis or Pleural Disease (Disease Levels I and II) that were unliquidated as of the Commencement Date) has been determined to be 80% Category A to 20% Category B.

In each year, after the determination of the Maximum Annual Payment described in Section 2.4 above and subject thereto, 80% of that amount will be available to pay liquidated Category A claims and 20% will be available to pay liquidated Category B claims, each in the order such claims come up for payment in the FIFO Payment Queue described in Section 5.1(c) below following the liquidation thereof. In the event there are insufficient funds in any year to pay the liquidated claims in a Category, the available funds allocated to that Category shall be paid to the claimants in that Category based on their place in the FIFO Payment Queue. Liquidated claims remaining unpaid in such year on account of an insufficiency of funds allocated to the Category in which such unpaid claims fall shall be carried over to the next succeeding year and shall be placed at the head of such succeeding year's FIFO Payment Queue.

In the event that there are insufficient liquidated claims in Category A to exhaust the Maximum Annual Payment amount allocated to Category A by the Claims Payment Ratio, then the excess amount for such Category A shall be rolled forward to the next succeeding year and shall remain available to pay liquidated claims in Category A. With respect to Category B, in the event there are insufficient liquidated claims in Category B to exhaust the Maximum Annual Payment amount allocated to Category B by the Claims Payment Ratio, then the excess amount for such Category B shall be rolled forward and shall remain available to pay liquidated claims in Category B, subject to the following: (a) at the end of the second year and thereafter at the end of each year the Asbestos PI Trustee shall make a determination of whether, in respect of the two years or year (as applicable) then ended, funds made available in Category B to pay Category B claims exceeded amounts payable in respect of liquidated Category B claims in accordance with these Asbestos PI Trust Distribution Procedures (any such excess amount being a "Category B Excess Amount"); and (b) any such Category B Excess Amount shall be (i) used to pay liquidated Category A claims entitled to payment in respect of which there are insufficient funds to pay such liquidated Category A claims or (ii) in the absence of such unpaid liquidated Category A claims at such time, such Category B Excess Amount shall be added back to and become part of the principal portion of the Asbestos PI Trust *res* and, accordingly, shall again be available in ensuing years (including the immediately next succeeding year) for application to liquidated Category A and Category B claims in proportion to the Claims Payment Ratio applicable in such ensuing years.

In addition, in the event that the available funds in either Category A or Category B exceed the amounts payable to liquidated claims in such Category for two consecutive years, then the Asbestos PI Trustee shall re-evaluate the Claims Payment Ratio in light of claims

liquidation and payment experience of the Asbestos PI Trust and propose (i) maintenance of the then-existing Claims Payment Ratio, or (ii) establishment of a different Claims Payment Ratio that more accurately reflects past and likely future claims liquidation and payment needs. Any change in the Claims Payment Ratio shall take effect only with the consent of the Asbestos PI Trust Advisory Committee and the Future Claimants' Representative as contemplated below.

The Claims Payment Ratio established as of the Effective Date shall apply to all Asbestos PI Trust Claims and shall not be changed or modified sooner than the second anniversary of the date on which the Asbestos PI Trust first accepts proofs of claim for processing. Thereafter, the Claims Payment Ratio shall be continued or recalibrated (on a prospective basis only and subject to the approval and consent requirements below) in order to approximately reflect the actual number of Asbestos PI Claims in each Category that have been liquidated and paid and are anticipated in subsequent years to be liquidated and paid pursuant to these Asbestos PI Trust Distribution Procedures.

In considering whether to make any changes or modifications to the Claims Payment Ratio, the Asbestos PI Trustee shall consider the reasons for which the Claims Payment Ratio was adopted, the settlement history that gave rise thereto (including the fact that, historically, 99% of Leslie Controls' settlement and judgment payment amounts were paid on account of claims that would qualify as Category A claims hereunder), and whether the reasons asserted to necessitate the change or modification were or were not foreseeable when the Claims Payment Ratio then in effect was established. In such regard, the Asbestos PI Trustee should keep in mind the interplay between the Payment Percentage and the Claims Payment Ratio as they affect the net cash actually paid to claimants.

Anything in these Asbestos PI Trust Distribution Procedures to the contrary notwithstanding, no change or modification to the Claims Payment Ratio (i) to reduce the percentage allocated to Category A claims shall be made except with the unanimous consent of the Asbestos PI Trust Advisory Committee members and the consent of the Future Claimants' Representative, or (ii) to increase the percentage allocated to Category A claims shall be made except with the consent of the Asbestos PI Trust Advisory Committee and the consent of the Future Claimants' Representative. In the case of any proposed change or modification to the Claims Payment Ratio, the consent process set forth in Sections 6.7(b) and 7.7(b) of the Asbestos PI Trust Agreement shall apply. The Asbestos PI Trustee, with the consent of the Asbestos PI Trust Advisory Committee and the Future Claimants' Representative, may offer the option of a reduced Payment Percentage to holders of claims in either Category A or Category B in return for more prompt payment (the "Reduced Payment Option").

2.6 Indirect Asbestos PI Claims. As set forth in Section 5.5 below, Indirect Asbestos PI Claims, if any, shall be subject to all the same limitations and other provisions (including, without limitation, all provisions relating to categorization, evaluation and payment) of these Asbestos PI Trust Distribution Procedures as all other Asbestos PI Claims.

SECTION III

Asbestos PI Trust Distribution Procedures Administration

3.1 Asbestos PI Trust Advisory Committee and Future Claimants' Representative. Pursuant to the Plan and the Asbestos PI Trust Agreement, the Asbestos PI Trust and these Asbestos PI Trust Distribution Procedures shall be administered by the Asbestos PI Trustee in consultation with the Asbestos PI Trust Advisory Committee, which committee represents the interests of holders of present Asbestos PI Claims, and the Future Claimants' Representative, who represents the interests of holders of Asbestos PI Claims that will be asserted in the future.

The Asbestos PI Trustee shall obtain the consent of the Asbestos PI Trust Advisory Committee and the Future Claimants' Representative with respect to any amendment, change or modification to these Asbestos PI Trust Distribution Procedures pursuant to Section 8.1 below, and regarding such other matters requiring such consent or approval hereunder or under Section 2.2(e) of the Asbestos PI Trust Agreement. The Asbestos PI Trustee shall also consult with the Asbestos PI Trust Advisory Committee and the Future Claimants' Representative on such matters requiring such consultation hereunder or under Section 2.2(d) of the Asbestos PI Trust Agreement. The initial Asbestos PI Trustee, the initial members of the Asbestos PI Trust Advisory Committee and the initial Future Claimants' Representative are identified in the Asbestos PI Trust Agreement.

3.2 Consent and Consultation Procedures. In those circumstances in which consultation or consent is required, the Asbestos PI Trustee shall provide written notice to the Asbestos PI Trust Advisory Committee and the Future Claimants' Representative of the specific amendment, change or modification or other action that is proposed. The Asbestos PI Trustee shall not implement any amendment, change or modification nor take such proposed action unless and until the parties have engaged in the Consultation Process described in Sections 6.7(a) and 7.7(a) or the Consent Process described in Sections 6.7(b) and 7.7(b), respectively, of the Asbestos PI Trust Agreement.

SECTION IV

Payment Percentage; Periodic Estimates

4.1 Uncertainty of Leslie Controls' Personal Injury Asbestos Liabilities. As noted herein, there is inherent uncertainty regarding Leslie Controls' total asbestos-related tort liabilities, as well as the total value of the assets available to the Asbestos PI Trust to pay Asbestos PI Claims. Consequently, there is inherent uncertainty regarding the amounts that

holders of Asbestos PI Claims will receive. To seek to ensure substantially equivalent treatment of all present and future Asbestos PI Claims, the Asbestos PI Trustee must determine from time to time the pro rata portion or percentage of the liquidated value of claims that holders of present and future Asbestos PI Claims will likely receive pursuant to the Plan (including the provisions of the Asbestos PI Trust Agreement and these Asbestos PI Trust Distribution Procedures); i.e., the "Payment Percentage" referred to in Section 2.3 above and Section 4.2 below.

4.2 Computation of Payment Percentage. As provided in Section 2.3 above, the Initial Payment Percentage shall be 40% and shall be applied to all Asbestos PI Claims approved for payment by the Asbestos PI Trust, unless the Asbestos PI Trustee, with the consent of the Asbestos PI Trust Advisory Committee and the Future Claimants' Representative, determine that the Initial Payment Percentage should be changed to assure that the Asbestos PI Trust shall be in a financial position to pay present and future holders of Asbestos PI Claims in substantially the same manner.

In making any such change to the Initial Payment Percentage, the Asbestos PI Trustee, the Asbestos PI Trust Advisory Committee and the Future Claimants' Representative shall take into account the fact that the holders of Asbestos PI Trust Claims who voted on the Plan relied on the findings of experts that the Initial Payment Percentage represented a reasonably reliable estimate of the Asbestos PI Trust's total assets and liabilities over the trust's life based on the best information available at the time, and shall therefore give due consideration to the expectations of such claim holders that the Initial Payment Percentage would be applied to their Asbestos PI Trust Claims.

The Payment Percentage shall be subject to change from time to time pursuant to the terms of these Asbestos PI Trust Distribution Procedures and the Asbestos PI Trust Agreement if

the Asbestos PI Trustee, with the consent of the Asbestos PI Trust Advisory Committee and the Future Claimants' Representative, determine that an adjustment is required. No less frequently than once every three (3) years, commencing January 2 of the year next succeeding the year in which the Effective Date occurs, the Asbestos PI Trustee shall reconsider the then-applicable Payment Percentage to assure that it is based on accurate, current information and may, after such reconsideration, change the Payment Percentage with the consent of the Asbestos PI Trust Advisory Committee and the Future Claimants' Representative, if deemed necessary to assure that the Asbestos PI Trust remains in a financial position to pay present and future holders of Asbestos PI Claims in substantially the same manner. The Asbestos PI Trustee may also reconsider the then-applicable Payment Percentage at shorter intervals if the Asbestos PI Trustee deems such reconsideration to be appropriate or if requested to do so by the Asbestos PI Trust Advisory Committee or the Future Claimants' Representative.

The Asbestos PI Trustee shall base the determination of the Payment Percentage on current estimates of the number, types, and values of present and future Asbestos PI Claims, the value of the assets then available to the Asbestos PI Trust for their payment, all anticipated administrative and legal expenses, and any other material matters that are reasonably likely to affect the sufficiency of funds to pay a comparable percentage of liquidated value to all present and future holders of Asbestos PI Claims. When making these determinations, the Asbestos PI Trustee shall exercise common sense and flexibly evaluate all relevant factors. The Payment Percentage applicable to Category A or Category B claims may not be reduced to alleviate delays in payments of claims in the other Category; both Category A and Category B claims shall receive the same Payment Percentage, but the payment may be deferred as needed pursuant

to Section 7.3 below, and a Reduced Payment Option may be instituted as described in Section 2.5 above.

4.3 Applicability of the Payment Percentage. Except as otherwise provided in Section 5.1(c) below for Asbestos PI Claims involving deceased or incompetent claimants for which approval of the Asbestos PI Trust's offer by a court or through a probate process is required, no holder of any Asbestos PI Claim shall receive a payment that exceeds the liquidated value of the claim times the Payment Percentage in effect at the time of payment.

If a redetermination of the Payment Percentage has been proposed in writing by the Asbestos PI Trustee to the Asbestos PI Trust Advisory Committee and the Future Claimants' Representative, but has not yet been approved and implemented, a claimant shall receive the lower of the current Payment Percentage or the proposed Payment Percentage. However, if the proposed Payment Percentage was the lower of the two but is not so approved and implemented, the claimant shall thereafter receive an amount equal to the difference between the amounts determined with reference to the lower proposed percentage and the higher current percentage. If the proposed Payment Percentage was the higher of the two and is subsequently approved and implemented, the claimant shall thereafter receive an amount equal to the difference between the amounts determined with reference to the lower current percentage and the higher adopted percentage.

There is uncertainty surrounding the amount of the Asbestos PI Trust's future assets. There is also uncertainty surrounding the totality of the Asbestos PI Claims to be paid over time, as well as the extent to which changes in existing federal and state law could affect the Asbestos PI Trust's liabilities under these Asbestos PI Trust Distribution Procedures. If the value of the Asbestos PI Trust's future assets increases significantly and/or if the value or volume of

Asbestos PI Trust claims actually filed with the Asbestos PI Trust is significantly lower than originally estimated, the Asbestos PI Trust shall use the increase in assets and/or claims' savings, as the case may be, first to maintain the Payment Percentage then in effect.

If the Asbestos PI Trustee, with the consent of the Asbestos PI Trust Advisory Committee and the Future Claimants' Representative, increases the Payment Percentage, the Asbestos PI Trustee shall also make supplemental payments to all claimants who previously liquidated their claims and received payments from the Asbestos PI Trust based on a lower Payment Percentage. The amount of any such supplemental payment shall be the liquidated value of the claim in question times the newly adjusted Payment Percentage, less all amounts previously paid to the claimant with respect to the claim (but excluding any such amounts attributable to any sequencing adjustment paid pursuant to Section 7.5 below).

The Asbestos PI Trustee's obligation to make a supplemental payment to a claimant shall be suspended in the event the payment in question would be less than $100, and the amount of the suspended payment shall be added to the amount of any prior supplemental payment/payments that was/were also suspended because it/they would have been less than $100. However, the Asbestos PI Trustee's obligation shall resume and the Asbestos PI Trustee shall pay any such aggregate supplemental payments due the claimant at such time that the total exceeds $100.

SECTION V

Resolution Of Asbestos PI Claims

5.1 Ordering, Processing and Payment of Claims.

(a) Ordering of Claims.

(1) Establishment of FIFO Processing Queues. The Asbestos PI Trust shall order all claims that are sufficiently complete to be reviewed for processing purposes on a

FIFO basis except as otherwise provided herein (the "FIFO Processing Queue"). For all claims filed on or before the date six (6) months after the date that the Asbestos PI Trust first makes available the proof of claim forms and other claims materials required to file a claim with the Asbestos PI Trust (the "Initial Claims Filing Date"), a claimant's position in the FIFO Processing Queue shall be determined as of the earliest of (i) the date prior to the Commencement Date that the specific claim was filed against Leslie Controls in the tort system; (ii) the date prior to the Commencement Date that the asbestos claim was filed against another defendant in the tort system if at the time the claim was subject to a tolling agreement with Leslie Controls; (iii) the date subsequent to the Commencement Date but prior to the date that the Asbestos PI Trust first makes available the proof of claim forms and other claims materials required to file a claim with the Asbestos PI Trust that the asbestos claim was filed against another defendant in the tort system; (iv) the date subsequent to the Commencement Date but prior to the Effective Date that a proof of claim was filed by the claimant against Leslie Controls in Leslie Controls' Chapter 11 case; or (v) the date a ballot was submitted on behalf of the claimant for purposes of voting to accept or reject the Plan pursuant to voting procedures approved by the Bankruptcy Court.

For all claims filed subsequent to the Initial Claims Filing Date, a claimant's position in the FIFO Processing Queue shall be determined by the date the claim is filed with the Asbestos PI Trust, provided such claim is sufficiently complete, as defined in the Asbestos PI Trust's claim filing instructions or, if not so sufficiently complete, the later date on which it becomes so sufficiently complete. If any claims are filed on the same date, a claimant's position in the FIFO Processing Queue vis-à-vis such other same-day claims shall be determined by the date of the diagnosis of the asbestos-related disease with the earlier diagnosis having priority over the later diagnosis. If any claims are filed and diagnosed on the same date, a claimant's position in the

FIFO Processing Queue vis-à-vis such other same-day claims shall be determined by the claimant's date of birth, with older claimants given priority over younger claimants.

(2) Effect of Statutes of Limitations and Repose. All unliquidated Asbestos PI Claims must meet either: (i) in the case of claims first filed in the tort system against Leslie Controls prior to the Commencement Date, the applicable federal, state or foreign statute of limitations and repose that was in effect at the time of the filing of the claim in the tort system; or (ii) in the case of claims not filed against Leslie Controls in the tort system prior to the Commencement Date, the applicable federal, state or foreign statute of limitations that was in effect at the time of the filing with the Asbestos PI Trust. However, the running of the applicable statute of limitations shall be tolled as of the earliest of: (A) the actual filing of a claim against Leslie Controls prior to the Commencement Date in the tort system; (B) the date specified by agreement or otherwise between Leslie and/or the Asbestos PI Trust, on the one hand, and the applicable claimant, on the other hand, (or, if none, the date of the agreement) in the case of the tolling prior to the Commencement Date by an agreement or otherwise, provided such tolling was still in effect on the Commencement Date; or (C) the Commencement Date.

If an Asbestos PI Claim meets any of the tolling provisions described in the preceding paragraph and the claim was not barred by the applicable federal, state or foreign statute of limitations at the time of the relevant tolling event, it shall be treated as timely filed if it is actually filed with the Asbestos PI Trust within three (3) years after the Initial Claims Filing Date. In addition, any Asbestos PI Claim that is first diagnosed after the Commencement Date, irrespective of the application of any relevant federal, state or foreign statute of limitations or repose, may be filed with the Asbestos PI Trust within three (3) years after the date of diagnosis or within three (3) years after the Initial Claims Filing Date, whichever is later. However, the

processing of any Asbestos PI Claim by the Asbestos PI Trust may be deferred at the election of the claimant pursuant to Section 6.3 below.

(b) Notice of Impending Processing of Claims. The Asbestos PI Trust shall review its claims files on a regular basis and shall notify any claimant whose claim is likely to come up in the FIFO Processing Queue in the near future and, in any event.

(c) Payment of Claims. Asbestos PI Claims that have been liquidated by the Expedited Review Process as provided in Section 5.2(a) below, by the Individual Review Process as provided in Section 5.2(b) below, by mediation or arbitration as provided in Section 5.9 below, or by litigation in the tort system as provided in Section 5.10 below, shall be paid in FIFO order based on the date their liquidation became final (the "FIFO Payment Queue"), all such payments being subject to the applicable Payment Percentage at the time payment is made, the Maximum Annual Payment, the Claims Payment Ratio and any sequencing adjustment provided for in Section 7.5 below, except as otherwise provided herein.

Where a claimant is deceased or incompetent, and the settlement and payment of his or her claim must be approved by a court of competent jurisdiction or through a probate process prior to acceptance of the claim by the claimant's representative, an offer of settlement or liquidation of the claim made by the Asbestos PI Trust shall remain open so long as proceedings before that court or in that probate process remain pending, provided that the Asbestos PI Trust has been furnished with evidence that the settlement offer has been submitted to such court or in that probate process for approval. If the offer is ultimately approved by the court or through the probate process and accepted by the claimant's representative, the Asbestos PI Trust shall pay the claim in the amount so offered, multiplied by the Payment Percentage in effect at the time the offer was first made.

If any claims are liquidated on the same date, the claimant's position in the FIFO Payment Queue shall be determined by the date of the diagnosis of the claimant's asbestos-related disease with the earlier diagnosis having priority over the later diagnosis. If any claims are liquidated on the same date and the respective claimants' asbestos-related diseases were diagnosed on the same date, the position of those claimants' in the FIFO Payment Queue shall be determined by the Asbestos PI Trust based on the dates of the claimants' births, with older claimants given priority over younger claimants.

5.2 Resolution of Unliquidated Asbestos PI Claims. Within six (6) months after the establishment of the Asbestos PI Trust, the Asbestos PI Trustee, with the consent of the Asbestos PI Trust Advisory Committee and the Future Claimants' Representative, shall adopt procedures for reviewing and liquidating all unliquidated Asbestos PI Claims, which shall include deadlines for processing such claims. Such procedures shall also require that claimants seeking resolution of unliquidated Asbestos PI Claims must first file a proof of claim form, together with the required supporting documentation, in accordance with the provisions of Sections 6.1 and 6.2 below. It is anticipated that the Asbestos PI Trust shall provide an initial response to a claimant within six (6) months of receiving the proof of claim form.

The proof of claim form shall require a claimant to assert his or her claim for the highest Disease Level for which the claim qualifies at the time of filing. Without regard to the Disease Level alleged on the proof of claim form, a claim shall be deemed to be a claim for the highest Disease Level for which the claim qualifies at the time of filing, and all lower Disease Levels for which the claim may also qualify, whether at the time of filing or in the future, shall be treated as subsumed by and merged into the higher Disease Level for both processing and payment purposes. The proof of claim form also shall require a claimant to elect the Expedited Review

Process, as described in Section 5.2(a) below, or the Individual Review Process, as described in Section 5.2(b) below, if such election is available under these Asbestos PI Trust Distribution Procedures for the Disease Level alleged (or deemed applicable) by the claimant.

A claimant shall specify on his or her proof of claim (and the claim form shall require that a claimant so designate) whether the claim is asserted to be a "Leslie Powerhouse and Below-Deck Naval Station Claim" or a "Leslie Construction and Maintenance Claim." The Asbestos PI Trustee shall have the right (in addition to all other rights) to challenge any such assertion or designation. As used in these Asbestos PI Trust Distribution Procedures, the following terms shall have the following meanings:

(i) "Leslie Powerhouse and Below-Deck Naval Station Claims"[3] means Asbestos PI Claims alleging exposure to asbestos during installation, removal or maintenance of Leslie valves and other control equipment or exposure to asbestos in the immediate vicinity of a worker who is performing such hands-on installation, removal or maintenance of Leslie valves and other control equipment while regularly employed in a Leslie Powerhouse, in a United States shipyard while working on naval vessels, or while serving at an assigned Below-Deck Naval Station, respectively. Most such claims allege that Leslie manufactured, sold, and/or distributed valves and other control equipment that contained asbestos-containing materials used at powerhouse facilities and on Naval vessels. To the extent that any Asbestos PI Claim filed or otherwise asserted against the Asbestos PI Trust does not specifically allege asbestos exposure arising from such circumstances, such claim shall be presumed to be a Leslie Construction and

[3] Leslie Powerhouse and Below-Deck Naval Station Claims include claims arising at United States and Canadian Naval Shipyards, private shipyards in the United States and Canada, shipyards operated outside of the United States by the United States Navy, United States Coast Guard vessels, and commercial vessels for which there is independent corroborating documentary evidence of Leslie asbestos-containing products.

Maintenance Claim unless designed as a Leslie Powerhouse and Below-Deck Naval Station Claim in the applicable proof of claim form (subject to challenge by the Trustee).

(ii) "Leslie Construction and Maintenance Claims" means Asbestos PI Claims alleging asbestos exposure arising from the installation, maintenance, or removal of valves and/or other control equipment manufactured by Leslie installed other than described in (i) of this Section. To the extent that any Asbestos PI Claim filed or otherwise asserted against the Asbestos PI Trust does not specify the circumstances of alleged asbestos exposure, such claim shall be presumed to be a Leslie Construction and Maintenance Claim.

Upon filing of a valid proof of claim form with the required supporting documentation and designation, a claim shall be placed in the FIFO Processing Queue in accordance with the ordering criteria described in Section 5.1(a) above.

(a) Expedited Review Process.

(1) In General. The Asbestos PI Trust's Expedited Review Process is designed primarily to provide an expeditious, efficient and inexpensive method for liquidating all Asbestos PI Claims (except those involving Disease Level V and except Foreign Claims (as defined below), which shall only be liquidated pursuant to the Asbestos PI Trust's Individual Review Process) where the claim can easily be verified by the Asbestos PI Trust as meeting the Medical/Exposure Criteria for the relevant Disease Level. Expedited Review thus provides claimants with a substantially less burdensome process for pursuing Asbestos PI Claims than does the Individual Review Process described in Section 5.2(b) below. Expedited Review is also intended to provide qualifying claimants a fixed and certain claim value.

Thus, claims that undergo Expedited Review and meet the Medical/Exposure Criteria for the relevant Disease Level shall be paid on the basis of the Scheduled Value for such Disease

Level set forth in Section 5.2(a)(3) below. However, all claims liquidated by Expedited Review shall be subject to the applicable Payment Percentage at the time payment is made, the Maximum Annual Payment, and the Claims Payment Ratio limitations set forth herein.

Subject to the provisions of Section 5.7, a claimant's eligibility to receive the Scheduled Value for his or her Asbestos PI Claim pursuant to the Expedited Review Process shall be determined solely by reference to the Medical/Exposure Criteria set forth below for each of the Disease Levels eligible for Expedited Review.

(2) Claims Processing Under Expedited Review. All claimants seeking liquidation of an Asbestos PI Claim pursuant to Expedited Review shall file the Asbestos PI Trust's proof of claim form. As a proof of claim form is reached in the FIFO Processing Queue, the Asbestos PI Trust shall determine whether the claim described therein meets the Medical/Exposure Criteria for one of the six Disease Levels eligible for Expedited Review, and shall advise the claimant of its determination. If the Asbestos PI Trust determines that a claim meets the Medical/Exposure Criteria for a Disease Level, the Asbestos PI Trust shall tender to the claimant an offer of payment equal to payment of the Scheduled Value subject to the Payment Percentage in effect at the time of payment for the relevant Disease Level, together with a form of release approved by the Asbestos PI Trust. If the claimant accepts such offer, including the Scheduled Value, and returns the release properly executed, the claim shall be placed in the FIFO Payment Queue, following which the Asbestos PI Trust shall make payment on the claim subject to the limitations, if any, of the Maximum Annual Payment and Claims Payment Ratio.

(3) Disease Levels: Scheduled Values and Medical/Exposure Criteria. The seven Disease Levels covered by these Asbestos PI Trust Distribution Procedures, together

with the Medical/Exposure Criteria for each, and the Scheduled Values for the six Disease Levels eligible for Expedited Review, are set forth below. These Disease Levels, Scheduled Values, and Medical/Exposure Criteria shall apply to all Asbestos PI Trust Claims filed with the Asbestos PI Trust on or before the Initial Claims Filing Date for which the claimant elects the Expedited Review Process. Thereafter, for purposes of administering the Expedited Review Process and, with the consent of the Asbestos PI Trust Advisory Committee and the Future Claimants' Representative, the Asbestos PI Trustee may: add to, change or eliminate Disease Levels, Scheduled Values, and/or Medical/Exposure Criteria; develop subcategories of Disease Levels, Scheduled Values and/or Medical/Exposure Criteria; or determine that a novel or exceptional Asbestos PI Claim is compensable even though it does not meet the Medical/Exposure Criteria for any of the then current Disease Levels. Because claimants who fall within Disease Level V seeking to recover from the Asbestos PI Trust may not undergo Expedited Review and must undergo Individual Review, no Scheduled Value is provided.

Disease Level	**Scheduled Value**		**Medical/Exposure Criteria**
	Powerhouse and Below-Deck Naval Station Claims	**Construction and Maintenance Claims**	
Mesothelioma (Level VII)	$100,000	$25,000	(1) Diagnosis[4] of mesothelioma; and (2) Leslie Controls Exposure as defined in Section 5.6(b)(3) below
Lung Cancer 1 (Level VI)	$25,000	$7,500	(1) Diagnosis of a primary lung cancer plus evidence of an underlying Bilateral Asbestos Related Nonmalignant Disease,[5] (2) six months Leslie Controls

[4] The requirements for a diagnosis of an asbestos-related disease are set forth in Section 5.6 below.

[5] Evidence of "Bilateral Asbestos-Related Nonmalignant Disease" for purposes of meeting the criteria for establishing Disease Levels I, II, IV, and VI, means either (i) a chest X-ray read by a qualified B reader of 1/0 or

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Disease Level	Scheduled Value		Medical/Exposure Criteria
	Powerhouse and Below-Deck Naval Station Claims	**Construction and Maintenance Claims**	
			Exposure prior to December 31, 1986, (3) Significant Occupational Exposure[6] to asbestos, and (4) supporting medical documentation establishing asbestos exposure as a contributing factor in causing the lung cancer in question.
Lung Cancer 2 (Level V)	None	None	(1) Diagnosis of a primary lung cancer; (2) Leslie Controls Exposure prior to December 31, 1986, and (3) supporting medical documentation establishing asbestos exposure as a substantial contributing factor in causing the lung cancer in question. Lung Cancer 2 (Level V) claims are claims that do not meet the more stringent medical and/or exposure requirements of Lung Cancer 1 (Level VI) claims. All claims in Disease

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higher on the ILO scale or (ii)(x) a chest x-ray read by a qualified B reader or other Qualified Physician, (y) a CT scan read by a Qualified Physician, in each case showing either bilateral interstitial fibrosis, bilateral pleural plaques, bilateral pleural thickening, or bilateral pleural calcification, or (z) pathology. Evidence submitted to demonstrate (i) or (ii) above must be in the form of a written report stating the results (e.g., an ILO report, a written radiology report or a pathology report). Solely for asbestos claims filed against Leslie Controls or another defendant in the tort system prior to the Commencement Date, if an ILO reading is not available, either (i) a chest X-ray or a CT scan read by a Qualified Physician, in each case showing bilateral interstitial fibrosis, bilateral pleural plaques, bilateral pleural thickening, or bilateral pleural calcification consistent with or compatible with a diagnosis of asbestos-related disease, shall be evidence of a Bilateral Asbestos-Related Nonmalignant Disease for purposes of meeting the medical requirements of Disease Levels I, II, IV and VI, or (z) pathology. Pathological proof of asbestosis may be based on the pathological grading system for asbestosis described in the Special Issue of the Archives of Pathology and Laboratory Medicine, "Asbestos-associated Diseases," Vol. 106, No. 11, App. 3 (October 8, 1982). For all purposes of these Asbestos PI Trust Distribution Procedures, a "Qualified Physician" is a physician who is board certified (or in the case of Canadian Claims or Foreign Claims, a physician who is certified or qualified under comparable medical standards or criteria of the jurisdiction in question) in one or more relevant specialized fields of medicine such as pulmonology, radiology, internal medicine or occupational medicine; provided, however, that, subject to the provisions of Section 5.7, the requirement for board certification in this provision shall not apply to otherwise qualified physicians whose x-rays and/or CT scan readings are submitted for deceased holders of Asbestos PI Claims.

[6] "Significant Occupational Exposure" is defined in Section 5.6(b)(2) below.

Disease Level	**Scheduled Value**		**Medical/Exposure Criteria**
	Powerhouse and Below-Deck Naval Station Claims	**Construction and Maintenance Claims**	
			Level V shall be individually evaluated. The estimated likely average of the individual evaluation awards for this category is $18,000 for Leslie Powerhouse and Below-Deck Naval Station Claims and $5,000 for Leslie Construction and Maintenance Claims, with such awards capped at $22,000 for Leslie Powerhouse and Below-Deck Naval Station Claims and $10,000 for Leslie Construction and Maintenance Claims, unless the claim qualifies for Extraordinary Claim treatment (discussed in Section 5.3 below). Level V claims that show no evidence of either an underlying Bilateral Asbestos-Related Nonmalignant Disease or Significant Occupational Exposure may be individually evaluated, although it is not expected that such claims shall be treated as having any significant value, especially if the claimant is also a Smoker.[7] In any event, no presumption of validity shall be available for claims in this category.

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[7] There is no distinction between Non-Smokers and Smokers for either Lung Cancer 1 (Level VI) or Lung Cancer 2 (Level V), although a claimant who meets the more stringent requirements of Lung Cancer 1 (Level VI) (evidence of an underlying Bilateral Asbestos-Related Nonmalignant Disease plus Significant Occupational Exposure), and who is also a Non-Smoker, may wish to have his or her claim individually evaluated by the Asbestos PI Trust. In such a case, absent circumstances that would otherwise reduce the value of the claim, it is anticipated that the liquidated value of the claim might well exceed the Scheduled Value for Lung Cancer 1 (Level VI), shown above. "Non-Smoker" means a claimant who either (a) never smoked or (b) has not smoked during any portion of the twelve (12) years immediately prior to the diagnosis of the lung cancer.

Disease Level	Scheduled Value		Medical/Exposure Criteria
	Powerhouse and Below-Deck Naval Station Claims	**Construction and Maintenance Claims**	
Other Cancer (Level IV)	$15,000	$5,000	(1) Diagnosis of a primary colorectal, laryngeal, esophageal, pharyngeal, or stomach cancer, plus evidence of an underlying Bilateral Asbestos-Related Nonmalignant Disease, (2) six months Leslie Controls Exposure prior to December 31, 1986, (3) Significant Occupational Exposure to asbestos, and (4) supporting medical documentation establishing asbestos exposure as a contributing factor in causing the other cancer in question.
Severe Asbestosis (Level III)	$17,500	$6,000	(1) Diagnosis of asbestosis with ILO[8] of 2/1 or greater, or asbestosis determined by pathological evidence of asbestosis, plus (a) TLC less than 65%, or (b) FVC less than 65% and FEV1/FVC ratio greater than 65%, (2) six months Leslie Controls Exposure prior to December 31, 1986, (3) Significant Occupational Exposure to asbestos, and (4) supporting medical documentation establishing asbestos exposure as a contributing factor in causing the pulmonary impairment in question.

[8] If the diagnostic images being interpreted in such regard are digital images, then a written report by a Qualified Physician confirming that the images reviewed are with reasonable medical certainly equivalent to those that would qualify for the required ILO grade shall be provided as well.

Disease Level	Scheduled Value		Medical/Exposure Criteria
	Powerhouse and Below-Deck Naval Station Claims	**Construction and Maintenance Claims**	
Asbestosis/Pleural Disease (Level II)	$4,500	$1,250	(1) Diagnosis of Bilateral Asbestos-Related Nonmalignant Disease plus (a) TLC less than 80%, or (b) FVC less than 80% and FEV1/FVC ratio greater than or equal to 65%, and (2) six months Leslie Controls Exposure prior to December 31, 1986, (3) Significant Occupational Exposure to asbestos, and (4) supporting medical documentation establishing asbestos exposure as a contributing factor in causing the pulmonary impairment in question.
Asbestosis/Pleural Disease (Level I)	$1,500	$500	(1) Diagnosis of a Bilateral Asbestos-Related Nonmalignant Disease, and (2) six months Leslie Controls Exposure prior to December 31, 1986, and (3) five years cumulative occupational exposure to asbestos.

(b) Individual Review Process.

(1) In General. Subject to the provisions set forth below, a claimant may elect to have his or her Asbestos PI Claim reviewed for purposes of determining whether the claim would be compensable in the tort system even though it does not meet the Medical/Exposure Criteria for any of the Disease Levels III, IV, VI or VII set forth in Section 5.2(a)(3) above or because it is a Disease Level V claim. In addition or alternatively, a claimant holding an Asbestos PI Claim meeting the Medical/Exposure Criteria for Disease Levels III, IV, VI or VII may elect to have a claim undergo the Individual Review Process for purposes of determining whether the liquidated value of the claim exceeds the Scheduled Value for the

relevant Disease Level. However, until such time as the Asbestos PI Trust has made an offer on a claim pursuant to Individual Review, the claimant may change his or her Individual Review election and have the claim liquidated pursuant to the Asbestos PI Trust's Expedited Review Process. In the event of such a change in the processing election, the claimant shall nevertheless retain his or her place in the FIFO Processing Queue.

The liquidated value of all Foreign Claims asserted or payable under these Asbestos PI Trust Distribution Procedures shall be established only under the Asbestos PI Trust's Individual Review Process. Asbestos PI Claims of individuals exposed in Canada who were resident in Canada when such claims were filed ("Canadian Claims") shall not be considered Foreign Claims hereunder and shall be eligible for liquidation under the Expedited Review Process. Accordingly, a "Foreign Claim" is an Asbestos PI Claim with respect to which the claimant's exposure to an asbestos-containing product, or to conduct that exposed the claimant to an asbestos-containing product, for which Leslie Controls has legal responsibility occurred outside of the United States and its Territories and Possessions and outside of the Provinces and Territories of Canada.

In reviewing Foreign Claims, the Asbestos PI Trust shall take into account all relevant procedural and substantive legal rules to which the claims would be subject in the Claimant's Jurisdiction as defined in Section 5.2(b)(2) below. The Asbestos PI Trust shall determine the liquidated value of a Foreign Claim based on historical settlements and verdicts in the Claimant's Jurisdiction as well as the other valuation factors set forth in Section 5.2(b)(2) below.

For purposes of the Individual Review Process for Foreign Claims, the Asbestos PI Trustee, with the consent of the Asbestos PI Trust Advisory Committee and the Future Claimants' Representative, may develop separate Medical/Exposure Criteria and standards, as

well as separate requirements for physician and other professional qualifications, which shall be applicable to Foreign Claims channeled to the Asbestos PI Trust; provided, however, that such criteria, standards or requirements shall not effectuate substantive changes to the claims eligibility requirements under these Asbestos PI Trust Distribution Procedures, but rather shall be made only for the purpose of adapting those requirements to the particular licensing provisions and/or medical customs or practices of the foreign country in question.

At such time as the Asbestos PI Trust has sufficient historical settlement, verdict and other valuation data for claims from a particular foreign jurisdiction, the Asbestos PI Trustee, with the consent of the Asbestos PI Trust Advisory Committee and the Future Claimants' Representative, may also establish a separate valuation matrix for any such Foreign Claims based on that data.

(A) Review of Medical/Exposure Criteria. The Asbestos PI Trust's Individual Review Process provides a claimant with an opportunity for individual consideration and evaluation of an Asbestos PI Claim that fails to meet the Medical/Exposure Criteria for Disease Levels III, IV, VI or VII. In such a case, the Asbestos PI Trust shall either deny the claim, or, if the Asbestos PI Trust is satisfied that the claimant has presented a claim that would be cognizable and valid in the tort system, the Asbestos PI Trust may offer the claimant a liquidated value amount up to the Scheduled Value for that Disease Level.

(B) Review of Liquidated Value. Claimants holding claims in Disease Levels III - VII shall also be eligible to seek Individual Review of the liquidated value of their Asbestos PI Claims, as well as of their medical/exposure evidence. The Individual Review Process is intended to result in payments equal to the full liquidated

value for each claim multiplied by the Payment Percentage; however, the liquidated value of any Asbestos PI Claim that undergoes Individual Review may be determined to be less than the Scheduled Value the claimant would have received under Expedited Review. Moreover, the liquidated value for a claim involving Disease Levels III - VII shall not exceed the Maximum Value for the relevant Disease Level set forth in Section 5.2(b)(3) below, unless the claim meets the requirements of an Extraordinary Claim described in Section 5.3(a) below, in which case its liquidated value cannot exceed the maximum extraordinary value set forth in Section 5.3(a) for such claims. Because the detailed examination and valuation process pursuant to Individual Review requires substantial time and effort, claimants electing to undergo the Individual Review Process may be paid on the basis of the liquidated value of their Asbestos PI Claims later than would have been the case had the claimant elected the Expedited Review Process. Subject to the provisions of Section 5.7, the Asbestos PI Trust shall devote reasonable resources to the review of all claims to ensure that there is a reasonable balance maintained in reviewing all Categories of claims.

(2) Valuation Factors to Be Considered in Individual Review. The Asbestos PI Trust shall liquidate the value of each Asbestos PI Claim that undergoes Individual Review based on the historic liquidated values of other similarly-situated claims in the tort system for the same Disease Level. Accordingly, the Asbestos PI Trust shall take into consideration all of the factors that affect the amount of damages and values in the tort system, including, but not limited to, credible evidence of (i) the degree to which the characteristics of a claim differ from the Medical/Exposure Criteria for the Disease Level in question; (ii) factors such as the claimant's age, disability, employment status, disruption of household, family or

recreational activities, dependencies, special damages, and pain and suffering; (iii) whether the claimant's damages were (or were not) caused by asbestos exposure, including exposure to an asbestos-containing product, or to conduct that exposed the claimant to an asbestos-containing product, for which Leslie Controls has legal responsibility, prior to December 31, 1986 (for example, possible alternative causes and the strength of documentation of injuries); (iv) the industry of exposure; (v) settlement and verdict histories in the Claimant's Jurisdiction for similarly-situated claims; (vi) the extent of the claimant's exposure to asbestos working below-deck on Navy vessels; and (vii) the greater of (a) settlement and verdict histories for the claimant's law firm in the Claimant's Jurisdiction for similarly-situated claims, and (b) settlement and verdict histories for the claimant's law firm, including all cases where the claimant's law firm satisfies the Asbestos PI Trust on the basis of clear and convincing evidence provided to the Asbestos PI Trust that the claimant's law firm played a substantial role in the prosecution and resolution of the cases, such as actively participating in court appearances, discovery and/or trial of the cases, irrespective of whether a second law firm was also involved and would also be entitled to include the cases in its "settlement and verdict histories." For the avoidance of doubt, mere referral of a case, without further direct involvement, will not be viewed as having played a substantial role in the prosecution and resolution of a case. In liquidating the value of an Asbestos PI Claim that undergoes Individual Review, the Asbestos PI Trust shall treat a claimant as living if the claimant was alive at the time the initial pre-petition complaint was filed or the proof of claim form was filed with the Asbestos PI Trust even if the claimant has subsequently died.

For these purposes, the "Claimant's Jurisdiction" is the jurisdiction in which the claim was filed (if at all) against Leslie Controls in the tort system prior to the Commencement Date.

If the claim was not filed against Leslie Controls in the tort system prior to the Commencement Date, the claimant may elect as the Claimant's Jurisdiction (i) the jurisdiction in which the claimant resides or resided at the time of diagnosis or when the claim is filed with the Asbestos PI Trust; or (ii) a jurisdiction in which the claimant experienced exposure to an asbestos-containing product, or to conduct that exposed the claimant to an asbestos-containing product, for which Leslie Controls has legal responsibility.

With respect to the "Claimant's Jurisdiction" in the event a personal representative or authorized agent makes a claim under these Asbestos PI Trust Distribution Procedures for wrongful death with respect to which the governing law of the Claimant's Jurisdiction could only be the Alabama Wrongful Death Statute, the Claimant's Jurisdiction for such claim shall be the Commonwealth of Pennsylvania and such claimant's damages shall be determined pursuant to the statutory and common laws of the Commonwealth of Pennsylvania without regard to its choice of law principles. The choice of law provision in Section 7.4 below applicable to any claim with respect to which, but for this choice of law provision, the applicable law of the Claimant's Jurisdiction pursuant to Section 5.2(b)(2) is determined to be the Alabama Wrongful Death Statute, shall only govern the rights between the Asbestos PI Trust and the claimant, and, to the extent the Asbestos PI Trust seeks recovery from any entity that provided insurance coverage to Leslie Controls, the Alabama Wrongful Death Statute shall govern.

With respect to the "Claimant's Jurisdiction" in the event a claim is made under these Asbestos PI Trust Distribution Procedures for compensatory damages that would otherwise satisfy the criteria for payment under these Asbestos PI Trust Distribution Procedures, but the claimant is foreclosed from payment because the governing law of the Claimant's Jurisdiction (a "Foreclosed Jurisdiction") describes the claim as a claim for "exemplary" or "punitive" damages

and the claimant would have no other remedy for compensation under the law of the Foreclosed Jurisdiction, the claimant may elect the Commonwealth of Pennsylvania as the Claimant's Jurisdiction, and such claimant's damages shall be determined pursuant to the statutory and common laws of the Commonwealth of Pennsylvania without regard to its choice of law principles. The choice of law provision in Section 7.4 below applicable to any claim with respect to which, but for this choice of law provision, the applicable law of the Claimant's Jurisdiction pursuant to Section 5.2(b)(2) is determined to be the law of a Foreclosed Jurisdiction, shall govern only the rights between the Asbestos PI Trust and the claimant, and, to the extent the Asbestos PI Trust seeks recovery from any entity that provided insurance coverage to Leslie Controls, the law of the Foreclosed Jurisdiction shall govern.

(3) Scheduled, Average and Maximum Values. The Scheduled, Average and Maximum Values for claims involving Disease Levels I-VII shall be as follows:

Leslie Powerhouse and Below-Deck Naval Station Claims:			
Scheduled Disease	**Scheduled Value**	**Average Value**	**Maximum Value**
Mesothelioma (Level VII)	100,000	140,000	350,000
Lung Cancer 1 (Level VI)	25,000	35,000	125,000
Lung Cancer 2 (Level V)	N/A	18,000	22,000
Other Cancer (Level IV)	15,000	17,500	25,500
Severe Asbestosis (Level III)	17,500	20,000	30,000
Asbestosis/Pleural Disease (Level II)	4,500	4,500	4,500
Asbestosis/Pleural Disease (Level I)	1,500	1,500	1,500

Leslie Construction and Maintenance Claims:			
Scheduled Disease	**Scheduled Value**	**Average Value**	**Maximum Value**
Mesothelioma (Level VII)	25,000	30,000	125,000
Lung Cancer 1 (Level VI)	7,500	10,000	37,500
Lung Cancer 2 (Level V)	N/A	5,000	10,000

Other Cancer (Level IV)	5,000	7,500	15,000
Severe Asbestosis (Level III)	6,000	8,000	17,500
Asbestosis/Pleural Disease (Level II)	1,250	1,250	1,250
Asbestosis/Pleural Disease (Level I)	500	500	500

The foregoing Scheduled Values, Average Values and Maximum Values shall apply to all Asbestos PI Claims filed with the Asbestos PI Trust on or before the Initial Claims Filing Date as provided in Section 5.1 above. With respect to Asbestos PI Claims filed after such date, the Asbestos PI Trust, with the consent of the Asbestos PI Trust Advisory Committee and the Future Claimants' Representative pursuant to Sections 6.7(b) and 7.7(b) of the Asbestos PI Trust Agreement may change these value amounts for good cause and consistent with any other restrictions on the power to amend or modify these Asbestos PI Trust Distribution Procedures.

(4) Claims Processing under Individual Review. At the conclusion of the Individual Review Process, the Asbestos PI Trust shall: (i) determine the liquidated value, if any, of the claim, and (ii) advise the claimant of its determination. If the Asbestos PI Trust establishes a liquidated value, it shall tender to the claimant an offer of payment of the determined value multiplied by the applicable Payment Percentage, together with a form of release approved by the Asbestos PI Trust. If the claimant accepts such offer, including such liquidated value, and returns the release properly executed, the claim shall be placed in the FIFO Payment Queue, following which the Asbestos PI Trust shall make payment on the claim subject to the limitations, if any, of the Maximum Annual Payment and Claims Payment Ratio.

5.3 Categorizing Claims as Extraordinary and/or Exigent.

(a) Extraordinary Claims. "Extraordinary Claim" means an Asbestos PI Claim that otherwise satisfies the Medical Criteria for Disease Levels III - VII, and that is held by a claimant whose exposure to asbestos was at least 75% the result of exposure to asbestos-

containing product, or to conduct that exposed the claimant to an asbestos-containing product, for which Leslie Controls has legal responsibility, and there is little likelihood of a substantial recovery elsewhere. All such Extraordinary Claims shall be presented for Individual Review and, if valid, shall be entitled to a liquidation value of up to a maximum extraordinary value of five (5) times the Scheduled Value set forth in Section 5.2(b)(3) for claims qualifying for Disease Levels III - IV, VI and VII, and five (5) times the Average Value set forth in Section 5.2(b)(3) for claims in Disease Level V, multiplied by the applicable Payment Percentage.

Any dispute as to Extraordinary Claim status shall be submitted to a special panel established by the Asbestos PI Trust with the consent of the Asbestos PI Trust Advisory Committee and the Future Claimants' Representative (the "Extraordinary Claims Panel"). All decisions of the Extraordinary Claims Panel shall be final and not subject to any further administrative or judicial review. An Extraordinary Claim, following its liquidation, shall be placed in the FIFO Payment Queue ahead of all other Asbestos PI Claims, except Exigent Claims (as defined in Section 5.3(b) below), based on its date of liquidation and shall be subject to the Maximum Annual Payment and Claims Payment Ratio described above.

(b) Exigent Claims. At any time the Asbestos PI Trust may liquidate and pay Asbestos PI Claims that qualify as Exigent Health Claims or Exigent Hardship Claims (together, "Exigent Claims") as defined below. Exigent Claims may be considered separately under the Individual Review Process no matter what the order of processing otherwise would have been under these Asbestos PI Trust Distribution Procedures. An Exigent Claim, following its liquidation, shall be placed first in the FIFO Payment Queue ahead of all other Asbestos PI Claims and shall be subject to the Maximum Annual Payment and Claims Payment Ratio described above.

(1) Exigent Health Claims. An Asbestos PI Claim qualifies for payment as an Exigent Health Claim if the claim meets the Medical/Exposure Criteria for Mesothelioma (Disease Level VII) and the claimant is living when the claim is filed. A claim in Disease Levels III-VI qualifies as an Exigent Health Claim if the claim meets the Medical/Exposure Criteria for the Disease Level, and the claimant provides a declaration or affidavit made under penalty of perjury by a physician who has examined the claimant within one hundred twenty (120) days of the date of declaration or affidavit in which the physician states (a) that there is substantial medical doubt that the claimant will survive beyond six (6) months from the date of the declaration or affidavit, and (b) that the claimant's terminal condition is caused by the relevant asbestos-related disease.

(2) Exigent Hardship Claims. An Asbestos PI Claim qualifies for payment as an Exigent Hardship Claim if the claim meets the Medical/Exposure Criteria for Severe Asbestosis (Disease Level III) or an asbestos-related malignancy (Disease Levels IV - VII), and the Asbestos PI Trust, in its sole discretion, determines (i) that the claimant needs immediate financial assistance based on the claimant's expenses and all sources of available income, and (ii) that there is a causal connection between the claimant's dire financial condition and the claimant's asbestos-related disease.

5.4 Secondary Exposure Claims. If a claimant alleges an asbestos-related disease resulting solely from exposure to an occupationally exposed person, such as a family member, the claimant must seek Individual Review of his or her claim pursuant to Section 5.2(b) above. In such a case, the claimant must establish that the occupationally exposed person would have met the exposure requirements under these Asbestos PI Trust Distribution Procedures that would have been applicable had that person filed a direct claim against the Asbestos PI Trust. In

addition, the claimant with secondary exposure must establish that he or she is suffering from one of the seven Disease Levels described in Section 5.2(a)(3) above or an asbestos-related disease otherwise compensable under these Asbestos PI Trust Distribution Procedures, that his or her own exposure to the occupationally exposed person occurred within the same time frame as the occupationally exposed person was exposed to asbestos-containing products or conduct for which Leslie Controls has legal responsibility, and that such secondary exposure was a cause of the claimed disease. All other liquidation and payment rights and limitations under these Asbestos PI Trust Distribution Procedures shall be applicable to such claims, including the right to elect Scheduled Value.

5.5 Indirect Asbestos PI Claims. Indirect Asbestos PI Claims asserted against the Asbestos PI Trust shall be treated as valid and paid by the Asbestos PI Trust subject to the applicable Payment Percentage (and all other limitations applicable to direct claims hereunder) if (a) such claim satisfied the requirements of the Bar Date for such claims established by the Bankruptcy Court, if applicable, and is not otherwise disallowed by Section 502(e) of the Code or subordinated under Section 509(c) of the Code, and (b) the holder of such claim (the "Indirect Claimant") establishes to the satisfaction of the Asbestos PI Trustee that (i) the Indirect Claimant has paid in full the liability and obligation of the Asbestos PI Trust to the individual claimant to whom the Asbestos PI Trust would otherwise have had a liability or obligation under these Asbestos PI Trust Distribution Procedures (the "Direct Claimant") (and which has not been paid by the Asbestos PI Trust), (ii) the Direct Claimant and the Indirect Claimant have forever and fully released the Asbestos PI Trust and the Asbestos Protected Parties from all liability to the Direct Claimant and the Indirect Claimant, and (iii) the claim is not otherwise barred by a statute of limitations or repose or by other applicable law. In no event shall any Indirect Claimant have

any rights against the Asbestos PI Trust superior to the rights of the related Direct Claimant against the Asbestos PI Trust, including any rights with respect to the timing, amount or manner of payment. In addition, no Indirect Asbestos PI Claim may be liquidated and paid in an amount that exceeds what the Indirect Claimant has actually paid the related Direct Claimant in respect of such Direct Claimant's claim for which the Asbestos PI Trust would have liability.

In addition, to establish a presumptively valid Indirect Asbestos PI Claim, the Indirect Claimant's aggregate liability for the Direct Claimant's claim must also have been fixed, liquidated and paid fully by the Indirect Claimant by settlement (with an appropriate full release in favor of the Asbestos PI Trust and the Asbestos Protected Parties) or a Final Order, provided that such claim is valid under the applicable state law. In any case where the Indirect Claimant has satisfied the claim of a Direct Claimant against the Asbestos PI Trust under applicable law by way of a settlement, the Indirect Claimant shall obtain for the benefit of the Asbestos PI Trust and the Asbestos Protected Parties a release in form and substance satisfactory to the Asbestos PI Trustee.

If an Indirect Claimant cannot meet the presumptive requirements set forth above, including the requirement that the Indirect Claimant provide the Asbestos PI Trust and the Asbestos Protected Parties with a full release of the Direct Claimant's claim, the Indirect Claimant may request that the Asbestos PI Trust review the Indirect Asbestos PI Claim individually to determine whether the Indirect Claimant can establish under applicable state law that the Indirect Claimant has paid all or a portion of a liability or obligation that the Asbestos PI Trust had to the Direct Claimant as of the date the indirect claim was filed with the Asbestos PI Trust. If the Indirect Claimant can show that it has paid all or a portion of such a liability or obligation, the Asbestos PI Trust shall reimburse the Indirect Claimant the amount of the liability

or obligation so paid, times the then applicable Payment Percentage. However, in no event shall such reimbursement to the Indirect Claimant be greater than the amount to which the Direct Claimant would have otherwise been entitled under these Asbestos PI Trust Distribution Procedures. Further, the liquidated value of any Indirect Asbestos PI Claim paid by the Asbestos PI Trust to an Indirect Claimant shall be treated as an offset to or reduction of the full liquidated value of any Asbestos PI Claim that might be subsequently asserted by the Direct Claimant against the Asbestos PI Trust.

Any dispute between the Asbestos PI Trust and an Indirect Claimant over whether the Indirect Claimant has a right to reimbursement for any amount paid to a Direct Claimant shall be subject to the ADR Procedures. If such dispute is not resolved under the ADR Procedures, the Indirect Claimant may litigate the dispute in the tort system pursuant to Sections 5.10 and 7.6 below.

Indirect Asbestos PI Claims that have not been disallowed, discharged, or otherwise resolved by prior order of the Bankruptcy Court shall be processed in accordance with procedures to be developed and implemented by the Asbestos PI Trustee consistent with the provisions of this Section 5.5, which procedures (a) shall determine the validity, allowability and enforceability of such claims, and (b) shall otherwise provide the same liquidation and payment procedures and rights to the holders of such claims as the Asbestos PI Trust would have afforded the holders of the underlying valid Asbestos PI Claims. Nothing in these Asbestos PI Trust Distribution Procedures is intended to preclude a trust to which asbestos-related liabilities are channeled from asserting an Indirect Asbestos PI Claim against the Asbestos PI Trust subject to the requirements set forth herein.

5.6 Evidentiary Requirements.

(a) Medical Evidence.

(1) In General. All diagnoses of a Disease Level shall be accompanied by either (i) a statement by the physician providing the diagnosis that at least 10 years have elapsed between the date of first exposure to asbestos or asbestos-containing products and the diagnosis, or (ii) a history of the claimant's exposure sufficient to establish a 10-year latency period.[9]

(A) Disease Levels I - III. Except for asbestos claims filed against Leslie Controls or any other defendant in the tort system prior to the Commencement Date, all diagnoses of a non-malignant asbestos-related disease (Disease Levels I - III) shall be based in the case of a claimant who was living at the time the claim was filed, upon a physical examination of the claimant by the physician providing the diagnosis of the asbestos-related disease. All living claimants must also provide: (i) for Disease Levels I - II, evidence of Bilateral Asbestos-Related Nonmalignant Disease (as defined in Footnote 4 above), (ii) for Disease Level III, an ILO[10] reading of 2/1 or greater or pathological evidence of asbestosis, and (iii) for Disease Levels II and III, pulmonary function testing.[11] A finding by a physician after the Effective Date that a claimant's

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[9] All diagnoses of Asbestosis/Pleural Disease (Disease Levels I, II and III) not based on pathology shall be presumed to be based on findings of bilateral asbestosis or pleural disease, and all diagnoses of Mesothelioma (Disease Level VII) shall be presumed to be based on findings that the disease involves a malignancy. However, the Asbestos PI Trust may rebut such presumptions.

[10] See note 7 above.

[11] "Pulmonary function testing" or "PFT" shall mean testing that is in material compliance with the quality criteria established by the American Thoracic Society ("ATS") and is performed on equipment which is in material compliance with ATS standards for technical quality and calibration. PFT performed in a hospital accredited by the JCAHO (as defined in Section 5.6(a)(1)(B) below), or performed, reviewed or supervised by a board certified pulmonologist or other Qualified Physician shall be presumed to comply with ATS standards, and the claimant may submit a summary report of the testing. If the PFT was not performed in a JCAHO-accredited hospital, or

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disease is "consistent with" or "compatible with" asbestosis will not alone be treated by the Asbestos PI Trust as a diagnosis.

In the case of a claimant who was deceased at the time the claim was filed, all diagnoses of a non-malignant asbestos-related disease (Disease Levels I - III) shall be based upon either (i) a physical examination of the claimant by the physician providing the diagnosis of the asbestos-related disease, or (ii) pathological evidence of the non-malignant asbestos-related disease, or (iii) in the case of Disease Levels I and II, evidence of Bilateral Asbestos-Related Nonmalignant Disease (as defined in Footnote 4 above), and for Disease Level III, either an ILO[12] reading of 2/1 or greater or pathological evidence of asbestosis, or (iv) for either Disease Level II or III, pulmonary function testing.

(B) Disease Levels IV - VII. All diagnoses of an asbestos-related malignancy (Disease Levels IV - VII) shall be based upon either (i) a physical examination of the claimant by the physician providing the diagnosis of the asbestos-related disease, or (ii) a diagnosis of such a malignant Disease Level by a board-certified pathologist or by a pathology report prepared at or on behalf of a hospital accredited by the Joint Commission on Accreditation of Healthcare Organizations ("JCAHO").

(C) Exception to the Exception for Certain Pre-Petition Asbestos PI Claims. If the holder of an Asbestos PI Claim that was filed against Leslie

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performed, reviewed or supervised by a board certified pulmonologist or other Qualified Physician, the claimant must submit the full report of the testing (as opposed to a summary report); provided, however, that if the PFT was conducted prior to the Effective Date and the full PFT report is not available, the claimant must submit a declaration signed by a Qualified Physician or other party who is qualified to make a certification regarding the PFT, in the form provided by the Asbestos PI Trust, certifying that the PFT was conducted in material compliance with ATS standards.

[12] See note 6 above.

Controls or any other defendant in the tort system prior to the Commencement Date has available a report of a diagnosing physician engaged by the holder or his or her law firm who conducted a physical examination of the holder as described in Section 5.6(a)(1)(A), or if the holder has filed such medical evidence and/or a diagnosis of the asbestos-related disease by a physician not engaged by the holder or his or her law firm who conducted a physical examination of the holder with another asbestos-related personal injury settlement trust that requires such evidence, without regard to whether the claimant or the law firm engaged the diagnosing physician, the holder shall provide such medical evidence to the Asbestos PI Trust notwithstanding the exception in Section 5.6(a)(1)(A).

(2) Credibility of Medical Evidence. Before making any payment to a claimant, the Asbestos PI Trust must have reasonable confidence that the medical evidence provided in support of the claim is credible and consistent with recognized medical standards. The Asbestos PI Trust may require the submission of X-rays, CT scans, detailed results of pulmonary function tests, laboratory tests, tissue samples, results of medical examination or reviews of other medical evidence, and may require that medical evidence submitted comply with recognized medical standards regarding equipment, testing methods and procedures to assure that such evidence is reliable. Medical evidence (i) that is of a kind shown to have been received in evidence by a state or federal judge at trial, (ii) that is consistent with evidence submitted to Leslie Controls for settlement purposes for payment of similar disease cases prior to Leslie Controls' bankruptcy, or (iii) that is a diagnosis by a physician shown to have previously qualified as a medical expert with respect to the asbestos-related disease in question before a state or federal judge using the same methodology and standard, is presumptively reliable, although the Asbestos PI Trust may seek to rebut the presumption. Notwithstanding the

foregoing or any other provision of these Asbestos PI Trust Distribution Procedures, any medical evidence submitted by a physician or entity that the Asbestos PI Trust has determined, after consulting with the Asbestos PI Trust Advisory Committee and the Future Claimants' Representative, to be unreliable shall not be acceptable as medical evidence in support of any Asbestos PI Claim.

In addition, claimants who otherwise meet the requirements of these Asbestos PI Trust Distribution Procedures for payment of an Asbestos PI Claim shall be paid irrespective of the results in any litigation at any time between the claimant and any other defendant in the tort system. However, any relevant evidence submitted in a proceeding in the tort system, other than any findings of fact, a verdict, or a judgment, involving another defendant may be introduced by either the claimant or the Asbestos PI Trust in any Individual Review proceeding conducted pursuant to 5.2 (b) or any Extraordinary Claim proceeding conducted pursuant to 5.3(a).

(b) Exposure Evidence.

(1) In General. As set forth above in Section 5.2(a)(3), to qualify for any Disease Level, the claimant must demonstrate a minimum exposure to asbestos-containing products, or to conduct that exposed the claimant to an asbestos-containing product, for which Leslie Controls has legal responsibility. Claims based on conspiracy theories that involve no exposure to an asbestos-containing product sold, distributed, marketed, handled, processed or manufactured by Leslie Controls are not compensable under these Asbestos PI Trust Distribution Procedures. To meet the presumptive exposure requirements of Expedited Review set forth in Section 5.2 (a)(3) above, the claimant must show (i) for all Disease Levels, Leslie Controls Exposure as defined in Section 5.6(b)(3) below prior to December 31, 1986, (ii) for Asbestos/Pleural Disease Level I, six (6) months Leslie Controls Exposure prior to December 31,

1986 plus five (5) years cumulative occupational asbestos exposure, and (iii) for Asbestosis/Pleural Disease (Disease Level II), Severe Asbestosis (Disease Level III), Other Cancer (Disease Level IV) or Lung Cancer 1 (Disease Level VI), the claimant must show six (6) months of Leslie Controls Exposure prior to December 31, 1986, plus Significant Occupational Exposure to asbestos as defined below. If a claimant asserting a claim in Disease Level III, IV, V, VI or VII cannot meet the relevant presumptive exposure requirements for a Disease Level eligible for Expedited Review, such claimant may seek Individual Review of his or her claim based on exposure to asbestos-containing products, or to conduct that exposed the claimant to an asbestos-containing product, for which Leslie Controls has legal responsibility.

(2) Significant Occupational Exposure. "Significant Occupational Exposure" means employment for a cumulative period of at least five (5) years, with a minimum of two (2) years prior to December 31, 1986, in an industry and an occupation in which the claimant (a) handled raw asbestos fibers on a regular basis, (b) fabricated asbestos-containing products so that the claimant in the fabrication process was exposed on a regular basis to raw asbestos fibers, (c) altered, repaired or otherwise worked with an asbestos-containing product such that the claimant was exposed on a regular basis to asbestos fibers, or (d) was employed in an industry and occupation such that the claimant worked on a regular basis in close proximity to workers engaged in the activities described in (a), (b) and/or (c).

(3) Leslie Controls Exposure. The claimant must demonstrate meaningful and credible exposure, which occurred prior to December 31, 1986, (a) to an asbestos-containing product sold, distributed, marketed, handled, processed or manufactured by Leslie Controls or for which Leslie Controls otherwise has legal responsibility, or (b) to conduct for which Leslie Controls has legal responsibility that exposed the claimant to an asbestos-

containing product ("Leslie Controls Exposure"). That meaningful and credible exposure evidence may be established by an affidavit or sworn statement on personal knowledge of the claimant, by an affidavit or sworn statement on personal knowledge of a co-worker or the affidavit or sworn statement on personal knowledge of a family member in the case of a deceased claimant (provided that the Asbestos PI Trust finds such evidence reasonably reliable), by invoices, employment, construction or similar records, or by other credible evidence. The specific exposure information required by the Asbestos PI Trust to process a claim under either Expedited or Individual Review shall be set forth on the proof of claim form to be used by the Asbestos PI Trust. The Asbestos PI Trust can also require submission of other or additional evidence of exposure when it deems such to be necessary.

Evidence submitted to establish proof of Leslie Controls Exposure is for the sole benefit of the Asbestos PI Trust, not third parties or defendants in the tort system. The Asbestos PI Trust has no need for, and therefore claimants are not required to furnish the Asbestos PI Trust with, evidence of exposure to specific asbestos products other than those for which Leslie Controls has legal responsibility, except to the extent such evidence is required elsewhere in these Asbestos PI Trust Distribution Procedures. Similarly, failure to identify Leslie Controls Exposure in the claimant's underlying tort action, or to other bankruptcy trusts, does not preclude the claimant from recovering from the Asbestos PI Trust, provided that the claimant satisfies the medical and exposure requirements of these Asbestos PI Trust Distribution Procedures.

5.7 Claims Audit Program. The Asbestos PI Trust with the consent of the Asbestos PI Trust Advisory Committee and the Future Claimants' Representative may develop methods for auditing the reliability of medical evidence, including additional readings of X-rays and CT scans and verification of pulmonary function tests, as well as the reliability of evidence of

exposure to asbestos, including Leslie Controls Exposure, prior to December 31, 1986. In the event that the Asbestos PI Trust reasonably determines that any individual or entity has engaged in a pattern or practice of providing unreliable medical evidence, it may decline to accept additional evidence from such provider in the future.

Further, in the event that an audit reveals that fraudulent information has been provided to the Asbestos PI Trust, the Asbestos PI Trust may penalize any claimant or claimant's attorney by disallowing the Asbestos PI Claim and/or by other means including, but not limited to, requiring the source of the fraudulent information to pay the costs associated with the audit and any future audit or audits, reordering the priority of payment of all affected claimants' Asbestos PI Claims, raising the level of scrutiny of additional information submitted from the same source or sources, refusing to accept additional evidence from the same source or sources, seeking the prosecution of the claimant or claimant's attorney for presenting a fraudulent claim in violation of 18 U.S.C. §152, and/or seeking sanctions from the Bankruptcy Court.

5.8 Second Disease (Malignancy) Claims. The holder of an Asbestos PI Claim involving a non-malignant asbestos-related disease (Disease Levels I through III) may assert a new Asbestos PI Claim against the Asbestos PI Trust for a malignant disease (Disease Levels IV -VII) that is subsequently diagnosed. Any additional payments to which such claimant may be entitled with respect to such malignant asbestos-related disease shall not be reduced by the amount paid for the non-malignant asbestos-related disease, provided that the malignant disease had not been diagnosed at the time the claimant was paid with respect to his or her original claim involving the non-malignant disease.

5.9 Arbitration.

(a) Establishment of ADR Procedures. The Asbestos PI Trust, with the consent of the Asbestos PI Trust Advisory Committee and the Future Claimants' Representative, shall develop and adopt ADR Procedures, which shall provide for pro-bono evaluation, mediation and binding or non-binding arbitration to resolve disputes concerning whether the Asbestos PI Trust's outright rejection or denial of a claim was proper, or whether the claimant's medical condition or exposure history meets the requirements of these Asbestos PI Trust Distribution Procedures for purposes of categorizing a claim involving Disease Levels I - VII. Proceedings under the ADR Procedures shall also be available for resolving disputes over the liquidated value of a claim involving Disease Levels III - VII, as well as disputes over the validity of an Indirect Asbestos PI Claim.

In all arbitrations, the arbitrator shall consider the same medical and exposure evidentiary requirements that are set forth in Section 5.6 above. In the case of an arbitration involving the liquidated value of a claim involving Disease Levels III - VII, the arbitrator shall consider the same valuation factors that are set forth in Section 5.2(b)(2) above. To facilitate the Individual Review Process with respect to claims involving Disease Level III, IV, VI or VII, the Asbestos PI Trust may develop a valuation model that enables it to efficiently make initial settlement offers on such claims. In an arbitration involving any such claim, the Asbestos PI Trust shall not offer into evidence or describe any model or assert that any information generated by the model has any evidentiary relevance or should be used by the arbitrator in determining the presumed correct liquidated value in the arbitration. The underlying data that was used to create the model may be relevant and may be made available to the arbitrator but only if provide do the claimant or his or her counsel ten days prior to the arbitration proceeding. The claimant and his or her

counsel may use the data that is provided by the Asbestos PI Trust in the arbitration and shall agree to otherwise maintain the confidentiality of such information. Any disputes regarding confidentiality shall be resolved by the arbitrator.

With respect to all claims eligible for arbitration, the claimant, but not the Asbestos PI Trust, may elect either non-binding or binding arbitration. The ADR Procedures may be modified by the Asbestos PI Trust with the consent of the Asbestos PI Trust Advisory Committee and the Future Claimants' Representative.

(b) Claims Eligible for Arbitration. In order to be eligible for arbitration on the question of the appropriate liquidated value to be assigned a claim, the Claimant must first complete the Individual Review Process set forth in Section 5.2(b) above, as well as the pro bono evaluation or mediation process set forth in the ADR Procedures, with respect to the disputed issue. Individual Review shall be treated as completed for these purposes when the claim has been individually reviewed, where applicable, by the Asbestos PI Trust, the Asbestos PI Trust has made an offer on the claim, the claimant has rejected the liquidated value resulting from the Individual Review, and the claimant has notified the Asbestos PI Trust of claimant's rejection in writing. Individual Review will also be treated as completed if the Asbestos PI Trust has rejected the claim.

(c) Limitations on and Payment of Arbitration Awards. In the case of a non-Extraordinary Claim involving Disease Levels III - VII, the arbitrator shall not return an award in excess of the Maximum Value for the appropriate Disease Level as set forth in Section 5.2(b)(4) above, and for an Extraordinary Claim involving one of those Disease Levels, the arbitrator shall not return an award greater than the maximum extraordinary value for such a claim as set forth in Section 5.3(a) above. A claimant who submits to binding arbitration will receive payments in

the same manner as one who accepts the Asbestos PI Trust's original valuation of the claim. If a claimant elects non-binding arbitration and both the claimant and the Asbestos PI Trustee agree to be bound by the award therein, then the claimant will receive payments in the same manner as one who accepts the Asbestos PI Trust's original valuation of the claim.

5.10 Litigation. Claimants who elect non-binding arbitration and then reject their arbitral awards retain the right to institute a lawsuit in the tort system against the Asbestos PI Trust pursuant to Section 7.6 below. However, a claimant shall be eligible for payment of a judgment for monetary damages obtained in the tort system from the Asbestos PI Trust's available cash only as provided in Section 7.7 below.

SECTION VI
Claims Materials

6.1 Claims Materials. The Asbestos PI Trust shall prepare suitable and efficient claims materials ("Claims Materials") for all Asbestos PI Claims, and shall provide such Claims Materials upon a written request for such materials to the Asbestos PI Trust. In addition, a separate claim form for Indirect Asbestos PI Claims shall be developed. The proof of claim form to be submitted to the PI Trust shall require the claimant to assert the highest Disease Level for which the claim qualifies at the time of filing. The proof of claim form shall also include a certification by the claimant or his or her attorney sufficient to meet the requirements of Rule 11(b) of the Federal Rules of Civil Procedure. In developing its claim filing procedures, the Asbestos PI Trust shall make every effort to provide claimants with the opportunity to utilize currently available technology in their discretion, including filing claims and supporting documentation over the internet and electronically by disk or CD-rom. The proof of claim form to be used by the Asbestos PI Trust shall be developed by the Asbestos PI Trust and submitted to the Asbestos PI Trust Advisory Committee and the Future Claimants' Representative for

approval; it may be changed by the Asbestos PI Trust with the consent of the Asbestos PI Trust Advisory Committee and the Future Claimants' Representative.

6.2 Content of Claims Materials. The Claims Materials shall include a copy of these Asbestos PI Trust Distribution Procedures, such instructions as the Asbestos PI Trustee shall approve, and a detailed proof of claim form. If feasible, the forms used by the Asbestos PI Trust to obtain claims information shall be the same or substantially similar to those used by other asbestos claims resolution organizations. If requested by the claimant, the Asbestos PI Trust shall accept information provided electronically. The claimant may, but shall not be required to, provide the Asbestos PI Trust with evidence of recovery from other asbestos defendants and claims resolution organizations.

6.3 Withdrawal or Deferral of Claims. A claimant may withdraw an Asbestos PI Claim at any time upon written notice to the Asbestos PI Trust and file another claim subsequently without affecting the status of the claim for statute of limitations purposes, but any such claim filed after withdrawal shall be given a place in the FIFO Processing Queue based on the date of such subsequent filing. Also, a claimant may request that the processing of his or her Asbestos PI Claim by the Asbestos PI Trust be deferred for a period not to exceed three (3) years without affecting the status of the claim for statute of limitations purposes, in which case the claimant shall also retain his or her original place in the FIFO Processing Queue. During the period of such deferral, a sequencing adjustment on such claimant's Asbestos PI Claim as provided in Section 7.5 hereunder shall not accrue and payment thereof shall be deemed waived by the claimant. Except for Asbestos PI Claims held by representatives of deceased or incompetent claimants for which court or probate approval of the Asbestos PI Trust's offer is required, or an Asbestos PI Claim for which deferral status has been granted, a claim shall be

deemed to have been withdrawn if the claimant neither accepts, rejects, nor initiates arbitration within six (6) months of the Asbestos PI Trust's written offer of payment or of rejection of the claim. Upon written request, for good cause, the Asbestos PI Trust may extend the withdrawal or deferral period for an additional six (6) months.

6.4 Filing Requirements and Fees. The Asbestos PI Trustee shall have the discretion to determine, with the consent of the Asbestos PI Trust Advisory Committee and the Future Claimants' Representative, whether a filing fee should be required for any Asbestos PI Claims. Any such requirement shall be applied, within any Category, on a non-discriminatory basis.

6.5 English Language. All claims, claims forms, submissions and evidence submitted to the Asbestos PI Trust or in connection with any claim or its liquidation shall be in the English language.

6.6 Confidentiality of Claimants' Submissions. All submissions to the Asbestos PI Trust by a holder of an Asbestos PI Claim, including the proof of claim form and materials related thereto, shall be treated as made in the course of settlement discussions between the holder and the Asbestos PI Trust and intended by the parties to be confidential and to be protected by all applicable state and federal privileges, including, but not limited to, those directly applicable to settlement discussions. The Asbestos PI Trust shall preserve the confidentiality of such claimant submissions, and shall disclose the contents thereof only with the permission of the holder to another trust established for the benefit of asbestos personal injury claimants pursuant to Section 524(g) and/or Section 105 of the Bankruptcy Code or other applicable law, or to such other persons as authorized by the holder, or in response to a valid subpoena. Furthermore, the Asbestos PI Trust shall provide counsel for the holder a copy of any such subpoena immediately upon being served. The Asbestos PI Trust shall on its own initiative

or upon request of the claimant in question take all necessary and appropriate steps to preserve any and all privileges. Notwithstanding anything in the foregoing to the contrary, with the consent of the Asbestos PI Trust Advisory Committee and the Future Claimants' Representative, the Asbestos PI Trust may, in specific limited instances, disclose information, documents, or other materials reasonably necessary in the Asbestos PI Trust's judgment to preserve, litigate, resolve or settle coverage, or to comply with an applicable obligation under an insurance policy or settlement agreement within the Asbestos Insurance Rights; provided, however, that the Asbestos PI Trust shall take any and all steps reasonably feasible in its judgment to preserve the further confidentiality of such information, documents and materials, and prior to the disclosure of such information, documents or materials to a third party, the Asbestos PI Trust shall receive from such third party a written agreement of confidentiality that (a) ensures that the information, documents and materials provided by the Asbestos PI Trust shall be used solely by the receiving party for the purpose stated in the agreement and (b) prohibits any other use or further dissemination of the information, documents and materials by the third party.

SECTION VII

General Guidelines For Liquidating And Paying Claims

7.1 Showing Required. To establish a valid Asbestos PI Claim, a claimant must meet the requirements set forth in these Asbestos PI Trust Distribution Procedures. The Asbestos PI Trust may require the submission of X-rays, CT scans, laboratory tests, medical examinations or reviews, other medical evidence, or any other evidence to support or verify an Asbestos PI Claim, and may further require that medical evidence submitted comply with recognized medical standards regarding equipment, testing methods, and procedures to assure that such evidence is reliable.

7.2 Costs Considered. Notwithstanding any provisions of these Asbestos PI Trust Distribution Procedures to the contrary, the Asbestos PI Trustee shall always give appropriate consideration to the cost of investigating and uncovering invalid Asbestos PI Claims so that the payment of valid Asbestos PI Claims is not further impaired by such processes with respect to issues related to the validity of the medical evidence supporting an Asbestos PI Claim. The Asbestos PI Trustee shall also have the latitude to make judgments regarding the amount of transaction costs to be expended by the Asbestos PI Trust so that valid Asbestos PI Claims are not unduly further impaired by the costs of additional investigation. Nothing herein shall prevent the Asbestos PI Trustee, in appropriate circumstances, from contesting the validity of any claim against the Asbestos PI Trust whatever the costs, or declining to accept medical evidence from sources that the Asbestos PI Trustee has determined to be unreliable pursuant to the Claims Audit Program described in Section 5.7 above.

7.3 Discretion to Vary the Order and Amounts of Payments in the Event of Limited Liquidity. Consistent with the provisions hereof and subject to the FIFO Processing Queue and the FIFO Payment Queue, the Maximum Annual Payment, and the Claims Payment Ratio requirements set forth above, the Asbestos PI Trustee shall proceed as quickly as possible to liquidate valid Asbestos PI Claims, and shall make payments to holders of such claims in accordance with these Asbestos PI Trust Distribution Procedures promptly as funds become available and as claims are liquidated, while maintaining sufficient resources to pay future valid claims in substantially the same manner.

Because the Asbestos PI Trust's income over time remains uncertain, and decisions about payments must be based on estimates that cannot be done precisely, they may have to be revised in light of experiences over time, and there can be no guarantee of any specific level of payment

to claimants. However, the Asbestos PI Trustee shall use his or her best efforts to treat similar claims in substantially the same manner, consistent with his or her duties as Asbestos PI Trustee, the purposes of the Asbestos PI Trust, the established allocation of funds to claims in Categories A and B, and the practical limitations imposed by the inability to predict the future with precision. In the event that the Asbestos PI Trust faces temporary periods of limited liquidity, the Asbestos PI Trustee may, with the consent of the Asbestos PI Trust Advisory Committee and the Future Claimants' Representative, suspend the normal order of payment and may temporarily limit or suspend payments altogether, and may offer a Reduced Payment Option as described in Section 2.5 above.

7.4 Punitive Damages. Except as provided below for claims asserted under the Alabama Wrongful Death Statute and for claims asserted by a claimant for compensatory damages that would otherwise satisfy the criteria for payment under these Asbestos PI Trust Distribution Procedures but in respect of which the claimant is foreclosed from payment because the governing law of a Foreclosed Jurisdiction (as defined in Section 5.2(b)(2) above) considers the claim to be a claim for "exemplary" or "punitive" damages and in respect of which the claimant would have no other remedy for compensation under the law of the Foreclosed Jurisdiction, in determining the value of any liquidated or unliquidated Asbestos PI Claim, punitive or exemplary damages, i.e., damages other than compensatory damages, shall not be considered or allowed, notwithstanding their availability in the tort system. Similarly, no punitive or exemplary damages shall be payable with respect to any claim litigated against the Asbestos PI Trust in the tort system pursuant to Sections 5.10 above and 7.6 below. The only damages that may be awarded pursuant to these Asbestos PI Trust Distribution Procedures to Alabama Claimants who are deceased and whose personal representatives pursue their claims

only under the Alabama Wrongful Death Statute shall be compensatory damages determined pursuant to the statutory and common law of the Commonwealth of Pennsylvania, without regard to its choice of law principles. The choice of law provision in this Section 7.4 applicable to any claim with respect to which, but for this choice of law provision, the applicable law of the Claimant's Jurisdiction pursuant to Section 5.2(b)(2) is determined to be the Alabama Wrongful Death Statute, shall only govern the rights between the Asbestos PI Trust and the claimant including, but not limited to, suits in the tort system pursuant to Section 7.6, and to the extent the Asbestos PI Trust seeks recovery from any entity that provided insurance to Leslie Controls, the Alabama Wrongful Death Statute shall govern.

The only damages that may be awarded pursuant to these Asbestos PI Trust Distribution Procedures for claims asserted by a claimant for compensatory damages that would otherwise satisfy the criteria for payment under these Asbestos PI Trust Distribution Procedures, but in respect of which the claimant is foreclosed from payment because the governing law of a Foreclosed Jurisdiction describes the claim as a claim for "exemplary" or "punitive" damages and the claimant would have no other remedy for compensation under the law of the Foreclosed Jurisdiction, shall be compensatory damages determined pursuant to the statutory and common law of the Commonwealth of Pennsylvania, without regard to its choice of law principles. The choice of law provision in this Section 7.4 applicable to any claim with respect to which, but for this choice of law provision, the applicable law of the Claimant's Jurisdiction pursuant to Section 5.2(b)(2) is determined to be the law of the Foreclosed Jurisdiction, shall govern only the rights between the Asbestos PI Trust and the claimant including, but not limited to, suits in the tort system pursuant to Section 7.6, and to the extent the Asbestos PI Trust seeks recovery from any

entity that provided insurance to Leslie Controls, the law of the Foreclosed Jurisdiction shall govern.

7.5 Sequencing Adjustments.

(a) In General. Subject to the limitations set forth below, a sequencing adjustment shall be paid on all Asbestos PI Claims with respect to which the claimant has had to wait a year or more for payment, provided, however, that no claimant shall receive a sequencing adjustment for a period in excess of seven (7) years on an unliquidated Asbestos PI Claim. The sequencing adjustment factor shall be 4.5% per annum for each of the first five (5) years after the Effective Date; thereafter, the Asbestos PI Trust shall have the discretion to change the annual sequencing adjustment factor with the consent of the Asbestos PI Trust Advisory Committee and the Future Claimants' Representative.

(b) Unliquidated Asbestos PI Claims. A sequencing adjustment shall be payable on the Scheduled Value of any unliquidated Asbestos PI Claim that meets the requirements of Disease Levels I - IV, VI and VII, whether the claim is liquidated under Expedited Review, Individual Review, or by arbitration. No sequencing adjustment shall be available to or paid on any claim liquidated in the tort system pursuant to Section 5.10 above and Section 7.6 below. The sequencing adjustment on an unliquidated Asbestos PI Claim that meets the requirements of Disease Level V shall be based on the liquidated value of such claim. Sequencing adjustments on all such unliquidated claims shall be measured from the date of payment back to the date that is one (1) year after the date on which the claim was placed in the FIFO Payment Queue, subject to the limitation that no claimant shall receive a sequencing adjustment for a period in excess of seven (7) years.

7.6 Suits in the Tort System. If the holder of a disputed claim disagrees with the Asbestos PI Trust's determination regarding the Disease Level of the claim, the claimant's exposure history or the liquidated value of the claim, and if the holder has first submitted the claim to non-binding arbitration as provided in Section 5.9 above, the holder may file a lawsuit in the Claimant's Jurisdiction as defined in Section 5.2 (b)(2) above. Any such lawsuit must be filed by the claimant in his or her own right and name and not as a member or representative of a class, and no such lawsuit may be consolidated with any other lawsuit. All defenses (including, with respect to the Asbestos PI Trust, all defenses which could have been asserted by Leslie Controls) shall be available to both sides at trial; however, the Asbestos PI Trust may waive any defense and/or concede any issue of fact or law. If the claimant was alive at the time the initial pre-petition complaint was filed or the proof of claim form was filed with the Asbestos PI Trust, the case shall be treated as a personal injury case with all personal injury damages to be considered even if the claimant has died during the pendency of the claim.

7.7 Payment of Judgments for Money Damages. If and when a claimant obtains a judgment in the tort system, the claim shall be placed in the FIFO Payment Queue based on the date on which the judgment became final. Thereafter, the claimant shall receive from the Asbestos PI Trust an initial payment (subject to the applicable Payment Percentage, the Maximum Annual Payment, and the Claims Payment Ratio provisions set forth above) of an amount equal to the greater of (i) the Asbestos PI Trust's last offer to the claimant, or (ii) the award that the claimant declined in non-binding arbitration; provided, however, that in no event shall such payment amount exceed the amount of the judgment obtained in the tort system. The claimant shall receive the balance of the judgment, if any, in five (5) equal installments in years six (6) through ten (10) following the year of the initial payment (also subject to the applicable

Payment Percentage, the Maximum Annual Payment and the Claims Payment Ratio provisions above in effect on the date of the payment of the subject installment).

In the case of non-Extraordinary claims involving Disease Levels III - VII, the total amounts paid with respect to such claims shall not exceed the Maximum Values for such Disease Levels set forth in Section 5.2(b)(3). In the case of Extraordinary Claims, the total amounts paid with respect to such claims shall not exceed the maximum extraordinary values for such claims set forth in Section 5.3 above. Under no circumstances shall (a) sequencing adjustments be paid pursuant to Section 7.5, or (b) interest be paid under any statute on any judgments obtained in the tort system.

7.8 Releases. The Asbestos PI Trustee shall have the discretion to determine the form and substance of the releases to be provided to the Asbestos PI Trust and the Asbestos Protected Parties in order to maximize recovery for claimants against other tortfeasors without increasing the risk or amount of claims for indemnification or contribution from the Asbestos PI Trust or the Asbestos Protected Parties with respect to the Asbestos PI Claim. As a condition to making any payment to a claimant, the Asbestos PI Trust shall obtain, for the benefit of the Asbestos PI Trust and the Asbestos Protected Parties, a general, partial, or limited release as appropriate in accordance with the applicable state or other law. If allowed by state law, the endorsing of a check or draft for payment by or on behalf of a claimant may, in the discretion of the Asbestos PI Trust, constitute such a release.

7.9 Third-Party Services. Nothing in these Asbestos PI Trust Distribution Procedures shall preclude the Asbestos PI Trust from contracting with another asbestos claims resolution organization to provide services to the Asbestos PI Trust so long as decisions about the categorization and liquidated value of Asbestos PI Claims are based on the relevant provisions of

these Asbestos PI Trust Distribution Procedures, including the Disease Levels, Scheduled Values, Average Values, Maximum Values, and Medical/Exposure Criteria set forth above.

7.10 Asbestos PI Trust Disclosure of Information. Periodically, but not less often than once a year, the Asbestos PI Trust shall make available to claimants and other interested parties, the number of claims by Disease Levels that have been resolved both by the Individual Review Process and by arbitration as well as by litigation in the tort system indicating the amounts of the awards and the averages of the awards by jurisdiction.

SECTION VIII
Miscellaneous

8.1 Amendments. Except as otherwise provided herein, the Asbestos PI Trustee may amend, modify, delete, or add to any provisions of these Asbestos PI Trust Distribution Procedures (including, without limitation, amendments to conform these Asbestos PI Trust Distribution Procedures to advances in scientific or medical knowledge or other changes in circumstances), provided he or she first obtains the consent of the Asbestos PI Trust Advisory Committee and the Future Claimants' Representative pursuant to the Consent Process set forth in Sections 6.7(b) and 7.7(b) of the Asbestos PI Trust Agreement, except that the right to amend the Claims Payment Ratio is also governed by the restrictions in Section 2.5 above, and the right to adjust the Payment Percentage is also governed by Section 4.2 above. Nothing herein is intended to preclude the Asbestos PI Trust Advisory Committee or the Future Claimants' Representative from proposing to the Asbestos PI Trustee, in writing, amendments to these Asbestos PI Trust Distribution Procedures. Any amendment proposed by the Asbestos PI Trust Advisory Committee or the Future Claimants' Representative shall remain subject to Section 8.3 of the Asbestos PI Trust Agreement.

8.2 Severability. Should any provision contained in these Asbestos PI Trust Distribution Procedures be determined to be unenforceable, such determination shall in no way limit or affect the enforceability and operative effect of any and all other provisions of these Asbestos PI Trust Distribution Procedures. Should any provision contained in these Asbestos PI Trust Distribution Procedures be determined to be inconsistent with or contrary to Leslie Controls' obligations to any insurance company providing insurance coverage to Leslie Controls in respect of claims for personal injury based on exposure to an asbestos-containing product, or to conduct that exposed the claimant to an asbestos-containing product, for which Leslie Controls has legal responsibility or products containing asbestos for which Leslie Controls has legal responsibility, the Asbestos PI Trust, with the consent of the Asbestos PI Trust Advisory Committee and the Future Claimants' Representative, may amend these Asbestos PI Trust Distribution Procedures and/or the Asbestos PI Trust Agreement to make the provisions of either or both documents consistent with the duties and obligations of Leslie Controls to said insurance company.

8.3 Governing Law. Except for purposes of determining the liquidated value of any Asbestos PI Claim, administration of these Asbestos PI Trust Distribution Procedures shall be governed by, and construed in accordance with, the laws of the State of Delaware. The law governing the liquidation of Asbestos PI Claims in the case of Individual Review, mediation, arbitration or litigation in the tort system shall be the law of the Claimant's Jurisdiction as described in Section 5.2 (b)(2) above.

8.4 Administration of Asbestos PI Trust Assets with Other Comparable Trusts. In order to efficiently administer the Asbestos PI Trust Assets, the Asbestos PI Trustee may determine, with the consent of the Asbestos PI Trust Advisory Committee and the Future

Claimants' Representative, to provide for the administration of the Asbestos PI Trust Assets and/or these Asbestos PI Trust Distribution Procedures by or in conjunction with another trust or trusts established under Section 524(g) of the Bankruptcy Code, provided, however, that appropriate accounting, trust and other procedures shall be adopted and followed to ensure that the Asbestos PI Trust's *res* is maintained separate and segregated from any other trust's assets or *res* and the Asbestos PI Trust's value can be separately ascertained at all appropriate times.

Exhibit 27

Expert Report of Matthew Diaz, dated February 12, 2021

Filed Provisionally Under Seal Per Agreed Protective Order Governing Confidential Information

Exhibit 28

Expert Report of Laureen M. Ryan, dated February 5, 2021

Filed Provisionally Under Seal Per Agreed Protective Order Governing Confidential Information

Exhibit 29

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re: MALLINCKRODT PLC, *et al.*,[1] Debtors.	Chapter 11 Case No. 20-12522 (JTD) (Jointly Administered)
MALLINCKRODT PLC, *et al.*, Plaintiffs, v. State of Connecticut, *et al.*,[2] Defendants.	Adv. Pro. No. 20-50850 (JTD) **Re: Adv. D.I. 184**

MEMORANDUM ORDER

Debtors filed this Adversary Proceeding seeking a preliminary injunction extending the automatic stay to certain actions filed in various state and federal courts against the Debtors and certain third parties. [Adv. D.I. 1, 2, 16]. The actions included one brought by the Canadian Elevator Industry Pension Trust Fund (the "Trust") against the Debtors and certain current and former officers and directors of the Debtors. The Trust opposed the injunction. [Adv. D.I. 104]. Following a three-day hearing, I issued an oral ruling granting the preliminary injunction on November 23, 2020. [Adv. D.I. 168]. An order giving effect to the ruling was entered on December 4, 2020. [Adv. D.I. 180]. The Trust filed a Motion for Reconsideration (the

[1] A complete list of the Debtors in these chapter 11 cases may be obtained on the website of the Debtors' claims and noticing agent at http://restructuring.primeclerk.com/Mallinckrodt. The Debtors' mailing address is 675 McDonnell Blvd., Hazelwood, Missouri 63042.

[2] A complete list of the Defendants is set forth in the caption of the Debtors' *Amended Adversary Complaint for Injunctive Relief Pursuant to 11 U.S.C. § 105* [Adv. D.I. 15] ("Amended Complaint") and in Exhibits 1 and 2 thereto.

"Motion") on December 14, 2020 asserting that the Debtors had taken inconsistent positions regarding certain director and officer insurance policies (the "D&O Policies") and, therefore, the injunction was based upon a misapprehension of a material fact. [Adv. D.I. 184]. In the event the Motion is denied, the Trust seeks clarification that the preliminary injunction period began to run on November 23, 2020 rather than December 4, 2020 when the order was entered on the docket. [*Id*.]. For the reasons detailed below the Motion is denied. In addition, the injunction period began to run upon entry of the order, not the oral ruling.

JURISDICTION

The Court has subject matter jurisdiction over this adversary proceeding pursuant to 28 U.S.C. § 1334(b). This matter is a core proceeding pursuant to 28 U.S.C. § 157(b)(2). Venue is proper pursuant to 28 U.S.C. § 1409(a).

BACKGROUND

On October 12, 2020, the Debtors filed voluntary chapter 11 petitions in this Court. [D.I. 1]. Simultaneously, the Debtors commenced this adversary proceeding seeking a preliminary injunction extending the automatic stay to certain government lawsuits. [Adv. D.I. 2 at ¶1]. On October 22, 2020, the Debtors filed a Supplemental Motion also seeking a preliminary injunction extending the automatic stay to non-debtor entities and individuals who are co-defendants with the Debtors in certain actions. [Adv. D.I. 16 at ¶1]. The Supplement Motion included *Strougo v. Mallinckrodt plc, et al.*, No. 20-10100 (D.N.J.). The Trust opposed the injunction through a letter filed on the docket [Adv. D.I. 104] which I treated as an objection and addressed in my November 23, 2020 ruling. [Adv. D.I. 168 at 43:8-12].

A hearing on the motions for preliminary injunctions was held on November 16, 17, and 18, 2020. After taking the matter under advisement, I issued an oral ruling granting the

preliminary injunction on November 23, 2020, overruling all objections. [*Id*. at 43:8-12, 44:6-10]. The order giving effect to the ruling was entered on the docket on December 4, 2020. [Adv. D.I. 180]. The Trust filed this Motion on December 14, 2020. [Adv. D.I. 184]. The Debtors responded, opposing the Motion [Adv. D.I. 192] and the Trust filed a reply in further support. [Adv. D.I. 193].

STANDARD OF REVIEW

The Trust brings this Motion for Reconsideration pursuant to the Federal Rules of Bankruptcy Procedure 9023 and 9024 which incorporate the Federal Rules of Civil Procedure 59 and 60 by reference. Fed. R. Bankr. P. 9023, 9024. Since the Motion is styled as a motion for reconsideration, I will analyze the Motion as one under Rules 9023 and 59.

"A motion for reconsideration under Rule 9023 may be granted where (i) there has been an intervening change in controlling law; (ii) new evidence has become available; or (iii) there is a need to prevent manifest injustice or to correct a clear error of fact or law." *In re Energy Future Holdings Corp.*, 575 B.R. 616, 628 (Bankr. D. Del. 2017). To support an order for reconsideration there must be a "finding that the error is plain and indisputable...amount[ing] to a complete disregard of the controlling law or the credible evidence in the record." *Id*. at 629 (alteration in original) (citation omitted).

DISCUSSION

The Trust alleges that the Debtors presented facts that were "incomplete and confusing" and my reliance on such facts resulted in a clear error. [Adv. D.I. 185 at 7, 9]. They assert that the preliminary injunction was based solely on a finding that the D&O Policies are property of the estate and that continuation of the *Strougo* action would deplete those assets. [*Id*. at 7]. They argue that this determination is incorrect because the Debtors' officers and directors asserted in a

separate filing that the proceeds of the D&O Policies are not property of the estate and that inconsistent treatment of the D&O Policies is irreconcilable. [*Id*. at 8].

The Trust's argument fails on two fronts. First, the allegedly inconsistent treatment of the D&O Policies is reconcilable. I granted the limited motion of the directors and officers to access the D&O Policies "solely to the extend necessary to permit the underwriters to pay and/or to advance the *defense costs* up to the amount of $500,138.55 incurred by the directors and officers in connection with the *Strougo* Action before the date of this Order." [D.I. 895 at ¶2]. Nothing in the order states or implies that the D&O Policies or their proceeds are not property of the estate or that depletion of them would not cause irreparable harm. Rather, the order is offering limited relief while leaving the stay primarily in place. The Trust is merely attempting to rehash its argument that the proceeds of the D&O policy are not property of the estates and, therefore, cannot support the preliminary injunction. However, I considered and rejected this argument, and it is not proper grounds for a motion for reconsideration.

Second, even if I were to accept that my findings regarding the D&O Policies were erroneous, the Trust fails to allege that any of the other independent grounds upon which the preliminary injunction rests should likewise be set aside. The Trust asserts that I did not clearly state any grounds for granting the preliminary injunction as it applies to the *Strougo* action other than the depletion of the D&O Policies. [Adv. D.I. 193 at 6]. To the contrary, I explicitly ruled:

> "[As] to the Strougo securities action…the debtors argue that there would still be some distraction to management in dealing with the motion if it goes forward. Indeed, several senior members of management are the third parties to that litigation. But there are no guarantees when the District Court might decide the motion to dismiss, and once decided, the debtors would be forced to come back to this Court to seek a stay of the action if it was appealed or to stop discovery from going forward if it was not, causing further distraction and cost to the estate in seeking a second injunction. Moreover, if the case proceeded only against the non-debtor defendants, issues of collateral estoppel, record taint, indemnification, and depletion of insurance proceeds to which the debtor is a co-insured with the non-

> debtors would create further issues of irreparable harm to the estates. Therefore, I agree with the debtors and overrule the Strougo objection."

[Adv. D.I. 168 at 55:6; 56:6-22]. Since the preliminary injunction was based on multiple, independent grounds, the Trust failed to show that granting the Motion on a singular issue (the D&O Policies) would affect the ultimate outcome or prevent manifest injustice.

Turning to the question of when the period of the preliminary injunction began to run, I find that it began upon entry of the order, not the oral ruling. Federal Rules of Civil Procedure 58 and 65, made applicable to these proceedings through Federal Rules of Bankruptcy Procedure 7058 and 7065, govern the procedural entry of an order for a preliminary injunction. An order granting a preliminary injunction must be set out in writing and entered on the docket to take effect. Fed. R. Civ. Pro. 65(d), 58(c). For this reason, I reject the Trust's contention that the injunction period began before the entry of the order on December 4, 2020.[3]

CONCLUSION

The issue raised by the Trust in the Motion for Reconsideration does not support a finding of clear error of law or fact nor a finding of manifest injustice as is necessary to grant the Trust's Motion. Therefore, the Trust's Motion for Reconsideration is denied. In addition, the injunction period began to run upon entry of the order, not the oral ruling.

SO ORDERED.

Dated: January 27, 2021

JOHN T. DORSEY, U.S.B.J.

[3] Ironically, if I accepted the Trust's position about the effective date of the preliminary injunction, then this Motion would be untimely under Federal Rules of Bankruptcy Procedure 9023 as it was filed more than 14 days after the oral ruling.

Exhibit 30

NOTICE: 11 U.S.C. § 1125(b) PROHIBITS SOLICITATION OF AN ACCEPTANCE OR REJECTION OF A PLAN OF REORGANIZATION IN A PENDING BANKRUPTCY CASE UNLESS A COPY OF THE PLAN OF REORGANIZATION OR A SUMMARY THEREOF IS ACCOMPANIED OR PRECEDED BY A COPY OF A DISCLOSURE STATEMENT APPROVED BY THE BANKRUPTCY COURT. THIS PROPOSED DISCLOSURE STATEMENT HAS NOT YET BEEN APPROVED BY THE BANKRUPTCY COURT AND, THEREFORE, THE FILING AND DISSEMINATION OF THIS PROPOSED DISCLOSURE STATEMENT IS NOT INTENDED TO BE, NOR SHOULD IT BE CONSTRUED AS, AN AUTHORIZED SOLICITATION PURSUANT TO 11 U.S.C. § 1125 AND RULE 3017 OF THE FEDERAL RULES OF BANKRUPTCY PROCEDURE. NO SUCH SOLICITATION WILL BE MADE EXCEPT AS AUTHORIZED PURSUANT TO SUCH LAW AND RULES. THIS PROPOSED DISCLOSURE STATEMENT IS BEING SUBMITTED FOR APPROVAL ONLY.

THIS SOLICITATION IS BEING CONDUCTED NOT ONLY WITH RESPECT TO THE THREE DEBTORS IN THE BELOW-CAPTIONED BANKRUPTCY CASE, BUT ALSO BY COLTEC INDUSTRIES INC WITH RESPECT TO A NEW ENTITY NAMED OLDCO, LLC (WHICH WILL BE A SUCCESSOR BY MERGER TO COLTEC INDUSTRIES INC) PRIOR TO ITS FILING OF A VOLUNTARY PETITION UNDER CHAPTER 11 OF TITLE 11 OF THE UNITED STATES CODE. BECAUSE NO CHAPTER 11 CASE HAS YET BEEN COMMENCED FOR OLDCO, LLC, THIS DISCLOSURE STATEMENT HAS NOT BEEN APPROVED BY THE BANKRUPTCY COURT AS CONTAINING "ADEQUATE INFORMATION" WITHIN THE MEANING OF SECTION 1125(a) OF THE BANKRUPTCY CODE WITH RESPECT TO OLDCO, LLC. FOLLOWING COMMENCEMENT OF ITS CHAPTER 11 CASE, OLDCO, LLC EXPECTS TO PROMPTLY SEEK AN ORDER OF THE BANKRUPTCY COURT APPROVING THIS DISCLOSURE STATEMENT AND THE SOLICITATION OF VOTES WITH RESPECT TO OLDCO, LLC. THE ASSETS AND LIABILITIES OF OLDCO, LLC AND THE TRANSACTIONS THAT WILL CREATE OLDCO, LLC ARE DESCRIBED IN FULL IN THIS DISCLOSURE STATEMENT.

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE WESTERN DISTRICT OF NORTH CAROLINA
Charlotte Division

IN RE:	Case No. 10-BK-31607
GARLOCK SEALING TECHNOLOGIES LLC, et al.,	Chapter 11
Debtors.[1]	Jointly Administered

[1] The debtors in these jointly administered cases are Garlock Sealing Technologies LLC; Garrison Litigation Management Group, Ltd.; and The Anchor Packing Company. This solicitation is also being conducted by Coltec

IN RE: OLDCO, LLC, SUCCESSOR BY MERGER TO COLTEC INDUSTRIES INC, Debtor.	Case No. [Not yet filed] Chapter 11 [Joint Administration To Be Requested]

DISCLOSURE STATEMENT FOR MODIFIED JOINT PLAN OF REORGANIZATION OF GARLOCK SEALING TECHNOLOGIES LLC, ET AL. AND OLDCO, LLC, PROPOSED SUCCESSOR BY MERGER TO COLTEC INDUSTRIES INC

Dated: July 29, 2016

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Industries Inc pursuant to Sections 1125(g) and 1126(b) of the Bankruptcy Code and Rule 3018(b) of the Federal Rules of Bankruptcy Procedure with respect to OldCo, LLC which, in the event this Plan is accepted by the requisite numbers of claimants in Class 5, will become a successor by merger to Coltec Industries Inc and commence a bankruptcy case that will be jointly administered under Case No. 10-BK-31607. The term "Debtors" includes OldCo, LLC.

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SUMMARY OF THE PLAN OF REORGANIZATION AND THE CLAIMS RESOLUTION PROCEDURES

A. What Is the Plan and How Did It Come to Be?

Garlock Sealing Technologies LLC, Coltec Industries Inc, the Official Committee of Asbestos Personal Injury Claimants, and the Future Asbestos Claimants' Representative, along with other Plan Proponents, have reached a comprehensive settlement permanently resolving present and future asbestos personal injury claims (the "**Comprehensive Settlement**"). The Comprehensive Settlement is incorporated into the Modified Joint Plan of Reorganization of Garlock Sealing Technologies LLC, et al. and OldCo, LLC, proposed successor by merger to Coltec Industries Inc (the "**Plan**"), attached as **Exhibit 1** to this Disclosure Statement. The Plan Proponents are soliciting votes for acceptance of the Plan. *Please refer to Article 1 of the Plan for definitions of terms used but not defined in this Disclosure Statement*. Please note that the description of the Plan in this Disclosure Statement is provided for summary purposes only. If there is any inconsistency between the Plan and the descriptions of the Plan in the Disclosure Statement, the terms of the Plan will govern. You should read the entire Plan and its exhibits in order to understand its terms.

The Plan Proponents are the following parties:

- Garlock Sealing Technologies LLC ("**GST**"), Garrison Litigation Management Group, Ltd. ("**Garrison**"), and The Anchor Packing Company ("**Anchor**"), who are debtors in the above-captioned bankruptcy case.

- OldCo, LLC ("**OldCo**"), a proposed successor by merger to Coltec Industries Inc, parent of GST and Garrison. OldCo will file (but has not yet filed) a Chapter 11 Case as an integral part of the Comprehensive Settlement. That filing is contingent upon acceptance of the Plan by Asbestos Claimants, as described more fully below. As a result, certain holders of Claims against Coltec Industries Inc are being solicited through this Disclosure Statement prior to OldCo's Chapter 11 filing. Also prior to such Chapter 11 filing, Coltec Industries Inc will undergo the "**Coltec Restructuring**," a corporate restructuring, described more fully below, which is an integral part of the settlement embodied in the Plan and is also contingent upon acceptance of the Plan by Asbestos Claimants. For the sake of convenience, the term "**Coltec**" in this Disclosure Statement and the Plan refers to Coltec Industries Inc prior to the Coltec Restructuring and refers to OldCo subsequent to the Coltec Restructuring. "**Debtors**" refers to GST, Garrison, Anchor, and OldCo and "**Existing Debtors**" refers to GST, Garrison, and Anchor (but not Coltec).

- The Official Committee of Asbestos Personal Injury Claimants ("**Committee**"), which is the official committee of creditors appointed to represent the interests of holders of current GST Asbestos Claims in the above-captioned bankruptcy case.

- The Ad Hoc Coltec Asbestos Claimants Committee ("**Ad Hoc Coltec Committee**"), which is the *ad hoc* committee for persons holding present Coltec Asbestos Claims, and which negotiated on behalf of Coltec Asbestos Claimants in the negotiations that led to the Plan. Following OldCo's Chapter 11 filing, one or more Coltec Asbestos Claimants whose

attorneys participated on the Ad Hoc Coltec Committee will be appointed to the Committee.

- The Future Asbestos Claimants' Representative ("**FCR**"), who is Joseph W. Grier, III, appointed in the above-captioned bankruptcy case as the legal representative to represent the interests of, appear on behalf of, and be a fiduciary to the holders of future GST Asbestos Claims.

- The Ad Hoc Coltec Future Claimants' Representative, also Mr. Grier, who served as the representative of holders of future Coltec Asbestos Claims during the negotiations that led to the Plan. The Plan Proponents will support Mr. Grier's official appointment as representative for holders of future Coltec Asbestos Claims in OldCo's Chapter 11 Case, and "FCR" in this Disclosure Statement refers to Mr. Grier in both capacities.

The Plan will result in a permanent resolution of all asbestos personal injury claims against GST, Garrison, and Coltec (defined in the Plan as "**GST Asbestos Claims**" and "**Coltec Asbestos Claims**," and together, "**Asbestos Claims**") other than certain Foreign Asbestos Claims as described below. The resolved Asbestos Claims are referred to as "**Channeled Asbestos Claims**" in this Disclosure Statement. The Plan will establish a trust under Section 524(g) of the Bankruptcy Code (as defined in the Plan, the "**Asbestos Trust**," also referred to as the "**Settlement Facility**") to process and pay Channeled Asbestos Claims pursuant to Claims Resolution Procedures ("**CRP**") attached as Exhibit B to the Plan. In exchange for funding the Asbestos Trust, GST, Coltec, Garrison, and certain additional parties (defined as "**Asbestos Protected Parties**") will be protected by an injunction (defined in the Plan as the "**Asbestos Channeling Injunction**") that will prohibit assertion of Channeled Asbestos Claims against those parties. The Asbestos Protected Parties are described more fully below.

The effect of "channeling" Asbestos Claims to the Trust through the Asbestos Channeling Injunction is that they may only be pursued through, and paid from, the Asbestos Trust. Channeled Asbestos Claims may not be asserted against the Reorganized Debtors (*i.e.*, Reorganized GST, Reorganized Garrison, and Reorganized Coltec) or any of the other Asbestos Protected Parties.

The Asbestos Trust will be funded with cash and securities totaling $480 million, consisting principally of (a) $400 million in cash delivered on the day immediately preceding the Effective Date, (b) an option to acquire EnPro Industries, Inc. stock having a value of $20 million, exercisable one year after the Effective Date; and (c) $60 million in cash delivered to the Trust within one year of the Effective Date. The Asbestos Trust will be administered by a Trustee, Mr. Lewis R. Sifford. The Asbestos Trust will be solely responsible for paying Channeled Asbestos Claims, as well as the expenses of the Asbestos Trust.

Holders of Asbestos Claims in Class 5 are the only claimants whose rights are impaired by the Plan. Accordingly, Class 5 is the only Class of Claims that will vote on the Plan. The rights of

all other Classes of Claims are not impaired by the Plan, and holders of such Claims will not vote on the Plan.[2]

As described in detail below, the Plan follows almost six years of vigorously contested litigation and is the result of months of negotiations among the Plan Proponents, which resulted in a Term Sheet for Permanent Resolution of All Present and Future GST Asbestos Claims and Coltec Asbestos Claims on March 17, 2016 (the "**Term Sheet**," attached as **Exhibit 2** to this Disclosure Statement, without its exhibits). In addition to the Plan Proponents, the ultimate parent of the Debtors, EnPro Industries, Inc. ("**EnPro**") is a party to the Term Sheet. The Plan supersedes the Second Amended Plan of Reorganization (the "**Second Amended Plan**"), which was proposed by GST, Garrison, and Anchor and supported by the FCR, but was opposed by the Committee and rejected by the class of holders of current GST Asbestos Claims. A hearing previously scheduled for June 2016 to consider confirmation of the Second Amended Plan over the rejection by the class of current holders of GST Asbestos Claims will not take place since the Second Amended Plan has been superseded by the Plan described in this Disclosure Statement.

From the perspective of holders of Asbestos Claims, the Plan improves upon the Second Amended Plan in numerous respects. The Plan provides $480 million in guaranteed funding for Asbestos Claims, whereas the Second Amended Plan provided only $327.5 million in guaranteed funding for Asbestos Claims. The Second Amended Plan also provided $30 million for resolving Asbestos Claims by litigation, as well as $132 million (nominal) in contingent contributions for such litigation. But claimants who chose to litigate would only be paid if they obtained a judgment, litigation costs would also have been paid from the litigation fund, and the $132 million would only have become available as necessary over a 40-year period according to a fixed schedule. The $480 million in the Asbestos Trust under the Plan will also pay Coltec Asbestos Claims, which would not have been paid under the Second Amended Plan. In addition, more claimants are eligible for payments under the Plan than under the Second Amended Plan because, for example, the Plan provides for settlement offers and payments to claimants alleging certain cancers other than mesothelioma, lung cancer, and laryngeal cancer, and also pays claimants alleging any one of three degrees of asbestosis (severe asbestosis, disabling asbestosis, and non-disabling asbestosis). Debtors also support the Plan, which will bring certainty and finality to their responsibility for Asbestos Claims, and will avoid further protracted and costly litigation in the Garlock bankruptcy case.

If the Plan is not confirmed, all parties have reserved all of their rights to pursue alternative courses of action in the Chapter 11 Cases. Accordingly, if the Plan is not confirmed, Debtors might seek confirmation of the Second Amended Plan over the objection of current Asbestos Claimants. Alternatively, it may not be possible to confirm a plan of reorganization, in which case GST might be liquidated (as explained in detail below). The Plan Proponents believe that the Plan is better for Asbestos Claimants than any of these options.

[2] In addition, Class 9 GST/Garrison Equity Interests are impaired and will vote on the Plan. They are held by Coltec and will accept the Plan.

For all of these reasons, **the Plan Proponents, including the Committee and the FCR as representatives of Asbestos Claimant constituencies, strongly recommend that Asbestos Claimants in Class 5 vote to accept the Plan.**

B. How Will the Asbestos Trust Be Funded?

The Asbestos Trust will be mostly funded on the Plan's Effective Date and fully funded within one year after that date, with assets worth $480 million as a result of the following contributions:

- On the day immediately preceding the Effective Date:
    - GST or Garrison will transfer $370 million in Cash to the Asbestos Trust;
    - Coltec will transfer $30 million in Cash to the Asbestos Trust; and
    - Coltec, EnPro, and the Asbestos Trust will enter into an Option and Registration Rights Agreement granting an Option that will entitle the Asbestos Trust to purchase for one dollar, on or after the first anniversary of the Effective Date, the number of shares of EnPro common stock having a trading value equal to $20 million. The Option will give Debtors the right to call the Option for $20 million in cash on any date prior to the first anniversary of the Effective Date and will give the Asbestos Trust the right to put the Option for $20 million in cash on the day prior to the first anniversary of the Effective Date. Other details of this Option are described below.
- On or before the first anniversary of the Effective Date, Coltec will transfer $60 million in Cash to the Asbestos Trust (the "**Deferred Contribution**").

The Deferred Contribution will be guaranteed by EnPro and will be secured by a first-priority lien on or security interest in 50.1% of the GST/Garrison Equity Interests, which will be released once the Deferred Contribution has been paid in full.

In addition to these contributions, as described in more detail below, the Asbestos Trust may become entitled to additional consideration if Coltec's insurance recoveries exceed a certain level.

C. How Will Asbestos Claimants Receive Distributions from the Asbestos Trust?

The Asbestos Trust will process and pay Channeled Asbestos Claims (if they are entitled to payment) under procedures and criteria contained in the CRP referenced above. The purpose of the CRP is to generate settlement offers that are fair, expeditious and properly reflective of the injuries allegedly caused by exposure to asbestos fibers or dust from Coltec Products or GST Products, and to ensure that over the life of the Asbestos Trust, present and future Asbestos Claims are treated fairly and equitably in all matters, including the payment of settlement amounts that are as equal as possible to other payments for similarly situated claimants in the same disease category. Pursuant

to the Asbestos Channeling Injunction and related Plan provisions, the Asbestos Trust will assume responsibility for Channeled Asbestos Claims, and the Debtors, Reorganized Debtors, and other Asbestos Protected Parties will have no further responsibility for Channeled Asbestos Claims and will be protected from such claims.

The CRP were the subject of extensive negotiation by the Plan Proponents during the period that led to execution of the Term Sheet. The CRP contain a full description of the criteria and procedures the Asbestos Trust will use to pay claims. You should read the entire CRP in order to understand all of these requirements. Below is a summary of the key provisions of the CRP that will be of greatest relevance to most Asbestos Claimants and the settlement offers they will receive from the Asbestos Trust.

Asbestos Claimants may submit a Claim for Expedited Claim Review or, if the Claim is an Extraordinary Claim, Extraordinary Claim Review. A Claim will be eligible for Extraordinary Claim Review only under special circumstances described below, and will also be subject to additional verification and documentation requirements.

1. Coltec/GST Product Contact

As an initial matter, to be eligible for any settlement offer, the Asbestos Claimant must demonstrate Coltec/GST Product Contact, defined as some combination of Direct GST Product Contact, Direct Coltec Product Contact, Bystander Coltec/GST Product Contact, or Secondary Coltec/GST Product Contact. These definitions require specific kinds of contact with Coltec products or GST products that contained asbestos or asbestos-containing components. The activities that qualify as Coltec/GST Product Contact are defined in the CRP. For example, Direct GST Product Contact means the hands-on performance of one of the following workplace activities on a regular basis: (a) grinding, scraping, or wire-brushing of GST asbestos gaskets in the removal process; (b) cutting individual gaskets from GST asbestos sheet material; or (c) cutting or removal of GST asbestos packing. A claimant may present only one claim on account of Coltec/GST Product Contact, regardless of whether the claimant had contact with Coltec products, GST products, or both.

Claimants alleging diseases other than mesothelioma will have to demonstrate at least six months of Coltec/GST Product Contact. Mesothelioma claimants are not required to demonstrate six months of Coltec/GST Product Contact, but claimants who do not will receive lower offers than claimants who do, as described below. For purposes of the six-month duration requirement, Coltec/GST Product Contact while confined to a ship at sea for fifty (50) days will be deemed equivalent to six months of total Coltec/GST Product Contact. Claimants who only experienced Secondary Coltec/GST Product Contact will receive a settlement offer only if diagnosed with malignant mesothelioma. Claimants who experienced no Coltec/GST Product Contact, as defined in the CRP, will not receive a settlement offer.

2. Expedited Claim Review

Settlement offers in Expedited Claim Review will be calculated objectively, based on facts about the Asbestos Claimant and the injured party upon whose alleged injury the Claim is based (the "**Injured Party**").

The calculation of an Asbestos Claimant's Expedited Claim Review settlement offer will begin with Maximum Settlement Values that are based on the Asbestos Claimant's occupation and industry at the time he or she experienced GST Product Contact. These occupations and industries are divided into five Contact Groups, Groups 1-5, defined based on the assumed potential frequency and intensity of contact with Coltec Products and/or GST Products in the occupation and industry. The classification of occupation and industry combinations into Contact Groups is contained in Appendix IV to the CRP.

Each Contact Group is assigned a Maximum Settlement Value. As described in more detail below, subject to the requirements of the Term Sheet and the CRP, the Plan Proponents have agreed on preliminary Maximum Settlement Values for Disclosure Statement purposes, but the Trustee will have ultimate authority to set Maximum Settlement Values, and moreover, will have authority to change them over time pursuant to the CRP.

An Asbestos Claimant's Expedited Claim Review offer will be some percentage of the Maximum Settlement Value, as determined by the Claimant's disease and medical information, demographic characteristics, jurisdiction (in the case of Present Claims), economic loss, law firm (in the case of Present Claims), and duration of activity or activities in which Coltec/GST Product Contact occurred.

a. Medical Information Factor

The following diseases are compensated under the CRP: malignant mesothelioma, asbestos-related lung cancer, severe asbestosis, asbestos-related other cancer (colo-rectal, laryngeal, esophageal, pharyngeal, or stomach cancer), disabling asbestosis, and non-disabling asbestosis. Each of the diseases will be assigned a Medical Information Factor, with malignant mesothelioma assigned a factor of 1 and the other diseases assigned lower factors. The higher the Medical Information Factor, the higher the percentage of the Maximum Settlement Value the Claimant will receive. As described in more detail below, subject to the requirements of the Term Sheet and the CRP, the Plan Proponents have agreed on preliminary Medical Information Factors for Disclosure Statement purposes, but the Trustee will have ultimate authority over these factors and the ability to change them over time.

Appendix I to the CRP contains the detailed requirements for each disease, and Claimants who do not meet those criteria will not receive a settlement offer. Section 6.6 of the CRP also contains general requirements concerning the reliability and credibility of medical evidence.

Claimants alleging a non-malignant condition will not be required to release subsequent malignant claims against the Asbestos Trust, and may assert those subsequent Claims against the Asbestos Trust in accordance with the CRP.

b. Age Factor

Claims based on younger Injured Parties will receive higher settlement offers than Claims based on older Injured Parties. The Age Factor will range between 0.7 and 1.4, as described in the CRP, with higher Age Factors receiving higher percentages of the Maximum Settlement Value for the Contact Group.

c. Life Status Factor

A Claim based on an Injured Party who is alive at the time the Claim is filed will receive a Life Status Factor of 1.3, and otherwise, a Life Status Factor of 1.

d. Dependents Factor

If the Injured Party does not have a spouse or other dependents at the time the Claim is filed, the Claim will be assigned a Dependents Factor of 0.8. If the Injured Party has a spouse but no other dependents, the Dependents Factor will be 1, and if the Injured Party has dependents other than a spouse who derive at least one-half of their financial support from the Injured Party, the Dependents Factor will be 1.4.

e. Economic Loss Factor

The Claimant may, but need not, document the Injured Party's economic loss related to loss of earnings, pension, social security, home services, medical expenses, and funerary expenses. The Economic Loss Factor will range between 1 and 1.4, and the calculation is described in the CRP.

f. Duration of Coltec/GST Product Contact Factor

The Duration Factor will be based on the Injured Party's time performing the activity or activities in which the Injured Party experienced Coltec/GST Product Contact, and will range between 0.8 and 1.2, with maximum credit coming at eight years or more of the activity or activities. For purposes of this factor, time while confined to a ship at sea for 100 days will be treated as the equivalent of one year.

g. Jurisdiction Factor and Law Firm Factor

Present Claimants (*i.e.*, those whose Claims are based on diagnoses dated on or before the Effective Date) who believe that their Jurisdiction (as defined in the CRP) justifies a higher settlement offer from the Asbestos Trust because of the values of historical settlements and verdicts in such Jurisdiction against the Debtors will have an opportunity to provide evidence to that effect to the Asbestos Trust. In addition, Present Claimants who believe that the identity of the law firm representing them justifies a higher settlement offer from the Asbestos Trust because the law firm obtained above-average pre-bankruptcy settlements and verdicts for similarly situated claims against the Debtors will have the opportunity to provide evidence to that effect to the Asbestos Trust. In computing the amount of a settlement offer, the Jurisdiction Factor and the Law Firm Factor will each range between 1 and 1.2, depending on whether the Asbestos Trustee is convinced that data concerning the Jurisdiction or law firm warrants an upward adjustment. For Future Claimants (*i.e.*, those whose Claims are based on diagnoses dated after the Effective Date), the Jurisdiction Factor and Law Firm Factor will be deemed to be 1.

h. Calculation of Expedited Claim Review offer

The Asbestos Trust will calculate the Expedited Claim Review offer by multiplying the Medical Information Factor, Age Factor, Life Status Factor, Dependents Factor, Economic Loss

Factor, Duration of Coltec/GST Product Contact Factor, Jurisdiction Factor, and Law Firm Factor; calculating the resulting total as a percentage of what the maximum product of those factors would be; and then multiplying that percentage by the appropriate Maximum Settlement Value. If the Injured Party had Coltec/GST Product Contact in more than one Contact Group, the Asbestos Trust will calculate a separate settlement offer based on the Injured Party's time in each Contact Group, and will offer the Claimant the highest settlement offer yielded by the calculation. A Claimant alleging mesothelioma who has less than six months of Coltec/GST Product Contact will receive a proportionately reduced settlement offer.

3. Extraordinary Claim Review

A Claim is eligible for Extraordinary Claim Review only if it meets all other requirements in the CRP and pertains to an Injured Party alleging a malignant disease (*i.e.*, malignant mesothelioma, asbestos-related lung cancer, or other asbestos-related cancer) who credibly documents (a) that the Injured Party had a history of extraordinary Coltec/GST Product Contact with little or no exposure to asbestos from other entities' products, and (b) that no substantial recovery has been obtained, or is likely to be obtained, from any source other than the Asbestos Trust. Few, if any, Asbestos Claimants are expected to meet these requirements. The Trustee will decide whether a Claim is an Extraordinary Claim in the first instance, and any appeal will be to a special Extraordinary Claims Panel, whose decision will not be reviewable.

The maximum potential settlement offer for an Extraordinary Claim will be five times the Expedited Claim Review settlement offer. The Trustee will have complete and unreviewable discretion to determine what percentage of this maximum value the Asbestos Trust will offer for a given Extraordinary Claim, taking into consideration the number of companies that contributed to the Injured Party's exposure to asbestos-containing products.

Claimants electing Extraordinary Claim Review will have to submit additional information and documentation beyond what is required for Expedited Review. With respect to all claims asserted against other entities (including other trusts), the Claimant will be required to identify the entity, the date the claim was made, and the amounts of all payments received or to be received from the entity, and must submit copies of any documents submitted to or served upon the entity containing information regarding the Injured Party's contact with asbestos or asbestos-containing products. The Claimant will also have to deliver a continuing authorization to the Asbestos Trust authorizing all Trusts to release the Claimant's submissions and disclose the status of any claim. These requirements are to ensure that the Claimant is in fact an Extraordinary Claimant entitled to a higher recovery. Finally, the Claimant's attorney (or the Claimant, if *pro se*) must certify that he or she has fully investigated the injuries upon which the Claim is based and that no good-faith basis exists to bring a claim against any entity not identified by the Claimant.

4. Maximum Settlement Values and Medical Information Factors

As described above, the settlement offers Asbestos Claimants will get under both Expedited Claim Review and Extraordinary Claim Review depend on the Maximum Settlement Values and Medical Information Factors. Subject to the requirements of the Term Sheet and the CRP, the parties have agreed on preliminary Maximum Settlement Values and Medical Information Factors for Disclosure Statement purposes:

Contact Group	Maximum Settlement Values
Group 1	$148,000
Group 2	$44,400
Group 3	$18,500
Group 4	$9,250
Group 5	$740

Disease	Medical Information Factor
Mesothelioma	1.0
Asbestos-Related Lung Cancer	0.25
Severe Asbestosis	0.25
Asbestos-Related Other Cancer	0.1
Disabling Asbestosis	0.03
Non-Disabling Asbestosis	0.02

As noted above, the Trustee will ultimately determine the Maximum Settlement Values and Medical Information Factors. Section 2.3 describes the factors the Trustee is to consider, including all the anticipated Claim payments and expenses of the Asbestos Trust. The Trustee will also determine each year the Maximum Annual Payment, considering many of the same factors, and the Trust's total payments to Claimants cannot exceed the Maximum Annual Payment in that year.

The Trustee is permitted to lower the Maximum Annual Payment and Maximum Settlement Values if in the course of the year it appears there is a risk of Future Claimants not receiving settlement offers equal to those of similarly situated Present Claimants. The Trustee more generally will have the authority to increase or decrease Maximum Settlement Values proportionately over time to ensure equal treatment of similarly situated Claimants (though any increase will require consent by the FCR and Claimants Advisory Committee, described below). Finally, the Trustee will adjust Maximum Settlement Values upward each year to account for inflation.

5. Trust Claims Payment Ratio

The calculation of Maximum Settlement Values and Medical Information Factors will also depend on the Trust Claims Payment Ratio, which governs the allocation of the Asbestos Trust's assets among the diseases compensated. The Trust Claims Payment Ratio is 85% for Claims based on malignant mesothelioma, 10% for Claims based on lung cancer, and 5% for Claims based on other cancer, severe asbestosis, disabling asbestosis, and non-disabling asbestosis. The Trustee will apply the Trust Claims Payment Ratio to the Maximum Annual Payment for each year to determine the funds available to compensate Claims in each disease category. Funds not used in each category in each year will roll over to that category for subsequent years, and if there are insufficient funds in any category in any year, the claims will be rolled over to the following year.

The Trustee may not amend the Claims Payment Ratio for five years. After that time, the Trustee may amend the Claims Payment Ratio (or roll funds from one category to another) only to prevent manifest injustice, but a larger-than-predicted number of Claims in Categories B or C will not constitute manifest injustice.

6. Foreign Asbestos Claims

Foreign Asbestos Claims—defined as Claims based on alleged exposure to asbestos fibers or dust from Coltec Products and/or GST Products that occurred outside the United States and its territories and possessions with respect to Injured Parties who are not United States citizens or permanent residents—generally are not compensable under the CRP. If, however, a Holder of a Foreign Asbestos Claim files a lawsuit in the United States, the Asbestos Trust will process the Claim and, if the Foreign Claimant meets the CRP criteria, will offer $100 if the disease alleged is mesothelioma, $50 if the disease alleged is asbestos-related lung cancer or severe asbestosis, $25 if the disease alleged is asbestos-related other cancer or disabling asbestosis, and $10 if the disease alleged is non-disabling asbestosis. Foreign Asbestos Claims will be in the same category as non-severe asbestosis for purposes of the Claims Payment Ratio. The rights of Holders of Foreign Asbestos Claims to recourse and remedies under applicable foreign law outside the United States (to the extent such rights exist) will be unaffected by the Plan, without prejudice to the Reorganized Debtors' defenses against any such claims. Debtors have never paid, or even received, a Foreign Asbestos Claim from an individual in a court or other tribunal outside of the United States.

As described in more detail in Section 5.3.6 below, the Plan also contemplates a settlement between the Debtors, EnPro, and Garlock of Canada Ltd and the Canadian provincial workers' compensation boards resolving all remedies the Provincial Boards may possess under Canadian law or in the United States under U.S. law against these entities or their Affiliates. Approval of this settlement is a condition to confirmation of the Plan, which is unilaterally waivable by the Debtors.

7. Settled GST Asbestos Claims and Pre-Petition Judgment GST Asbestos Claims

The CRP also contain procedures governing the payment of GST Asbestos Claims that are settled and unpaid ("**Settled GST Asbestos Claims**"), or the subject of judgments ("**Pre-Petition Judgment GST Asbestos Claims**"). Pre-Petition Judgment GST Asbestos Claims must have filed a proof of claim on or before the Asbestos Claims Bar Date (or else obtain relief from the Bankruptcy Court); the Debtors believe there are only two such Claims (listed on Appendix VII to the CRP), both based on the same Injured Party. Moreover, the Asbestos Trust will have the right to appeal those judgments, which will only be paid as judgments if the Asbestos Trust decides not to appeal or the appeal is unsuccessful. The holders of these Claims may, however, pursue the Claims as non-judgment Claims under the CRP.

The Asbestos Trust will pay Settled GST Asbestos Claims that were filed on or before the Settled Claims Bar Date (or that obtain relief from the Bankruptcy Court) and are either not disputed by Debtors or otherwise determined by the Trustee to be subject to enforceable settlement agreements. A list of Claims that the Debtors have identified as potentially eligible for payment as Settled GST Asbestos Claims is attached as Appendix VI to the CRP. Holders of alleged Settled GST Asbestos Claims are also free to submit their Claims as non-settled Claims under the CRP.

Settled GST Asbestos Claims and Pre-Petition Judgment GST Asbestos Claims that are entitled to payment will also be subject to a payment percentage, calculated as described in Section 3.5. In addition, total payments on Settled GST Asbestos Claims are limited to $10 million.

There are no Coltec Asbestos Claims that are settled and unpaid or are the subject of judgments.

8. Indirect Claims

The CRP also provide for payment of Indirect Claims, *i.e.*, claims asserted as third-party indemnification, contribution, subrogation, or similar Claims. The criteria for payment of these Claims are contained in Section 10 of the CRP. Valid Indirect Claims will be subject to the same criteria and payment provisions as other Asbestos Claims, including, where applicable, compliance with (or relief from) the Asbestos Claims Bar Date. It appears that no Indirect Claims were submitted by the Asbestos Claims Bar Date.

9. Claims Processing

In general, the Asbestos Trust will process Claims on a first-in, first-out ("**FIFO**") basis. The CRP contain deadlines by which Asbestos Claims must be filed to be eligible for settlement offers. The Trustee will be responsible for developing claim forms that satisfy the requirements of the CRP. In the event a Claimant accepts a settlement offer made by the Asbestos Trust, the Claimant will be required to execute releases of the Asbestos Trust and other parties, and payment will occur in the order releases are received.

To have Claims processed, Claimants must submit filing fees: (a) $100 for Claims based on malignant mesothelioma, (b) $75 for Claims based on lung cancer, and (c) $50 for Claims based on severe asbestosis, other cancer, disabling asbestosis, or non-disabling asbestosis. The fees will be refunded in full to Claimants who receive settlement offers.

Claimants who do not receive settlement offers under Expedited Claim Review, or who disagree with their settlement offers, will have the opportunity to pursue binding or non-binding arbitration, and if that does not resolve the dispute, to file suit against the Asbestos Trust in the tort system. As noted above, the Trustee's decisions regarding Extraordinary Claim offers will not be reviewable by any court; an Extraordinary Claim Review Panel will be created to hear appeals from any decision by the Trustee that an Asbestos Claim is not an Extraordinary Claim, but the decisions of that panel will be final and unreviewable.

Arbitration awards will be limited to the Maximum Settlement Value for the appropriate Contact Group. Judgments in the tort system will also be limited to the Maximum Settlement Value for the appropriate Contact Group, and punitive damages will not be paid. Any judgment will be paid in installments, with the first installment equal to the Asbestos Trust's final settlement offer or the award in arbitration (whichever is greater) paid according to the FIFO payment queue, and any balance paid in years six (6) through ten (10) following the year of the initial payment, without interest.

Finally, the CRP provide the Trustee with extensive powers to audit Claims and take action in the event of fraudulent filings.

D. How Will the Asbestos Trust Be Administered?

The Asbestos Trust will be administered according to the Trust and Settlement Facility Agreement attached as Exhibit A to the Plan (the "**Trust Agreement**"). The Trust Agreement was also extensively negotiated by the Plan Proponents, and you should review the Trust Agreement itself for a full understanding of all its provisions.

The Trustee will administer the Asbestos Trust, and will be responsible for holding and investing the Asbestos Trust's assets; paying the Asbestos Trust's liabilities and expenses; hiring employees, agents, and experts; and administering the CRP, among other duties.[3] The Trust Agreement contains provisions governing succession and compensation of the Trustee. The Trustee will be entitled to employ attorneys and other professionals.

The Trustee will be advised by a Claimants Advisory Committee ("**CAC**") and the FCR. The CAC will consist of nine members, identified on the signature page of the Trust Agreement attached to the Plan, who are attorneys representing asbestos personal injury claimants, including Asbestos Claimants. The CAC will be responsible for representing the interests of current Asbestos Claimants. The FCR will be Mr. Grier (or any duly appointed successor) and will represent the interests of future Asbestos Claimants. The Trustee is required to consult with the CAC and FCR regarding certain matters and must obtain the consent of the CAC and FCR with respect to other matters, including increasing the Maximum Annual Payment or Maximum Settlement Values, changing the Claims Payment Ratio, or increasing the Medical Information Factors. The Trust Agreement contains provisions governing succession of the CAC and FCR, and compensation of the FCR (the CAC members will not be compensated except for expenses). The CAC and FCR will be entitled to employ attorneys and other professionals, whose fees and expenses will be paid by the Asbestos Trust in accordance with the Asbestos Trust Agreement.

In addition, the Asbestos Trust and the Reorganized Debtors will enter into a Cooperation Agreement pursuant to which the Reorganized Debtors will share certain information relating to Asbestos Claims with the Asbestos Trust in the processing, resolution, and defense of Asbestos Claims. The form of Cooperation Agreement is attached as Exhibit C to the Plan, but the Trustee will have the opportunity to review and propose changes to the Cooperation Agreement before it is executed.

E. How Will Other Classes of Claims and Interests Be Treated?

No classes of Claims or Equity Interests are impaired other than Asbestos Claims (Class 5) and GST/Garrison Equity Interests (Class 9).[4] All other classes are unimpaired, and they will

[3] The Asbestos Trust will also have a separate "Delaware Trustee," a requirement of Delaware law, whose duties will be limited to accepting service of process on behalf of the Asbestos Trust and executing certificates required to be filed under Delaware law.

[4] Bankruptcy Code § 1124 explains the circumstances under which a plan's treatment of a class of claims or equity interests constitutes impairment of those claims or equity interests. Broadly stated, any alteration of a creditor's or equity interest holder's legal rights by a plan constitutes impairment.

not be solicited and will not vote on the Plan. The treatment of Claims other than Asbestos Claims is discussed in more detail below.

Anchor is a dormant company with no assets. Under the Plan, it will be liquidated and dissolved, and holders of Anchor Claims, including holders of asbestos personal injury claims against Anchor, are not expected to recover anything on these Claims.

F. How Will Asbestos Claimants Vote on the Plan?

With respect to Holders of Asbestos Claims in Class 5, the Bankruptcy Code provides that the Asbestos Channeling Injunction may be issued under Section 524(g) of the Bankruptcy Code only if (a) the Holders of the Asbestos Claims to be channeled under the injunction are classified separately under the Plan, and (b) seventy-five percent (75%) in number of the Holders of the Asbestos Claims in that class who actually vote on the Plan vote to accept the Plan.

As described in more detail below, Asbestos Claimants may vote by individual Ballot or Master Ballot, and will be temporarily allowed for voting purposes upon meeting certain criteria. **The *last day* to vote to accept or reject the Plan is December 9, 2016. To be counted, your Ballot must be *actually received* by the Balloting Agent by such date. The *record date* for determining which creditors may vote on the Plan is July 1, 2016.**

G. Disclaimers

This Disclosure Statement contains summaries of certain provisions of the Plan, certain statutory provisions, certain documents related to the Plan, certain events in the Chapter 11 Cases (or events anticipated to occur in Coltec's Chapter 11 Case), and certain financial information. Although the Plan Proponents believe that the Disclosure Statement and related document summaries are fair and accurate, they are qualified to the extent they do not set forth the entire text of the Plan, such documents, or any statutory provisions. The terms of the Plan govern in the event of any inconsistency with this Disclosure Statement. All exhibits to the Disclosure Statement are incorporated into and are a part of this Disclosure Statement as if set forth in full herein. The statements contained in this Disclosure Statement are made as of the date hereof, unless otherwise specified, and the Plan Proponents disclaim any obligation to update any such statements.

Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995: All forward-looking statements contained herein involve material risks and uncertainties and are subject to change based on numerous factors, including factors that are beyond the Debtors' control. Accordingly, the Debtors' future performance and financial results may differ materially from those expressed or implied in any such forward-looking statements. Such factors include, but are not limited to, those described in this Disclosure Statement. Debtors do not undertake to publicly update or revise their forward-looking statements even if experience or future changes make it clear that any projected results expressed or implied therein will not be realized.

Except as otherwise specifically noted, the financial information contained herein has not been audited by a certified public accountant and has not necessarily been prepared in accordance with Generally Accepted Accounting Principles. Although Debtors have

attempted to be accurate in all material respects, the Debtors are unable to warrant or represent that all of the information contained in this Disclosure Statement is without error. No representation concerning the Debtors or the value of the Debtors' assets has been authorized by the Bankruptcy Court other than as set forth in this Disclosure Statement or any other Disclosure Statement approved by the Bankruptcy Court. The Plan Proponents are not responsible for any information, representation, or inducement made to obtain your acceptance, which is other than, or inconsistent with, information contained herein and in the Plan.

For purposes of this Disclosure Statement, the following rules of interpretation shall apply: (i) whenever the words "include," "includes," or "including" are used they shall be deemed to be followed by the words "without limitation," (ii) the words "hereof," "herein," "hereby," and "hereunder" and words of similar import shall refer to this Disclosure Statement as a whole and not to any particular provision, (iii) section and exhibit references are to this Disclosure Statement unless otherwise specified, and (iv) with respect to any distribution under the Plan, "on" a date means on or as soon as reasonably practicable thereafter.

In connection with solicitation of acceptances of this Plan pursuant to Sections 1126(a) and 1126(b) of the Bankruptcy Code, the Plan Proponents are providing a Solicitation Package, consisting of the Disclosure Statement, the enclosures hereto, and a Ballot or Master Ballot, as applicable, to each record holder of Claims and Equity Interests eligible to vote as of the voting record date. This Disclosure Statement is to be used by each such eligible holder solely in connection with its evaluation of the Plan.

Coltec has not yet commenced a reorganization case under Chapter 11 of the Bankruptcy Code as of the date of the distribution of this Disclosure Statement. If, however, Class 5 accepts the Plan in requisite numbers, Coltec expects to undertake the out-of-court Coltec Restructuring described in this Disclosure Statement and then file a bankruptcy petition. If Class 5 does not accept the Plan in requisite numbers, Coltec reserves the right not to file a bankruptcy petition or engage in the out-of-court Coltec Restructuring as described in this Disclosure Statement.

This Disclosure Statement has been prepared in accordance with Section 1125 of the Bankruptcy Code and Rule 3016(c) of the Federal Rules of Bankruptcy Procedure, and not necessarily in accordance with federal or state securities laws or other non-bankruptcy law. This Disclosure Statement was prepared with the intent to provide "adequate information" (as defined in the Bankruptcy Code) to enable Holders of Claims and Equity Interests in the Debtors to make informed judgments about the Plan. By Order dated June __, 2016, the Disclosure Statement was approved by the Bankruptcy Court as containing "adequate information" under Bankruptcy Code § 1125 with respect to GST, Garrison, and Anchor. The Bankruptcy Court has not yet approved the Disclosure Statement with respect to Coltec. Coltec expects to promptly seek an order of the Bankruptcy Court approving this Disclosure Statement and the solicitation of votes with respect to Coltec following commencement of its Chapter 11 case.

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1. INTRODUCTION

This Disclosure Statement sets forth certain information regarding the Debtors' prepetition history, their material liabilities, the reorganization, and the anticipated post-reorganization operations of the Reorganized Debtors. This Disclosure Statement describes the terms and provisions of the Plan, specifically including the creation of the Asbestos Trust pursuant to Section 524(g) of the Bankruptcy Code to which Channeled Asbestos Claims will be channeled, with the Reorganized Debtors and other Asbestos Protected Parties receiving permanent injunctive protection from Asbestos Claims. The Disclosure Statement also describes certain alternatives to the Plan, the effects of confirmation of the Plan, and certain risk factors associated with the Plan. In addition, the Disclosure Statement discusses the confirmation process and the voting procedures that holders of Claims eligible to vote must follow for their votes to be counted.

Although the Plan Proponents believe that the descriptions and summaries contained in this Disclosure Statement are fair and accurate in all material respects, they are qualified in their entirety to the extent that they do not set forth the entire text of the documents and statutory provisions discussed. Please consult the documents themselves, including the Plan and exhibits to the Plan, for a full understanding of their contents.

2. DESCRIPTION OF THE DEBTORS, THEIR PRIMARY ASSETS, AND EVENTS LEADING TO THE FILING OF THESE CASES

2.1 GENERAL OVERVIEW OF THE DEBTORS

GST, a North Carolina limited liability company, and Garrison, a North Carolina corporation, are wholly owned subsidiaries of Coltec, a Pennsylvania corporation. Coltec is wholly owned by EnPro, a North Carolina corporation headquartered in Charlotte, North Carolina. EnPro (NPO) shares are traded on the New York Stock Exchange.

Anchor, a North Carolina corporation, is a wholly-owned, non-operating subsidiary of Garrison. GST acquired Anchor as a wholly owned subsidiary in June 1987. For many years before GST acquired Anchor and for several years thereafter, Anchor distributed fluid sealing materials, including gaskets and packing. In 1994, Anchor ceased business operations and in 1996 GST transferred its Equity Interest in Anchor to Garrison.

Some of the gaskets and packing produced and/or sold by GST (prior to 2001) and Anchor (prior to 1988) contained asbestos. Since the 1970s, GST and Anchor have received hundreds of thousands of claims by individuals alleging personal injuries or wrongful death related to exposure to asbestos from such products. Prior to the Petition Date, Garlock paid approximately $1.37 billion in indemnity payments and hundreds of millions in defense costs to resolve these claims.

Anchor has no assets or insurance and has not paid to defend or settle an asbestos claim since 2005.

Coltec is not currently in bankruptcy but, pursuant to the Comprehensive Settlement, is soliciting acceptance of the Plan as a "prepackaged plan of reorganization" that would provide

for the permanent settlement of Coltec Asbestos Claims contemporaneously with GST Asbestos Claims. Some of the businesses operated by Coltec and its predecessors, apart from GST, manufactured equipment with asbestos-containing components, principally gaskets and packing, made by other companies. These Coltec businesses often, though not exclusively, used components manufactured by GST. As a result, since approximately 1992, these Coltec businesses have received tens of thousands of claims by individuals alleging personal injuries or wrongful death caused by exposure to asbestos-containing components in Coltec's products. The businesses operated by Coltec and its predecessors that received such claims are Fairbanks Morse Engine, Fairbanks Morse Pump, Quincy Compressor, Central Moloney, France Compressor, Delavan, and Farnam.

Claimants who sued Coltec businesses generally also sued GST. Although Coltec has paid approximately $7.9 million to defend claims relating to products manufactured or sold by its non-GST subsidiaries or divisions, Coltec has never paid any money to settle an asbestos personal injury claim. Claimants routinely agreed to dismiss Coltec asbestos claims without payment when they reached settlements with GST with respect to their GST asbestos claims.

2.2 THE DEBTORS' BUSINESSES

2.2.1 GST

GST's business was founded in 1887 in Palmyra, New York. GST produces and sells high performance fluid-sealing products, including gaskets and compression packing used in internal piping and valve assemblies in numerous industries. GST employs approximately nine hundred and thirty people and has a global sales presence serviced from manufacturing facilities in Palmyra, New York and Houston, Texas.

GST also owns three non-Debtor foreign subsidiaries that own manufacturing operations in Canada, Mexico, and Australia.

In 2015, GST and its subsidiaries had global sales of approximately $217 million. In 2014, 2013, and 2012, GST and its subsidiaries had global sales of approximately $240 million, $244 million, and $240 million, respectively. In 2015, GST and its subsidiaries had income before reorganization expenses and income taxes excluding asbestos-related expenses of approximately $68 million, and in 2014, 2013, and 2012, GST and its subsidiaries had income before reorganization expenses and income taxes excluding asbestos-related expenses of approximately $203 million,[5] $85 million, and $78 million, respectively. *See* Post-Petition Operating Results of GST and Management Forecast, attached to this Disclosure Statement as **Exhibit 3**.

GST continuously develops innovative products to meet the changing preferences of its customers. In 2005, GST began a multi-year, $40 million capital project to modernize and improve its Palmyra manufacturing facilities, which has been completed since the Petition Date.

[5] The Debtors adjusted 2014 income based on recording a reduction in asbestos liability resulting from the Estimation Opinion and the provisions of the Debtors' Second Amended Plan. Income net of this adjustment to booked asbestos liability was $75 million.

GST believes that its new, state-of-the-art facilities have enhanced the company's position as the high quality producer in its industry. During the period of 2010 through 2015, GST spent an average of approximately $4.6 million annually on capital expenses, continuously upgrading its facilities, new product development capabilities, and equipment in order to retain its position as a leading manufacturer in its field.

2.2.2 Garrison

Garrison, which is headquartered in East Rochester, New York, was formed in 1996 to manage the defense and resolution of asbestos claims against GST and Coltec. Pursuant to an Exchange Agreement dated September 13, 1996 (the "**Exchange Agreement**"), Garrison undertook all future responsibility for the resolution of asbestos claims against GST, agreeing to indemnify GST for any losses it might suffer related to asbestos claims and to assume the defense and settlement of such claims. The Exchange Agreement also provided for GST's transfer of assets to Garrison to fund the resolution of asbestos claims against GST, including GST's right to receive payments under any insurance policies that covered asbestos-related claims against GST. GST retained a security interest in such insurance assets to secure Garrison's obligations under the Exchange Agreement. *See* Section 2.3.4.2 below for certain financial arrangements between Garrison and GST and Section 2.3.4.3 for certain financial arrangements between Garrison and Anchor.

From its inception to the Petition Date, Garrison (a) supervised a nationwide network of law firms defending asbestos claims against GST and Coltec; (b) managed the defense and resolution of asbestos claims against GST and Coltec; (c) paid judgments, settlements, and defense costs; and (d) collected insurance that covered losses associated with asbestos claims against GST. Since the Petition Date, Garrison has continued to work on the resolution of asbestos claims against GST by, among other things, updating the Debtors' master claims database, responding to discovery, providing support services for the Debtors' professionals, continuing to collect insurance, and participating in plan formulation. Garrison currently employs five people, including paralegals, accountants, and data entry personnel.

In addition to managing litigation and resolution of asbestos claims against GST, Garrison was paid fees and reimbursed expenses for managing the defense and resolution of asbestos claims against Anchor and Coltec.

2.2.3 Coltec

Coltec is a longstanding, diversified manufacturer that was variously known in prior years as Penn-Texas Corporation (until 1959), Fairbanks Whitney Corporation (until 1964), and Colt Industries Inc (until 1990). Colt Industries Inc then changed its name to Coltec Industries Inc on May 3, 1990. Coltec merged with Runway Acquisition Corporation, a subsidiary of Goodrich Corporation ("**Goodrich**") on July 12, 1999 and survived as a wholly owned subsidiary of Goodrich. EnPro was incorporated on January 11, 2002 as a wholly owned subsidiary of Goodrich and is the sole parent entity of Coltec. On May 31, 2002, the shares of EnPro were distributed to the shareholders of Goodrich, and EnPro became a separate public company, with Coltec continuing as its direct, wholly-owned subsidiary through the date hereof. Coltec's headquarters are in Charlotte, North Carolina.

2.2.3.1 Coltec's Business Operations

Through its divisions and a number of direct and indirect foreign and domestic subsidiaries, Coltec operates a broad and diverse range of engineered industrial products manufacturers. These businesses include Garrison and the Garlock Group (described below) of which GST is a significant part. Coltec's material business operations include:

Fairbanks Morse (Fairbanks Morse). Fairbanks Morse is currently an unincorporated division of Coltec. Headquartered in Washington, DC, Fairbanks Morse designs, manufactures, sells, and services heavy-duty, medium-speed diesel engines and generator sets, and dual-fuel engines. Fairbanks Morse operates a manufacturing facility in Beloit, Wisconsin and operates service centers across the United States and one in Canada. As part of the pre-bankruptcy Coltec Restructuring, Fairbanks Morse will become a separately incorporated entity.

The Garlock Group. The Garlock family of companies, which is composed of a number of direct and indirect subsidiaries of Coltec, including GST, design, manufacture and sell sealing products, including: metallic, non-metallic and composite material gaskets; dynamic seals; compression packing; hydraulic components; expansion joints; flange sealing and isolation products; pipeline casing spacers/isolators; casing end seals; modular sealing systems for sealing pipeline penetrations; and safety-related signage for pipelines. These products are used in a variety of industries, including chemical and petrochemical processing, petroleum extraction and refining, pulp and paper processing, power generation, food and pharmaceutical processing, primary metal manufacturing, mining, and water and waste treatment. The Garlock Group is headquartered in Palmyra, New York, and operates production facilities in New York, as well as in Texas, Colorado, Australia, Canada, China, Dubai (UAE), Germany, India, Mexico, Singapore, and the United Kingdom.

The Stemco Group. The Stemco group, which is composed of a number of direct and indirect subsidiaries of Coltec, designs, manufactures and sells heavy-duty truck wheel-end components and systems including: seals; hubcaps; mileage counters; bearings; locking nuts; brake products, such as brake drums, automatic brake adjusters, brake friction and shoes, hardware and brake kits; suspension components, such as steering knuckle king-pins and bushings, spring pins and bushings, other polymer bushing components, and air springs for tractor, trailer and cab suspensions; tire pressure monitoring and inflation systems and automated mileage collection devices; as well as trailer-end aerodynamic devices designed to increase fuel efficiency. Along with group headquarters in Longview, Texas, the Stemco group operates manufacturing facilities in Texas, Georgia, Michigan, Tennessee, Kentucky, Ohio, Canada, Australia, Mexico, and China.

The Technetics Group. The Technetics group, composed of a number of direct and indirect subsidiaries of Coltec, designs, manufactures, and sells high performance metal seals; elastomeric seals; bellows and bellows assemblies; pedestals for semiconductor manufacturing; and a wide range of polytetrafluoroethylene (PTFE) products. These products are used in a variety of industries, including electronics and semiconductor, aerospace, land-based turbines, power generation, oil and gas, food and beverage, and other industries. Technetics' group headquarters is located in Columbia, South Carolina and Technetics operates production

facilities in California, Florida, Massachusetts, Pennsylvania, South Carolina, Texas, France, Germany, Singapore, and the United Kingdom.

The Compressor Products International (CPI) Group. The CPI group's business, which is operated by a number of direct and indirect subsidiaries of Coltec, designs, manufactures, sells and services components for reciprocating compressors and engines. These components, which include packing and wiper rings, piston and rider rings, compressor valve assemblies, divider block valves, compressor monitoring systems, lubrication systems, and related components are utilized primarily in the refining, petrochemical, natural gas gathering, storage and transmission, and general industrial markets. CPI maintains its headquarters in Stafford, Texas and has production facilities in California, Louisiana, Pennsylvania, Texas, Wyoming, Australia, Canada, China, France, Germany, Netherlands, Spain, and the United Kingdom.

The GGB Group. The GGB group's business, which is operated by a number of direct and indirect subsidiaries of Coltec, designs, manufactures and sells self-lubricating, non-rolling, metal polymer, engineered plastics, and fiber reinforced composite bearing products, as well as aluminum bushing blocks for hydraulic applications. These products are used in a wide variety of markets such as the automotive, pump and compressor, construction, power generation, and general industrial markets. The GGB group's headquarters are located in Annecy, France, and GGB operates production facilities in New Jersey, Brazil, France, Germany, Slovakia and China.

*EnPro Learning System, LLC ("**Learning System**").* Learning System, a direct wholly owned subsidiary of Coltec, offers safety consulting services, safety courses, and safety conferences throughout the year to assist companies in developing and implementing protocols to improve workplace safety. Learning System is headquartered in Charlotte, North Carolina and offers safety courses and conferences at various production facilities of EnPro and its subsidiaries and at other external locations.

The current business operations of Coltec will be substantially reorganized by the Coltec Restructuring before Coltec (renamed OldCo, LLC) files its Chapter 11 case. At the time OldCo files its Chapter 11 petition, only the Learning System business will be a part of OldCo's operations. For more information on the Coltec Restructuring, see Section 2.5.3 below.

2.2.3.2 Results of Coltec's Combined Business Operations

As the only direct, wholly-owned subsidiary of EnPro, Coltec either directly (through its divisions) or indirectly (through its direct and indirect foreign and domestic subsidiaries) operates all of the business operations of EnPro, other than certain general and administrative expenses incurred directly by the EnPro Industries, Inc. legal entity (on a stand-alone basis, the "**Parent**").

The following tables present condensed consolidating statements of operations of: (i) the Parent, (ii) Coltec and its direct and indirect subsidiaries (excluding the Existing Debtors and their subsidiaries) on a combined basis and (iii) the eliminations necessary to arrive at the consolidated results of EnPro on a consolidated basis, in each case for the following periods: (a) the three months ended March 31, 2016, (b) the twelve months ended December 31, 2015 and (c) the twelve months ended December 31, 2014.

The condensed consolidating statements of operations are not intended to present the results of operations for any purpose other than to set forth certain information regarding the combined operations of Coltec and its direct and indirect foreign and domestic subsidiaries (other than Existing Debtors and their subsidiaries) for purposes of this Disclosure Statement.

CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS (UNAUDITED)
Three Months Ended March 31, 2016
(in millions)

	EnPro Industries, Inc.	Coltec and Certain of Its Subsidiaries*	Remaining Subsidiaries of Coltec*	Eliminations	Consolidated
Net sales	$ —	$ 205.0	$ 112.2	$ (22.3)	$ 294.9
Cost of sales	—	144.6	75.0	(22.3)	197.3
Gross profit	—	60.4	37.2	—	97.6
Operating expenses:					
Selling, general and administrative	8.9	46.1	30.6	—	85.6
Asbestos settlement	—	80.0	—	—	80.0
Other	0.1	1.3	3.0	—	4.4
Total operating expenses	9.0	127.4	33.6	—	170.0
Operating income (loss)	(9.0)	(67.0)	3.6	—	(72.4)
Interest expense, net	(4.6)	(8.5)	—	—	(13.1)
Other expense	—	(1.6)	—	—	(1.6)
Income (loss) before income taxes	(13.6)	(77.1)	3.6	—	(87.1)
Income tax benefit (expense)	4.5	39.3	(3.5)	—	40.3
Income (loss) before equity in earnings of subsidiaries	(9.1)	(37.8)	0.1	—	(46.8)
Equity in earnings of subsidiaries, net of tax	(37.7)	0.1	—	37.6	—
Net income (loss)	$ (46.8)	$ (37.7)	$ 0.1	$ 37.6	$ (46.8)
Comprehensive income (loss)	$ (39.9)	$ (30.8)	$ 5.9	$ 24.9	$ (39.9)

*Excludes the Existing Debtors and their subsidiaries.

CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS
Year Ended December 31, 2015
(in millions)

	EnPro Industries, Inc.	Coltec and Certain of Its Subsidiaries*	Remaining Subsidiaries of Coltec*	Eliminations	Consolidated
Net sales	$ —	$ 837.8	$ 428.1	$ (61.5)	$ 1,204.4
Cost of sales	—	591.6	278.8	(61.5)	808.9
Gross profit	—	246.2	149.3	—	395.5
Operating expenses:					
Selling, general and administrative	27.6	157.1	118.1	—	302.8

Goodwill and other intangible asset impairment	—	5.6	41.4	—	47.0
Other	1.8	1.2	5.1	—	8.1
Total operating expenses	29.4	163.9	164.6	—	357.9
Operating income (loss)	(29.4)	82.3	(15.3)	—	37.6
Interest expense, net	(13.1)	(38.8)	(0.2)	—	(52.1)
Other expense, net	(2.8)	(1.3)	—	—	(4.1)
Income (loss) before income taxes	(45.3)	42.2	(15.5)	—	(18.6)
Income tax benefit (expense)	12.1	(9.5)	(4.9)	—	(2.3)
Income (loss) before equity in earnings of subsidiaries	(33.2)	32.7	(20.4)	—	(20.9)
Equity in earnings of subsidiaries, net of tax	12.3	(20.4)	—	8.1	—
Net income (loss)	$ (20.9)	$ 12.3	$ (20.4)	$ 8.1	$ (20.9)

*Excludes the Existing Debtors and their subsidiaries.

CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS
Year Ended December 31, 2014
(in millions)

	EnPro Industries, Inc.	Coltec and Certain of Its Subsidiaries*	Remaining Subsidiaries of Coltec*	Eliminations	Consolidated
Net sales	$ —	$ 801.4	$ 456.3	$ (38.4)	$ 1,219.3
Cost of sales	—	555.5	285.5	(38.4)	802.6
Gross profit	—	245.9	170.8	—	416.7
Operating expenses:					
Selling, general and administrative	41.1	144.5	133.9	—	319.5
Asbestos settlement	—	30.0	—	—	30.0
Other	0.8	1.2	1.8	—	3.8
Total operating expenses	41.9	175.7	135.7	—	353.3
Operating income (loss)	(41.9)	70.2	35.1	—	63.4
Interest income (expense), net	6.6	(50.6)	(0.1)	—	(44.1)
Other income (expense)	(10.0)	23.3	—	—	13.3
Income (loss) before income taxes	(45.3)	42.9	35.0	—	32.6
Income tax benefit (expense)	15.3	(16.6)	(9.3)	—	(10.6)
Income (loss) before equity in earnings of subsidiaries	(30.0)	26.3	25.7	—	22.0
Equity in earnings of subsidiaries, net of tax	52.0	25.7	—	(77.7)	—
Net income	$ 22.0	$ 52.0	$ 25.7	$ (77.7)	$ 22.0

*Excludes the Existing Debtors and their subsidiaries.

For additional information regarding the consolidated operations of EnPro, please see the EnPro Quarterly Report on Form 10-Q for the three months ended March 31, 2016 and the

EnPro Annual Report on Form 10-K for the year ended December 31, 2015. These documents are available online at http://www.enproindustries.com/sec-filings.

2.3 ASSETS OF GST, GARRISON, AND ANCHOR

2.3.1 Estimated Value of Reorganized GST's Core Business

GST's principal offices and largest manufacturing facility are located in Palmyra, New York. GST owns the Palmyra offices and plants subject to a "lease-leaseback" arrangement extending through February 2026 with the Wayne County Industrial Development Agency. GST has a second, leased manufacturing facility in Houston, Texas. GST owns substantial property and equipment at each of the two operating facilities used in connection with its business, as well as finished inventory and raw materials. A more detailed description of these assets is included in GST's Schedules of Assets and Liabilities, filed on July 20, 2010 (Docket No. 249). Since the Petition Date, GST has continued to operate in the ordinary course of business, and has acquired and divested assets in the ordinary course of business consistent with its pre-petition operations.

The Debtors have engaged FTI Consulting to advise them with respect to the enterprise value and reorganized value of GST's core business operations. FTI's analysis reflects a going concern value for GST's core business, including its non-debtor subsidiaries, in the range of $250 million to $286 million. The Debtors concur with FTI's conclusions regarding the value of the Debtors' core business operations.

2.3.2 Cash

As of March 31, 2016, GST (exclusive of its non-Debtor subsidiaries) held approximately $245.4 million in Cash ($4.6 million), Cash equivalents ($47.7 million), and United States Treasury Notes ($200.0 million). Inclusion of Cash held by non-debtor subsidiaries increases this figure by $29.5 million.

2.3.3 Garlock Insurance

Coltec purchased certain general liability insurance policies to cover losses associated with, among other things, product liability claims against Coltec and certain of its subsidiaries. A block of these insurance policies, in effect from 1976, the year after Coltec purchased GST, to 1984, when insurance policies began excluding asbestos-related losses from coverage, included GST as an insured (the "**Available Shared Insurance**"). Under the Available Shared Insurance policies, GST is entitled to be indemnified for losses associated with asbestos claims against GST that trigger coverage under such policies. Prior to these Chapter 11 Cases, proceeds from these policies have been used to pay a portion of the indemnity payments made to resolve asbestos claims against GST.

In addition to GST, Coltec and certain other Non-Debtor Affiliates also have indemnity rights against the carriers under the Available Shared Insurance policies, which also cover such Affiliates for asbestos-related losses. To the extent Coltec or any non-Debtor Affiliate is required to defend and pay any future asbestos litigation or pending asbestos litigation, Coltec or such non-Debtor Affiliate is entitled to be indemnified under those insurance policies for any such claim that triggers such policies.

As of the Petition Date, $194 million of available products hazard limits or insurance receivables arising from settlements with insurance carriers existed under the Available Shared Insurance policies. Since the Petition Date, the Debtors have collected approximately $116.6 million of the Available Shared Insurance (including insurance recoveries of approximately $6.1 million from insolvent insurance carriers); therefore, the amount of Available Shared Insurance from solvent insurance carriers with investment grade ratings, as of March 31, 2016, is approximately $80 million. A list of Asbestos Insurance Policies issued to the Debtors is attached as Exhibit E to the Plan.

A summary of the expected insurance receipts from various insurers is set forth below.

Insurance Carrier	**S&P Debt Rating**	**AM Best Rating**	**Remaining Amount** $ in 000
Aetna Casualty and Surety (Travelers)	AA	A++	4,213
AIG	A+	A	42,000
Employers Mutual Assurance Co.	n/a	A	10,000
Fireman's Fund	AA	A+	8,762
Republic Insurance Co.	A+	A	10,000
Safety Insurance Co.	A	A+	5,000
Total (Solvent Carriers)			**79,975**

2.3.4 Affiliate Notes

2.3.4.1 The Coltec and Stemco Notes and the 2005 Corporate Restructuring

GST holds two separate promissory notes in the aggregate face amount of approximately $227 million: one issued by Coltec in the face amount of $73,381,000 (the "**Coltec Note**") and the other issued by a wholly-owned indirect subsidiary of Coltec, Stemco LP, a Texas limited partnership ("**Stemco TX**") in the face amount of $153,865,000 (the "**Stemco Note**"). The Coltec Note and the Stemco Note each mature on January 1, 2017 and bear interest at 11.0% per annum. Cash payments are due in an amount equal to 6.5% per year, and deferred payment of interest in the amount of 4.5% (the "**PIK Amount**") are added to the principal amount outstanding under the Coltec Note and Stemco Note each year.

Each of the Coltec Note and the Stemco Note was delivered to GST on March 11, 2005, in connection with a corporate restructuring (the "**2005 Corporate Restructuring**"), and each was amended and restated on January 1, 2010.

First, pursuant to a Membership Interest Purchase Agreement dated March 11, 2005, GST sold to Coltec the following limited liability company membership interests: 100% of the membership interests in Coltec Industrial Products LLC and 96.3% of the membership interests in GGB LLC (representing all of GST's ownership interest in GGB LLC) (collectively, the "**Membership Interests**"). The purchase price for the Membership Interests was paid by Coltec

through the issuance and delivery of the Coltec Note. Pursuant to the terms of an Amended and Restated Pledge Agreement dated January 1, 2010, the repayment of the Coltec Note is secured by a pledge of the Membership Interests.

Second, pursuant to an Asset Purchase Agreement dated March 11, 2005, Stemco Delaware LP, a Delaware limited partnership ("**Stemco DE**") sold certain assets to Stemco TX, and Stemco TX agreed to assume certain liabilities of Stemco DE, all in exchange for the issuance and delivery of the Stemco Note by Stemco TX. On December 31, 2006, Stemco DE merged with and into GST, with GST surviving the merger and becoming the holder of the Stemco Note. The payment and performance of Stemco TX's obligations under the Stemco Note are guaranteed by Coltec pursuant to the terms of an Amended and Restated Guaranty Agreement dated January 1, 2010 (the "**Coltec Guaranty**"). Additionally, as collateral security for the full and timely payment, performance and observance of Coltec's obligations under the Coltec Guaranty, Coltec has granted GST a security interest in the general partner interest in Stemco TX held by Coltec and in the common stock of Stemco Holdings, Inc., a Delaware corporation (a wholly-owned subsidiary of Coltec and the direct owner of the limited partnership interests in Stemco TX) pursuant to the terms of an Amended and Restated Pledge Agreement dated January 1, 2010.

GST has agreed to subordinate its rights of payment under the Coltec Note, the Stemco Note, and the Coltec Guaranty to final payment of all principal, interest, or other obligations under Coltec's senior credit facility, pursuant to the terms of subordination agreements by and among Bank of America, N.A., in its capacity as collateral and administrative agent ("**BofA**"), GST, Coltec, and Stemco TX dated as of April 26, 2006 (as amended, modified, restated, and supplemented). As of March 31, 2016, the outstanding balance due under Coltec's senior credit facility was $170.4 million.

The Stemco Note and the Coltec Note each provide that Coltec may set off against any principal or interest due under the Stemco Note or Coltec Note losses, damages or settlements paid to any asbestos claimant based on Stemco TX's (in the case of the Stemco Note) or Coltec's (in the case of the Coltec Note) alleged liability for asbestos containing products manufactured or sold by GST.

Since the Petition Date, Coltec has provided certain services and advanced certain costs to both GST and Garrison pursuant to Intercompany Services Agreements dated as of June 1, 2010, between Coltec and each of GST and Garrison. Under the terms of the Intercompany Services Agreements, the charges payable to Coltec are paid first by offset against the cash portion of the interest payable under the Coltec Note and the Stemco Note. Since the Petition Date, all charges payable to Coltec under the Intercompany Services Agreement have been paid in this manner. As of March 31, 2016, the aggregate principal amount outstanding under the Stemco Note and the Coltec Note, together, was $295.9 million.

2.3.4.2 GST/Garrison Grid Notes

On September 13, 1996, GST and Garrison entered into a reciprocal credit arrangement (the "**Letter Agreement**") under which GST agreed to provide Garrison with a line of credit of up to $200 million for working capital purposes, and Garrison agreed to loan GST any available

Cash held by Garrison in excess of its working capital requirements. Advances by GST to Garrison for working capital requirements are evidenced by a $200 million Revolving Note (the "**Garrison Note**"). Garrison advances of available Cash to GST are evidenced by a separate $200 million Demand Grid Note (the "**Demand Grid Note**"). Under the terms of the Letter Agreement, any transfers of available Cash by Garrison to GST are first applied to repay indebtedness under the Garrison Note, if any, before any transfer is considered a borrowing by GST under the Demand Grid Note. Conversely, any advances by GST to Garrison are first applied to the Demand Grid Note before constituting an advance to Garrison under the Garrison Note. In accordance with the Letter Agreement, whenever a disbursement is presented for payment in a Garrison account, GST funds the disbursement from a GST disbursement account on behalf of Garrison and charges Garrison for such disbursement through the Garrison Note. Whenever Garrison receives Cash in its lockbox account, the Cash is transferred to the GST funding/concentration account as a repayment of the Garrison Note. As of March 31, 2016, Garrison owed GST $158,074,954 under the Garrison Note, and there was no outstanding indebtedness under the Demand Grid Note.

2.3.4.3 Garrison/Anchor Notes

Pursuant to the terms of a Promissory Note dated July 2, 1998 (the "**Anchor Grid Note**"), Garrison provided Anchor a line of credit up to $10 million for Anchor's working capital requirements. Anchor repaid interest and principal owed on such note as Anchor received proceeds from insurance covering asbestos-related claims against Anchor. Anchor has no remaining insurance coverage. Since December 2004, there have been no advances or repayments respecting the Anchor Grid Note. As of March 31, 2016, Anchor's indebtedness to Garrison under the Grid Note was approximately $1,704,000.

Anchor also owes Garlock approximately $2 million in net open intercompany account balances. This intercompany account is not evidenced by a promissory note or other writing. There has been no activity on this account since 1998.

2.3.5 Claims and Causes of Action

2.3.5.1 Avoidance Actions and Certain Related Claims Against Affiliates

During the pendency of these Bankruptcy Cases, the Committee and FCR have undertaken substantial document discovery of pre-petition transactions between the Existing Debtors, Coltec, and other Non-Debtor Affiliates. On April 30, 2012, the Committee and the FCR filed a Joint Motion of the Official Committee of Asbestos Personal Injury Claimants and the Future Claims Representative for Leave to Control and Prosecute Certain Claims as Estate Representatives (the "**Motion for Leave**" and the proposed complaint attached as Exhibit A thereto, the "**Proposed Complaint**") (Docket No. 2150) and a Joint Motion to Modify Preliminary Injunction in Order to Permit Certain Claims to Proceed[6] (the "**Motion for Modification**" and, together with the Motion for Leave, the "**ACC/FCR Motions**").

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6 Adv. Proc. No. 10-03145 (Docket No. 33).

The allegations of the Proposed Complaint focus on the 2005 Corporate Restructuring, which gave rise to the Coltec and Stemco Notes, and the amendments to those notes that occurred shortly before the 2010 bankruptcy filings of the Existing Debtors. *See* Section 2.3.4.1, *The Coltec and Stemco Notes and 2005 Corporate Restructuring*, *supra*. The Proposed Complaint alleges that the transfer of the businesses under the 2005 Corporate Restructuring and subsequent amendments to the Coltec and Stemco Notes injured GST Asbestos Claimants by hindering their ability to recover damages for their alleged injuries from GST. The Proposed Complaint names as defendants EnPro, Coltec, and Stemco TX (the "**Corporate Defendants**") and three former managers of GST, Donald G. Pomeroy, John Mayo, and Paul Baldetti (the "**Former Managers**"), and includes causes of actions for (1) alleged fraudulent transfers against the Corporate Defendants under both state law and the Bankruptcy Code; (2) breach of fiduciary duty against the Former Managers and the Corporate Defendants; (3) aiding and abetting breach of fiduciary duty against the Corporate Defendants; (4) unjust enrichment against the Corporate Defendants; (5) conspiracy to defraud against the Corporate Defendants; (6) successor liability against the Corporate Defendants; and (7) piercing the corporate veil separating GST from the Corporate Defendants.

On May 11, 2012, the Existing Debtors filed their Motion for Order (A) Authorizing the Debtors to (I) Enter Into the Affiliate Tolling Agreement and (II) Enter Into the Proposed Managers Tolling Agreement Pursuant to 11 U.S.C §§ 105(a) and 363 and Bankruptcy Rule 6004 and (B) Authorizing the Debtors to Abandon Non-Affiliate Preference Claims Pursuant to 11 U.S.C. §§ 105(a) and 554(a) and Bankruptcy Rule 6007 (the "**Tolling Agreement Motion**") (Docket No. 2194).

The Bankruptcy Court granted the Tolling Agreement Motion by order entered on June 4, 2012 (Docket No. 2281), and denied without prejudice the ACC/FCR Motions by order entered on June 7, 2012 (Docket No. 2292).[7]

The Debtors, the Corporate Defendants, and the Former Managers have continued to toll the alleged causes of action in the Proposed Complaint (the "**Tolled Claims**"), by way of tolling agreements entered into after the Bankruptcy Court granted the Tolling Agreement Motion and a series of orders subsequently entered with the consent of the Corporate Defendants, the Former Managers, the Committee, and the FCR.

As part of the Comprehensive Settlement the Plan provides that the Tolled Claims will be settled, released and extinguished. Also to be released pursuant to the Comprehensive Settlement and the Plan (in addition to other claims) are (i) any Avoidance Actions the Existing Debtors or Coltec may have against any of their Affiliates, (ii) Avoidance Actions that the Existing Debtors, Coltec, or their Estates might otherwise be able to assert against personal injury claimants or their attorneys, and (iii) any claims that Coltec might otherwise be able to assert against any of the Existing Debtors for indemnity or contribution related to Asbestos Claims.

In addition, since the Petition Date the Existing Debtors have investigated potential causes of action against certain parties in interest who received payments prior to the Petition

[7] Adv. Proc. No. 10-03145 (Docket No. 51).

Date. As a partial result of those investigations, the Existing Debtors filed their Motion for Order (A) Authorizing the Debtors to (I) Enter Into the Affiliate Tolling Agreement and (II) Enter Into the Proposed Managers Tolling Agreement Pursuant to 11 U.S.C §§ 105(a) and 363 and Bankruptcy Rule 6004 and (B) Authorizing the Debtors to Abandon Non-Affiliate Preference Claims Pursuant to 11 U.S.C. §§ 105(a) and 554(a) and Bankruptcy Rule 6007 (Docket No. 2194) (the "**Motion to Abandon**"). In the Motion to Abandon, the Existing Debtors sought court authorization to abandon all potential causes of action arising under Section 547 of the Bankruptcy Code against trade vendors who are not Affiliates of the Existing Debtors, the Existing Debtors' asbestos litigation defense counsel, and personal injury claimants who received payments from the Existing Debtors within ninety days prior to the Petition Date. The Court approved the Motion to Abandon, entering the Order (A) Authorizing the Debtors to (I) Enter into the Affiliate Tolling Agreement and (II) Enter into the Proposed Managers Tolling Agreement Pursuant to 11 U.S.C. §§ 105(a) and 363 and Bankruptcy Rule 6004 and (B) Authorizing Debtors to Abandon Non-Affiliate Preference Claims Pursuant to 11 U.S.C. §§ 105(a) and 554(a) and Bankruptcy Rule 6007 (Docket No. 2281) (the "**Abandonment Order**").

The Debtors believe all Avoidance Actions not settled through the Plan have either been abandoned pursuant to the Abandonment Order or the limitations period for any such claims has expired. To the extent any such Avoidance Actions exist and have not been abandoned pursuant to the Abandonment Order or settled or released through the Plan, such Avoidance Actions shall be retained by the Reorganized Debtors. The Existing Debtors' Statement of Financial Affairs sets forth all transfers by the Existing Debtors within ninety (90) days of the Petition Date, as well as all transfers to Affiliates within one year prior to the Petition Date. The Reorganized Debtors shall have the exclusive right to prosecute, waive or settle any unresolved Avoidance Actions after the Effective Date without need for Court authorization or approval.

2.3.5.2 GST Recovery Actions

Additionally, as a result of the Existing Debtors' Post-Petition investigations, GST and Garrison have filed lawsuits against several law firms who represented personal injury claimants to whom GST and Garrison paid money prior to the Petition Date as a result of settlements that GST and Garrison contend were fraudulently obtained. Information regarding these lawsuits follows:

Case Caption	Case Number and Jurisdiction
Garlock Sealing Technologies LLC, et al. v. Chandler, et al.	12-03137, United States Bankruptcy Court for the Western District of North Carolina
Garlock Sealing Technologies LLC, et al. v. Shein Law Center Ltd, et al.	3:14-cv-00137, United States District Court for the Western District of North Carolina
Garlock Sealing Technologies LLC, et al. v. Belluck & Fox, LLP, et al.	3:14-cv-00118, United States District Court for the Western District of North Carolina

Case Caption	Case Number and Jurisdiction
Garlock Sealing Technologies LLC, et al. v. Simon Greenstone Panatier Bartlett, A Professional Corporation, et al.	3:14-cv-00116, United States District Court for the Western District of North Carolina
Garlock Sealing Technologies LLC, et al. v. Estate of Ronald C. Eddins, et al.	3:14-cv-00130, United States District Court for the Western District of North Carolina

The Plan refers to these pending suits as "GST Recovery Actions." The Plan also uses the term "GST Recovery Actions" to refer to any other cause of action, claim, demand, or suit that might otherwise be asserted or filed in the future by Coltec, GST, Garrison, or any of their respective Affiliates, predecessors, or assigns against asbestos personal injury claimants or the attorneys and law firms that represent or have represented such claimants, which action, claim, demand, or suit is based on acts, omissions, or conduct by claimants, their attorneys, or law firms in connection with an action or suit for asbestos-related injury or wrongful death before the Confirmation Date. The Plan excludes GST Recovery Actions from the definition of Retained Causes of Action. As required by the Comprehensive Settlement, the Plan constitutes a motion to approve the settlement of the pending GST Recovery Actions under Bankruptcy Rule 9019, pursuant to which such actions and any claims, counterclaims, or countersuits the respective parties actually asserted or could have asserted therein shall be dismissed with prejudice in exchange for mutual general releases and mutual waivers of costs and attorneys' fees. In addition, the Plan provides that the Debtors, Reorganized Debtors, and their Affiliates, predecessors, successors, and assigns shall be deemed to release, waive, and permanently extinguish their rights to file or assert in the future any GST Recovery Action.

As part of the Comprehensive Settlement, the Term Sheet calls for the resolution and dismissal of the pending GST Recovery Actions on the foregoing terms effective upon the exchange of settlement documents by the parties to those lawsuits, and those lawsuits have been stayed pending confirmation of the Plan. As they have acknowledged in the Term Sheet, the Debtors, the Committee, the Ad Hoc Coltec Committee, and EnPro agreed that the settlement of those lawsuits on such terms was necessary in order for the Plan to be confirmed and succeed and therefore is in the best interests of the Debtors, their Estates, and present and future Asbestos Claimants. They have also acknowledged in the Term Sheet that (1) the defendants in the pending GST Recovery Actions have been represented by their respective independent counsel in connection with the proposed resolution of the pending GST Recovery Actions, and (2) the Plan funding negotiated by EnPro and the Plan Proponents has not been, and shall not be, reduced in respect of those proposed resolutions.

The Reorganized Debtors retain their respective rights to continue, commence, and pursue any and all "Retained Causes of Action" but, as required by the Comprehensive Settlement, the Plan excludes GST Recovery Actions from the definition of Retained Causes of Action. To the extent the Debtors have not commenced litigation with respect to any Retained Cause of Action prior to the Effective Date, one or more of the Reorganized Debtors may pursue them after the Effective Date. The Debtors have listed material, known Retained Causes of

Action on **Exhibit F** to the Plan. Retained Causes of Action will not be limited in any way by failure to list any Retained Cause of Action on Exhibit F.

In addition, it is possible that there are numerous unknown causes of action. The failure to list any such unknown causes of action above is not intended to limit the rights of the Reorganized Debtors to pursue any of these actions to the extent the facts underlying such unknown causes of action become known to the Debtors or the Reorganized Debtors.

2.3.5.3 Maintenance of Causes of Action and Preservation of All Causes of Action Not Expressly Settled or Released

Except as settled or released under the Plan, or otherwise provided in the Plan, the Reorganized Debtors are retaining all of the Debtors' respective rights to commence and pursue, as appropriate, in any court or other tribunal including, without limitation, in an adversary proceeding filed in one or more of the Chapter 11 Cases, any and all causes of action, whether such causes of action accrued before or after the Petition Date.

Except as otherwise provided in the Plan, in accordance with Section 1123(b)(3) of the Bankruptcy Code, any Claims, rights, and causes of action, including the Retained Causes of Action, that GST, Garrison, and Coltec may hold against any Entity will vest in Reorganized GST, Reorganized Garrison, and Reorganized Coltec, respectively, and Reorganized GST, Reorganized Garrison, and Reorganized Coltec respectively, will retain and may exclusively enforce any and all such Claims, rights, or causes of action, including Retained Causes of Action, and commence, pursue, and settle the causes of action in accordance with the Plan. Reorganized GST, Reorganized Garrison, and Reorganized Coltec will have the exclusive right, authority, and discretion to institute, prosecute, abandon, settle, or compromise any and all such Claims, rights, and causes of action, including Retained Causes of Action, without the consent or approval of any third party and without any further order of the Court.

Unless a Claim or Retained Cause of Action against a Claimant or other Entity is expressly waived, relinquished, released, compromised, or settled in the Plan or any Final Order, the Debtors expressly reserve such Claim or Retained Cause of Action (including any Unknown Causes of Action) for later adjudication by the Reorganized Debtors. Therefore, no preclusion doctrine, including the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, waiver, estoppel (judicial, equitable, or other), or laches will apply to such Claims or Retained Causes of Action upon or after the Confirmation Date or Effective Date of the Plan based on this Disclosure Statement, the Plan, or the Confirmation Order, except where such Claims or Retained Causes of Action have been expressly released in the Plan or other Final Order. In addition, the Debtors, the Reorganized Debtors, and their successors expressly reserve the right to pursue or adopt any Claim alleged in any lawsuit in which the Debtors are defendants or an interested party, against any Entity, including the plaintiffs or co-defendants in such lawsuits.

Except with respect to (i) Claims expressly waived, relinquished, released, compromised, or settled under the Plan, (ii) any Avoidance Actions subject to the Abandonment Order, and (iii) GST Recovery Actions, any Entity that has incurred an obligation to the Debtors (whether on account of services, purchases or sales of goods, or otherwise), or who has received services

from the Debtors or a transfer of money or property of the Debtors, or who has transacted business with the Debtors, or leased equipment or property from the Debtors, should assume that such obligation, transfer, or transaction may be reviewed by the Debtors or Reorganized Debtors, and may, if appropriate, be the subject of an action after the Effective Date, whether or not (1) such Entity has filed a proof of Claim against the Debtors in the Chapter 11 Cases, (2) such Claimant's proof of Claim has been objected to, (3) such Claimant's Claim was included in the Debtors' Schedules, or (4) such Claimant's scheduled Claim has been objected to by the Debtors or has been identified by the Debtors as a Disputed Claim, a Contingent Claim, or an Unliquidated Claim.

2.4 LIABILITIES OF GST, GARRISON, AND ANCHOR

2.4.1 Non-Asbestos Related Liabilities of GST, Garrison, and Anchor

2.4.1.1 Administrative Claims

Coltec asserts a Claim in the approximate amount of $106.3 million for repayment of taxes paid on account of GST's income after the Petition Date. In addition, Bank of America holds a post-petition Administrative Claim for contingent obligations arising from the Existing Debtors' use of Bank of America banking products and certain letters of credit issued on the Existing Debtors' behalf, pursuant to the DIP Release/Cash Collateral Order (Docket No. 1557) (defined below). This Administrative Claim is secured by approximately $3,037,112.00 in Cash held in a BofA account, as of March 31, 2016.

Other Entities also hold various Claims entitled to administrative priority pursuant to Section 503 of the Bankruptcy Code, which the Debtors will continue to pay in the ordinary course of business, including trade debt arising from GST and Garrison's continued operations after the Petition Date, as well as Fee Claims. The Existing Debtors believe they have paid, pursuant to orders of the Bankruptcy Court, all Claims entitled to administrative expense priority pursuant to Section 503(b)(9) of the Bankruptcy Code.

Debtors do not currently believe there will be any Allowed Priority Tax Claims.

2.4.1.2 Secured Claims

Several creditors have asserted relatively small Secured Claims against the Debtors. The most significant is an asserted Secured Claim by Niagara Bank related to financing for a chiller located in GST's Palmyra, New York facility. The Existing Debtors have assumed the contract related to this chiller and therefore believe the Claim has been cured and has been or will be paid in full in the ordinary course of business.

2.4.1.3 Priority Claims

Several creditors have asserted relatively small Priority Claims against the Existing Debtors. Filed Priority Claims total approximately $70,000. The Existing Debtors anticipate they will file objections to many of these Claims on various grounds, including that some are duplicates, some have been paid pursuant to prior orders of the Bankruptcy Court, some are not entitled to priority, and others for other reasons.

2.4.1.4 GST General Unsecured Claims

Creditors have filed in the aggregate approximately $3.7 million in GST General Unsecured Claims (excluding claims the Existing Debtors believe to be duplicates). Debtors anticipate they will object to a number of these Claims for various reasons.

2.4.2 Estimated Liability of GST, Garrison, and Anchor for Asbestos-Related Claims

The validity and value of GST Asbestos Claims have been the most contentious and litigated issues in the Chapter 11 Cases. The Committee and the FCR contended that GST's aggregate liability for present and future GST Asbestos Claims based on mesothelioma alone exceeded $1 billion. GST contended that its liability for such mesothelioma claims was no more than $125 million and that any liability it had for non-mesothelioma claims was *de minimis*.

After a lengthy contested estimation hearing, on January 10, 2014, the Bankruptcy Court entered the Estimation Opinion adopting GST's position and determining that a reasonable and reliable estimate of the amount sufficient to satisfy GST's obligation for all current and future mesothelioma claims is $125 million. The mesothelioma trial and Estimation Opinion is described in greater detail in Section 3.1.7, *infra*. The Committee took the position that the Estimation Opinion was incorrect, interlocutory, and subject to appeal.

No estimate of claims against GST for diseases other than mesothelioma (including lung cancer, other cancers, asbestosis, or other non-malignant conditions) was litigated or has been made by the Bankruptcy Court. The Existing Debtors, Coltec, the Committee, and the FCR have all recognized and agreed that mesothelioma claims account for the bulk of GST's overall liability for GST Asbestos Claims.

Finally, at the Committee's request, with the concurrence of the Debtors, the FCR, and Coltec, the Bankruptcy Court excluded from the scope of the contested estimation proceeding, and thus declined to estimate, the aggregate value of present and future asbestos claims against Anchor and derivative claims, if any, against GST based on Anchor's liabilities. *See* Order Granting Motion of the Official Committee of Asbestos Personal Injury Claimants for Order Clarifying Scope of Estimation to Exclude Claims Against Anchor and Derivative Claims Against Garlock Based on Anchor's Liabilities, Oct. 30, 2012 (Docket No. 2587). GST has never paid a derivative claim based on Anchor's liabilities.[8]

[8] All derivative claims against GST, Garrison, and Coltec based on third parties' alleged asbestos liabilities, including such claims based on Anchor's liabilities, are included in the Comprehensive Settlement. Under the Plan, those derivative claims will be subject to the Asbestos Channeling Injunction, and GST, Garrison, and Coltec will be discharged of those claims to the fullest extent provided by law. *But cf.* Plan § 8.6 (providing that "notwithstanding any provision to the contrary, nothing contained in this Plan, any Plan Document, the Confirmation Order, the Bankruptcy Code (including Section 1141 of the Bankruptcy Code), or any other document Filed in the Chapter 11 Cases shall be construed to discharge, enjoin, release, or channel to the Asbestos Trust any liability or obligation of a non-Debtor Entity not derived from that of a Debtor, including, without limitation, any independent liability of a non-Debtor Entity that is not an Affiliate of, successor of, successor-in-interest to, merger partner of, or transferor of assets to a Debtor as of the Petition Date."). No EnPro Affiliate other than GST, Garrison, Coltec, and Anchor is known to have any alleged non-derivative liability for asbestos claims.

2.4.3 GST's Asbestos Litigation History

For decades prior to the Petition Date, GST received thousands of claims each year from individuals who alleged they suffered from asbestos-related disease caused in part by GST's products. Since 1975, plaintiffs have named GST in approximately 900,000 asbestos cases. GST has disputed its liability for all of these asbestos claims and has never admitted liability for any claim.

Throughout its history, GST has resolved the vast majority of asbestos claims filed against it by dismissal or settlement rather than by verdict. Out of the 900,000 cases, only approximately 250 cases have resulted in verdicts, the majority of those in GST's favor.

GST also acquired four companies that sold sealing products substantially equivalent to products made and sold by GST, all of which were eventually merged into GST (Belmont Rubber & Packing Co. ("**Belmont**"), Crandall Packing Company, Dealers' Steam Packing Company, and U.S. Gasket Company). Garrison received approximately 8,500 complaints naming Belmont, despite its merger into GST in 1968. Nearly all of these complaints were filed before 2004, and all but 62 also named GST. None of the Belmont claims were resolved by payment, but were resolved only by dismissal or in connection with payments on claims against GST itself.

2.4.3.1 GST's Asbestos-Containing Products

GST's asbestos litigation has principally involved two asbestos-containing sealing products: compressed asbestos sheet gaskets and asbestos packing.

A gasket is a thin piece of material (usually 1/32" to 1/8" thick) used to create a seal between metal surfaces that would otherwise leak, such as a flange where two metal pipes connect, or where a pipeline attaches to equipment like pumps and valves. Compressed asbestos gaskets were manufactured in sheets and reached the consumer in one of two forms: (1) sheet gasket material that often came in rolls out of which the purchaser cut gaskets to size and (2) pre-cut gaskets that the purchaser ordered to requested sizes and shapes either directly from GST or from a gasket supply company that engaged in custom gasket cutting. GST's asbestos gaskets were a mixture of asbestos fibers, curing agents, reinforcing fillers, and elastomers (natural rubber plastic having the elastic qualities of rubber). Although GST offered many styles of non-asbestos gaskets and packing, customers historically needed asbestos gaskets and packing for certain high-temperature or corrosive environments.

Packing is braided yarn that is wrapped around the shafts of valves and other equipment to prevent leaks. GST asbestos packing was made with asbestos yarn impregnated and coated with lubricants, such as Teflon or graphite.

2.4.4 Pending GST Asbestos Claims

As of the Petition Date, there were approximately 95,000 asbestos claims pending against GST in state and federal courts across the country. Approximately 82,000 of these claims alleged non-malignant conditions or did not indicate an alleged disease or condition. Approximately 13,000 claims alleged mesothelioma, lung cancer, or other cancer.

On April 10, 2015, the Bankruptcy Court entered a bar date order, establishing October 6, 2015 as the deadline for filing proofs of claim for GST Asbestos Claims based on an asbestos-related disease diagnosed on or before August 1, 2014 for which lawsuits against any defendant or claims against any trust were filed on or before August 1, 2014.[9] Proofs of claim for GST Asbestos Claims arising after August 1, 2014 were permitted but not required to be filed.

Proofs of claim for approximately 170,260 current GST Asbestos Claims were filed. 129,525 of these were cast as ballots on the Second Amended Plan (in which claimants specified their asbestos-related diseases) and 40,735 were filed on Official Form 10 (in which claimants were not required to provide disease information, but sometimes chose to provide it).

Of the ballot claims, 8,749 alleged mesothelioma; 15,869 alleged lung cancer; 855 alleged laryngeal cancer; 103,989 alleged asbestosis; and 63 did not specify an alleged disease.

Disease	Class 4 ballot	B-10 POC	Total
Mesothelioma	8,749	1,236	9,985
Lung cancer	15,869	3,235	19,104
Other cancer	855	1,886	2,741
Non-malignant	103,989	28,865	132,854
Unknown	63	5,513	5,576
Total	**129,525**	**40,735**	**170,260**

In addition, certain pending GST Asbestos Claims against GST are the subject of settlements or judgments. Prior to the Petition Date, GST entered into settlement agreements with certain GST Asbestos Claimants that were not paid prior to the Petition Date. Many assertedly settled GST Asbestos Claims were identified on Debtors' schedules of creditors that were filed in these cases. Additionally, as further detailed in Section 4.2 below, the Court entered an order requiring that settled GST Asbestos Claimants (unless scheduled and not disputed) file proofs of claim in these cases. Excluding duplicates and other administrative filing errors, and considering both scheduled settled GST Asbestos Claims and those asserted through filed proofs of claim, approximately 2,357 settled GST Asbestos Claims were asserted against GST asserting liability totaling $17,094,274.

The Debtors' review of asserted Settled GST Asbestos Claims to date has identified approximately 209 Settled GST Asbestos Claims claiming $4,830,900 in payments that are not disputed by Debtors. During the course of these cases, approximately 632 Settled GST Asbestos Claimants claiming $598,921 in payments withdrew their claims or their counsel indicated that the claims would be withdrawn or were not valid. Presently, approximately 1,516 claims asserting settlements totaling $11,664,464 are the subject of Debtors' objections and are disputed.

Finally, three judgments that were entered against GST prior to the Petition Date remain unsatisfied.

[9] *See* Order Approving Disclosure Statement and Establishing Asbestos Claims Bar Date and Procedures For Solicitation, dated April 10, 2015 (Docket No. 5134).

The first, *Garlock Sealing Technologies LLC v. Clephas* is a judgment from the Jefferson Circuit Court in the Commonwealth of Kentucky, dated November 27, 2007, in the amount of $150,125.00. GST noticed an appeal of the judgment, and the case was stayed when GST filed its Petition. The appeal remains unresolved, pending before the Kentucky Court of Appeals. GST posted a bond in the amount of $204,180 to stay execution of the judgment while the case was on appeal. Should the judgment be upheld, GST's liability on the judgment, including post-judgment interest and excluding costs, will total (as of June 1, 2016) approximately $394,556.13.

The second judgment, *Garlock Sealing Technologies LLC v. Torres*, is a judgment from the District Court of Cameron County, Texas in the amount of $1,300,000. GST noticed an appeal of the judgment, and the case was stayed when GST filed its Petition. GST's motion to lift the stay to prosecute its appeal was denied by the Bankruptcy Court. The appeal remains unresolved, pending before the Texas Court of Appeals, 13th District. GST did not post a bond in the matter. Should the judgment be upheld, GST's liability on the judgment, including post-judgment interest and excluding costs, as of June 1, 2016, was approximately $1,826,477.21.

The third judgment, *Garlock Sealing Technologies LLC v. Dexter*, is a judgment from the Marshall Circuit Court in the Commonwealth of Kentucky dated February 22, 2006 in the amount of $874,507.33. GST appealed the judgment, but the judgment was affirmed. Coltec purchased the judgment from the plaintiff and now has a claim against GST for the amount of the bond ($1.1 million) that is accruing interest at 11% per annum.

Of the claimants holding these judgment claims, only the *Torres* claimants appear to have filed proofs of claim under the October 6, 2015 bar date. As described above, to be paid by the Asbestos Trust, Pre-Petition Judgment GST Asbestos Claims must have filed a proof of claim on or before the Asbestos Claims Bar Date (or else obtain relief from the Bankruptcy Court). Moreover, the Asbestos Trust will have the right to appeal those judgments, which will only be paid as judgments if the Asbestos Trust decides not to appeal or the appeal is unsuccessful. The holders of these Claims may, however, pursue the Claims as non-judgment Claims subject to all applicable conditions prescribed by the CRP, including the requirement that they previously filed a proof of claim on or before the Asbestos Claims Bar Date (or else obtain relief from the Bankruptcy Court). Judgment claims will also be subject to a payment percentage, calculated as described in Section 3.5 of the CRP.

2.5 ASSETS AND LIABILITIES OF COLTEC

2.5.1 Assets and Liabilities of Coltec

As discussed in Section 2.2.3.2 *Results of Coltec's Combined Business Operations*, *supra*, Coltec either directly (through its divisions) or indirectly (through its direct and indirect foreign and domestic subsidiaries) owns all of the business operations of EnPro other than certain assets and liabilities held directly by the parent entity.

The following table presents condensed consolidating balance sheets (unaudited) as of March 31, 2016 (the "**Consolidating Balance Sheet**") for: (i) the Parent, (ii) Coltec and its direct and indirect subsidiaries (excluding the Existing Debtors and their subsidiaries) on a combined

basis and (iii) the eliminations necessary to arrive at the consolidated results of EnPro on a consolidated basis.

The Consolidating Balance Sheet is not intended to reflect a fair market value of Coltec and its subsidiaries or present the financial condition thereof for any purpose other than to set forth certain information regarding the combined material assets and liabilities of Coltec and its direct and indirect foreign and domestic subsidiaries (other than the Existing Debtors and their subsidiaries) for purposes of this Disclosure Statement.

CONDENSED CONSOLIDATING BALANCE SHEETS (UNAUDITED)
As of March 31, 2016
(in millions)

	EnPro Industries, Inc.	Coltec and Certain of Its Subsidiaries*	Remaining Subsidiaries of Coltec*	Eliminations	Consolidated
ASSETS					
Current assets					
Cash and cash equivalents	$ —	$ —	$ 110.8	$ —	$ 110.8
Accounts receivable, net	—	150.6	64.7	—	215.3
Intercompany receivables	—	9.8	8.3	(18.1)	—
Inventories	—	125.6	54.9	—	180.5
Prepaid expenses and other current assets	5.8	11.9	11.4	(4.7)	24.4
Total current assets	5.8	297.9	250.1	(22.8)	531.0
Property, plant and equipment, net	0.2	136.2	76.3	—	212.7
Goodwill	—	167.6	28.8	—	196.4
Other intangible assets	—	158.4	27.0	—	185.4
Investment in GST	—	236.9	—	—	236.9
Intercompany receivables	35.6	10.0	1.4	(47.0)	—
Investment in subsidiaries	673.9	248.0	—	(921.9)	—
Other assets	15.9	156.8	18.9	—	191.6
Total assets	$ 731.4	$ 1,411.8	$ 402.5	$ (991.7)	$ 1,554.0
LIABILITIES AND EQUITY					
Current liabilities					
Short-term borrowings from GST	$ —	$ —	$ 27.5	$ —	$ 27.5
Notes payable to GST	—	295.9	—	—	295.9
Current maturities of long-term debt	—	0.1	—	—	0.1
Accounts payable	1.3	52.1	34.6	—	88.0
Intercompany payables	—	8.3	9.8	(18.1)	—
Accrued expenses	18.3	46.1	51.1	(4.7)	110.8
Total current liabilities	19.6	402.5	123.0	(22.8)	522.3
Long-term debt	293.5	120.6	—	—	414.1
Intercompany payables	—	36.8	10.2	(47.0)	—
Other liabilities	11.9	178.0	21.3	—	211.2

Total liabilities	325.0	737.9	154.5	(69.8)	1,147.6
Shareholders' equity	406.4	673.9	248.0	(921.9)	406.4
Total liabilities and equity	$ 731.4	$ 1,411.8	$ 402.5	$ (991.7)	$ 1,554.0

*Excludes the Existing Debtors and their subsidiaries

2.5.1.1 Long-Term Debt

Senior Notes. In September 2014, EnPro completed an offering of $300 million aggregate principal amount of 5.875% Senior Notes due 2022 (the "**Senior Notes**"). The Senior Notes were issued net of an original issue discount of $2.4 million. The Senior Notes are unsecured, unsubordinated obligations of EnPro that mature on September 15, 2022.

While the Senior Notes are a direct obligation of EnPro (and reflected as "Long-Term Debt" of EnPro in the Consolidating Balance Sheet), the Senior Notes are fully and unconditionally guaranteed on an unsecured, unsubordinated, joint and several basis by Coltec and certain of its subsidiaries (which do not include the Existing Debtors or their subsidiaries).

Revolving Credit Facility. EnPro and Coltec have a $300 million senior secured revolving credit facility (the "**Revolving Credit Facility**"), as reflected in the "Long-Term Debt" of Coltec and certain of its subsidiaries in the Consolidating Balance Sheet. Borrowings under the Revolving Credit Facility bear interest at an annual rate of LIBOR plus 2% or base rate plus 1%, although the interest rates under the Revolving Credit Facility are subject to incremental increases or decreases based on a consolidated total leverage ratio. In addition, a commitment fee accrues with respect to the unused amount of the Revolving Credit Facility.

EnPro and Coltec are the permitted borrowers under the Revolving Credit Facility. Each of the domestic, consolidated subsidiaries of EnPro (other than the Existing Debtors and their respective subsidiaries, for so long as they remain unconsolidated for financial reporting purposes) are required to guarantee the obligations of EnPro and Coltec under the Revolving Credit Facility, and each of the existing domestic, consolidated subsidiaries (which does not include the domestic entities of the Existing Debtors) has provided such a guarantee.

Borrowings under the Revolving Credit Facility are secured by a first-priority lien on certain of the assets of Coltec and its subsidiaries.

2.5.1.2 Affiliate Notes

As described in detail in Section 2.3.3.1, supra, in 2005 Coltec issued the Coltec Note to GST and Stemco TX issued the Stemco Note to GST. The Coltec Note and the Stemco Note are reflected, on a combined basis, as "Notes Payable to GST" in the Consolidating Balance Sheet.

2.5.1.3 Investment in Subsidiaries

The Consolidating Balance Sheet reflects investments in subsidiaries of the respective combined group using the equity method of accounting. Coltec's investment in the membership interests of GST is reflected as "Investment in GST" on such basis.

2.5.1.4 Coltec Insurance

Coltec purchased a number of primary and excess general liability insurance policies that were in effect from December 31, 1950 and thereafter. The policies provide coverage for "occurrences" happening during the policy periods and cover losses associated with product liability claims against Coltec and certain of its subsidiaries. As previously described, the Available Shared Insurance is the remaining coverage in the portion of the block of these insurance policies that included GST as an insured. That block ran from January 1, 1976, the year after Coltec purchased GST, to July 1, 1984, when Coltec's insurance policies began excluding asbestos-related losses from coverage (the "**Garlock Coverage Block**"). *See* Section 2.3.3 Insurance, *supra*. For insurance policies purchased by Coltec prior to January 1, 1976 ("**Pre-Garlock Coverage Block**"), GST was not an insured because it was not a Coltec subsidiary then. The aggregate face amount of primary and excess coverage in the Pre-Garlock Coverage Block is $308,366,000.

The table below shows policy periods and total products hazard aggregate limits of each primary policy in the Pre-Garlock Coverage Block.

Primary Policies
1951-1974

Carrier	Policy Number	Begin Date	End Date	Total Limits
American Motorists Ins. Co. (insolvent)	OYM 199451	12/31/1950	12/31/1951	$100,000
American Motorists Ins. Co.	1YM 202149	12/31/1951	12/31/1952	$100,000
American Motorists Ins. Co.	2YM 205156	12/31/1952	12/31/1953	$1,000,000
American Motorists Ins. Co.	3YM 208198	12/31/1953	12/31/1954	$1,000,000
American Motorists Ins. Co.	4YM 208198	12/31/1954	12/31/1955	$1,000,000
American Motorists Ins. Co.	5YM 208198	12/31/1955	12/31/1956	$1,000,000
American Motorists Ins. Co.	6YM 208198	12/31/1956	12/31/1957	$1,000,000
American Motorists Ins. Co.	7YM 208198	12/31/1957	12/31/1958	$1,000,000
American Motorists Ins. Co.	8YM 208198	12/31/1958	12/31/1959	$1,000,000
Zurich Insurance Co.	8055900	7/1/1959	7/1/1960	$1,000,000
Zurich Insurance Co.	8263000	7/1/1960	7/1/1961	$1,000,000
Zurich Insurance Co.	8306800	7/1/1961	7/1/1962	$2,000,000
Zurich Insurance Co.	8261650	7/1/1962	7/1/1963	$2,000,000
Zurich Insurance Co.	8359650	7/1/1963	7/1/1964	$2,000,000
Zurich Insurance Co.	8448350	7/1/1964	7/1/1965	$2,000,000
Insurance Company of North America	LAB 16365	7/1/1965	7/1/1966	$2,000,000
Insurance Company of North America	LAB 16384	7/1/1966	7/1/1967	$10,000,000
Insurance Company of North America	LAB 21616	7/1/1967	7/1/1968	$10,000,000
Insurance Company of North America	LAB 21641	7/1/1968	7/1/1971	$30,000,000
Insurance Company of North America	ALB 47227	7/1/1971	7/1/1973	$20,000,000
Insurance Company of North America	ALB 47272	7/1/1973	7/1/1974	$10,000,000
Aetna Casualty & Surety Co.	01 AL 246450 SCA	7/1/1974	7/1/1975	$1,000,000
Total Excess Limits				**$100,200,000**

The following table shows policy periods and total products hazard aggregate limits of each excess insurance policy in the Pre-Garlock Coverage Block.

Excess Policies
1965-1974

Carrier	Policy Number	Begin Date	End Date	Total Limits	Attachment Point
Appalachian Insurance Co.	XL 11063	7/19/1966	7/1/1969	$30,000,000	$10,000,000
Citizens Casualty Co.	XP 8024	8/4/1966	7/1/1967	$5,000,000	$20,000,000
London Companies And Lloyds	526-577454	7/1/1967	7/1/1968	$5,000,000	$20,000,000
London Companies And Lloyds	605/12138	7/1/1968	7/1/1969	$5,000,000	$20,000,000
Home Insurance Company (insolvent)	HEC 9 30 48 10	12/9/1968	7/1/1971		$25,000,000
London Companies And Lloyds	410/12422	7/1/1969	8/1/1972	$30,000,000	$10,000,000
North Star Reinsurance Corp.	NSX 7955	7/1/1969	7/1/1972	$15,000,000	$20,000,000
*Insurance Co. Of North America	XPL 9166	7/1/1969	7/1/1970	$10,000,000	$35,000,000
Home Insurance Company (insolvent)	HEC 9 91 99 79	7/1/1971	7/1/1974		$25,000,000
Aetna Casualty & Surety Co.	01 XN 265 WCA	7/1/1972	7/1/1975	$44,166,000	$10,000,000
Aetna Casualty & Surety Co.	01 XS 1860 SCA	7/1/1974	7/1/1975	$9,000.000	1,000,000
Aetna Casualty & Surety Co.	01 XN 590 SCA	7/1/1974	7/1/1975	$5,000,000 (quota share)	$10,000,000
North River	XS 3704	2/4/1975	7/1/1975	$50,000,000	$51,000,000
Total Excess Limits				**$208,166,000**	

Because Coltec has not made an indemnity payment for a Coltec Asbestos Claim, it has not made an indemnity claim against a policy in the Pre-Garlock Coverage Block. Coltec did obtain reimbursement from certain primary carriers within that block for approximately $7 million in defense costs Coltec incurred defending Coltec Asbestos Claims. The payment of those defense costs did not erode any policy limits.

Many of the Pre-Garlock Coverage Block insurance carriers also issued policies in the Garlock Coverage Block. Prior to these Chapter 11 Cases, proceeds from such carriers' Garlock Coverage Block policies were used to pay a significant portion of the indemnity and defense payments made to resolve GST Asbestos Claims. To obtain continued funding of losses related to GST Asbestos Claims, GST and Coltec periodically entered into settlement agreements with insurance carriers between 1981 and 2004. A 1993 settlement between Coltec, Garlock, and INA resolved claims by Garlock under its own excess liability policies with INA, which were in effect from 1962-65. In exchange for payment of those limits (and some defense costs), Coltec released INA from asbestos claims under all "INA policies," which were broadly defined to include policies INA had issued to Coltec in the Pre-Garlock Coverage Block. In addition, GST and Coltec settled with the London Market Insurers to resolve coverage under policies such carriers issued or subscribed in the Garlock Coverage Block, which also had the effect of releasing coverage in the Pre-Garlock Coverage Block. The settlement agreements with INA and the London Market Insurers include indemnity provisions that purport to require Coltec to defend and indemnify the settling carriers for specified post-settlement claims that might be asserted by third parties against such carriers relating to settled insurance policies. INA issued $82 million of approximately $100.2 million of total primary insurance in the Pre-Garlock Coverage Block but any rights to indemnity INA may have against Coltec are limited to $9.75 million. The London Market Insurers issued $40 million of approximately $208 million of the total excess coverage.

The Debtors contend that any indemnity right against Coltec claimed by a settling carrier is a Coltec Asbestos Claim.

By virtue of the following corporate history, SPX Corporation ("**SPX**") succeeded to the asbestos liabilities and insurance rights related to the Fairbanks Morse Pump business.

- Prior to 1985, Fairbank Morse Pump was a division of Colt Industries Operating Corp. ("**CIOC**"), which was a wholly-owned subsidiary of Colt Industries, Inc., which later changed its name to Coltec Industries Inc.

- In 1985, CIOC sold the assets of the Fairbanks Morse Pump Division to FMPD Purchasing Corporation, which was subsequently renamed Fairbanks Morse Pump Corporation. Under the asset purchase agreement, Fairbanks Morse Pump Corporation assumed Fairbank Morse Pump's product liabilities (including those resulting from the pre-closing sale of asbestos-containing pump products) and acquired the right to secure defense and indemnity coverage under Coltec's pre-closing insurance policies with respect to the acquired liabilities. After the asset sale, CIOC merged with and into Coltec, with Coltec surviving the merger.

- In 1995, Fairbanks Morse Pump Corporation merged with and into a subsidiary of General Signal Corporation ("**General Signal**"), thereby becoming a wholly-owned subsidiary of General Signal. The surviving subsidiary of General Signal continued to operate under the name Fairbanks Morse Pump and retained products liabilities arising from the sale of pre-closing products and the right to claim insurance coverage for such liabilities under general liability policies issued to Coltec.

- In 1997, Fairbanks Morse Pump Corporation, General Signal, and certain other affiliates sold substantially all the assets and liabilities of the Fairbanks Morse Pump business to Pentair Inc. ("**Pentair**"). General Signal retained Fairbanks Morse Pump's asbestos liabilities and insurance rights for products sold prior to 1997.

- In 1998, SPX acquired General Signal and in 2003 General Signal merged with SPX.

Because neither Fairbanks Morse Pump Corporation, General Signal, SPX, nor Pentair is party to any settlement agreement resolving rights against policies in the Pre-Garlock Coverage Block, any rights that SPX or Pentair may have against the limits remaining under such policies are not affected by any such agreements.

Prior to these Chapter 11 Cases, SPX received Coltec Asbestos Claims related to Fairbanks Morse Pump, either directly or through Pentair. In light of SPX's rights to the Shared Available Insurance, Garrison assumed the defense of Fairbanks Morse Pump cases in order to preserve coverage in the Garlock Coverage Block for GST Asbestos Claims. In doing so, Garrison obtained dismissals of Fairbanks Morse Pump claims without payment, often as part of a settlement of GST Asbestos Claims.

To continue protecting the Available Shared Insurance during these Chapter 11 Cases, the Existing Debtors filed an adversary proceeding complaint and a motion for preliminary

injunction seeking an order barring claimants from pursuing asbestos claims against, among other parties, Coltec, any Non-Debtor Affiliate, or any successor to the Fairbanks Morse Pump division. The Bankruptcy Court issued the requested injunction. *See* Section 3.1.3 Adversary Proceeding Obtaining Stay of Asbestos-Related Litigation Against Non-Debtor Affiliates, *infra*.

Under the Comprehensive Settlement, Coltec and the Existing Debtors retain ownership of all of their rights respecting insurance policies, including any rights they may have to seek reimbursement under the policies for the $480 million in aggregate contributions they make to the Trust under the Plan. Coltec and the Existing Debtors have the sole right to sue for and compromise claims against insurance carriers. Coltec and the Existing Debtors are entitled to collect, as reimbursement for their pre-petition asbestos claim payments or contributions to the Trust, 100% of (a) the full aggregate amount of any settlements and judgments related to insurance policies in the Garlock Coverage Block and (b) the first $25 million of any settlements and judgments related to insurance policies in the Pre-Garlock Coverage Block. Amounts Coltec may collect in excess of $25 million related to insurance policies in the Pre-Garlock Coverage Block will be shared equally by Coltec and the Trust. In addition, in connection with any compromise or settlement with an Asbestos Insurance Entity or successor Entity before entry of the Confirmation Order, the Debtors and Reorganized Debtors will, subject to the right of the Committee and FCR to object, add such Asbestos Insurance Entity to Exhibit E and/or successor Entity (including SPX and Pentair) to Exhibit D. The Committee and FCR will have the right to object to addition of an Asbestos Insurance Entity to Exhibit E or successor Entity to Exhibit D if they reasonably believe in good faith that (a) the terms of such compromise or settlement, (b) the addition of such Asbestos Insurance Entity to Exhibit E or successor Entity to Exhibit D, or (c) the extension of the Asbestos Channeling Injunction to such Asbestos Insurance Entity or successor Entity would (i) result in the channeling or transfer to, or assumption by, the Asbestos Trust of any Claims, Demands, duties, obligations, or liabilities (A) that are not Asbestos Claims or Asbestos Trust Expenses or (B) that are not otherwise contemplated to be the responsibility of the Asbestos Trust under this Plan; or (ii) result in or impose undue burden or expense on the administration of the Asbestos Trust or the Asbestos Trust Assets. Before making any such addition to Exhibit D or Exhibit E, the Debtors are required to disclose to the FCR and the Asbestos Claimants Committee the terms of the underlying compromise or settlement and sufficient information concerning the relevant Asbestos Insurance Entity or successor Entity to enable the FCR and the Asbestos Claimants Committee to evaluate the proposed addition under the criteria specified in the preceding sentence. The Bankruptcy Court will hear and determine any such objection.

2.5.1.5 Other Assets and Liabilities

For additional information regarding the consolidated assets and liabilities of EnPro, please see the EnPro Quarterly Report on Form 10-Q for the three months ended March 31, 2016 and the EnPro Annual Report on Form 10-K for the year ended December 31, 2015. These documents are available online at http://www.enproindustries.com/sec-filings.

2.5.2 Asbestos Claims Against Coltec Industries Inc

Claimants first began suing Coltec in approximately 1992. Plaintiffs named either Coltec or businesses for whose conduct Coltec or one of its predecessors was alleged to be responsible,

including “Fairbanks Morse,” “Fairbanks Morse Engine,” “Fairbanks Morse Pump,” “Quincy Compressor,” “Central Moloney,” “France Compressor,” “Delavan,” and “Farnam.” Though Coltec received tens of thousands of such claims, and has spent approximately $7.9 million in defense costs on claims naming Coltec or Coltec-related businesses, Coltec has never made an indemnity payment on an asbestos claim. Any Asbestos Claims against Coltec or any other Asbestos Protected Parties involving allegations about these businesses—or any other businesses or products for which Coltec is alleged to be responsible, including derivative GST Asbestos Claims—are in Class 5, will be channeled to the Asbestos Trust, and will be subject to the Asbestos Channeling Injunction.

Fairbanks Morse. Plaintiffs named “Fairbanks Morse” or “Fairbanks Morse Engine” (“**FME**”) in complaints, alleging exposure to asbestos from components, principally gaskets, in engines and locomotives. Some of these gaskets were likely manufactured by GST, although not all of them were.

The Fairbanks Morse business was founded in the nineteenth century. From the 1930s, the business manufactured engines at its Beloit, WI plant. For example, during World War II, Fairbanks Morse engines were used in submarines for the U.S. Navy, as well as in destroyers and landing ships. Fairbanks Morse engines were also used in power plants and locomotives.

Coltec’s predecessor acquired control over Fairbanks Morse & Co. in 1958, and Coltec owned it as a subsidiary until 1986, when the successor to Fairbanks Morse merged with Coltec (then known as Colt Industries Inc.). Fairbanks Morse is currently a Coltec division. As part of the Coltec Restructuring, Fairbanks Morse will become a separate legal entity and will not continue as a division of Coltec.

The following table summarizes the total number of asbestos claims naming FME for each disease category (where available); the number of those claims that were dismissed; and the number of those claims that are still open:

Alleged disease	Dismissed	Open	Total
Mesothelioma	202	122	324
Lung Cancer	139	42	181
Other Cancer	35	3	38
Non-malignant	5,023	1,346	6,369
No specified disease	6,932	381	7,313
Total	**12,331**	**1,894**	**14,225**

No indemnity was ever paid for an FME asbestos claim. The FME claims were resolved only by dismissal or in connection with payments on GST asbestos claims. About two-thirds of the FME claims also named GST.

Fairbanks Morse Pump. Plaintiffs named “Fairbanks Morse Pump” (“**FMP**”) alleging exposure to asbestos from components in pumps, principally gaskets and packing. Some of the gaskets and packing were likely manufactured by GST, although not all of them were. The Fairbanks Morse business described above also had a pump division, which manufactured water-based pump systems in Kansas City, KS. The Fairbanks Morse business was in a Coltec

subsidiary in 1985 when, as described in more detail above in Section 2.5.1.4, that subsidiary sold the assets of the FMP division to FMPD Purchasing Corporation (renamed Fairbanks Morse Pump Corporation (“**FMPC**”)). Fairbanks Morse Pump Corporation assumed FMP’s product liabilities (including any resulting from the pre-closing sale of asbestos-containing pump products), and obtained rights against Coltec’s insurance. The Coltec subsidiary merged with Coltec in 1986. FMPC was acquired by General Signal Corporation in 1995, which sold the FMP assets to Pentair Inc. in 1997, while retaining any liability for FMP asbestos claims. SPX acquired General Signal in 1998 and merged with General Signal in 2003, retaining any liabilities for FMP asbestos claims and corresponding rights against Coltec insurance. Garrison continued to receive and defend the FMP asbestos claims.

The following table summarizes the total number of claims naming FMP for each disease category (where available); the number of those claims that were dismissed; and the number of those claims that are still open:

Alleged disease	Dismissed	Open	Total
Mesothelioma	796	707	1,503
Lung Cancer	436	341	777
Other Cancer	198	93	291
Non-malignant	8,272	3,190	11,462
No specified disease	15,043	1,451	16,494
Total	**24,745**	**5,782**	**30,527**

No indemnity was ever paid for an FMP asbestos claim. The FMP claims were resolved only by dismissal or in connection with payments on GST asbestos claims. Over three-fourths of the FMP claims also named GST.

Quincy Compressor. Plaintiffs named “Quincy Compressor” (“**Quincy**”), alleging exposure to asbestos from components in compressors, principally gaskets. Some of those gaskets were likely manufactured by GST, although not all of them were.

Coltec’s predecessor acquired Quincy Inc in 1966, and the successor of that subsidiary eventually merged into Coltec, with Quincy thereafter operated as a division of Coltec. In December 2009, Coltec sold the assets of the Quincy division to Fulcrum Acquisition LLC, retaining any liability for asbestos claims.

The following table summarizes the total number of asbestos claims naming Quincy for each disease category (where available); the number of those claims that were dismissed; and the number of those claims that are still open:

Alleged disease	Dismissed	Open	Total
Mesothelioma	40	34	74
Lung Cancer	41	46	87
Other Cancer	16	6	22
Non-malignant	1,970	201	2,171
No specified disease	5,355	129	5,484

Total	**7,422**	**416**	**7,838**

No indemnity was ever paid for a Quincy asbestos claim. The Quincy claims were resolved only by dismissal or in connection with payments on GST asbestos claims. Over 40% of the Quincy claims also named GST.

Central Moloney. According to Garrison's database, plaintiffs named "Central Moloney" as a defendant in three cases. Garrison believes the suits alleged that transformers Central Moloney manufactured contained asbestos gaskets. At certain points in time, Coltec or its predecessors operated a division named Central Moloney Transformer or owned a subsidiary named Central Transformer Corporation, Central Transformer Inc, or Central Moloney Inc.

No indemnity was ever paid for a Central Moloney asbestos claim. The three claims remain open, according to Garrison's records. Two of the three claims also name GST.

France Compressor. Plaintiffs have named "France Compressor" as a defendant, alleging exposure to asbestos from components in compressors. Divisions named France Products and France Compressor Products were, at various times, operated by GST, and then after 1995, as a subsidiary of Coltec. In fact, the various entities or businesses known as France Compressor made parts for compressors, not compressors, and never marketed or manufactured any asbestos-containing products.

According to Garrison's database, plaintiffs named "France Compressor" 47 times in asbestos litigation, all in 1994, 1995, or 2000. Five of the suits alleged lung cancer, forty alleged non-malignant conditions, and two did not specify an alleged disease. According to the database, 25 of the claims remain open. No indemnity was ever paid for a France Compressor asbestos claim, and the claims were resolved only by dismissal or in connection with payments on asbestos claims against GST. All of the suits named GST as well.

Delavan. According to Garrison's database, plaintiffs named "Delavan" (or sometimes "Delevan" or "Delavan Instruments") collectively 3,711 times, all between 1999 and 2002. The allegations in these lawsuits appear to have involved equipment that allegedly had asbestos-containing components. At certain points in time, Coltec or its predecessors operated divisions named Delavan Gas Turbine Products, Delavan Spray, Delavan-Carroll, Delavan Steel Treating and Delavan Power Generation and owned subsidiaries named Delavan Inc, Delavan-Carroll Inc., Delavan-Delta, Inc., and Delavan Spray, LLC.

The following table summarizes the number of claims naming Delavan for each disease category (where available); the number of those claims that were dismissed; and the number of those claims that are still open:

Alleged disease	Dismissed	Open	Total
Mesothelioma	16	10	26
Lung Cancer	19	11	30
Other Cancer	11	1	12
Non-malignant	1,077	584	1,661
No specified disease	1,779	152	1,931

Total	**2,902**	**758**	**3,660**

No indemnity was ever paid for a Delavan asbestos claim, and the claims were resolved only by dismissal or in connection with payments on asbestos claims against GST. All but 70 of the suits named GST as well.

Farnam. According to Garrison's database, plaintiffs have named "Farnam" as a defendant 209 times, all in 1994, 2003, and 2004. Garrison believes the claims alleged Farnam was a regional distributor of asbestos-containing products, including gaskets, or manufactured asbestos-containing gaskets. At certain points in time, Coltec or its predecessors operated a division named Farnam Sealing Systems or owned a subsidiary named F. D. Farnam Co., F.D. Farnam Inc, or Farnam Sealing Systems Inc.

The following table summarizes the number of claims naming Farnam for each disease category (where available); the number of those claims that were dismissed; and the number of those claims that are still open:

Alleged disease	Dismissed	Open	Total
Mesothelioma	0	0	0
Lung Cancer	8	0	8
Other Cancer	5	1	6
Non-malignant	169	21	190
No specified disease	0	5	5
Total	**182**	**27**	**209**

No indemnity was ever paid for a Farnam asbestos claim, and the claims were resolved only by dismissal or in connection with payments on GST asbestos claims. All but one of the suits named GST as well.

Coltec or EnPro. Finally, plaintiffs from time to time named Coltec or EnPro in complaints directly, usually without any particular product allegations, but presumably on the basis of allegations involving either GST or one or more of the businesses listed above. EnPro itself has never manufactured or sold any asbestos-containing products. The following table summarizes the number of claims naming Coltec or EnPro rather than one of the businesses above for each disease category (where available), the number of those claims that were dismissed; and the number of those claims that are still open:

Alleged disease	Dismissed	Open	Total
Mesothelioma	428	314	742
Lung Cancer	864	639	1,503
Other Cancer	608	74	682
Non-malignant	10,822	11,377	22,199
No specified disease	44,288	4,729	49,017
Total	**57,010**	**17,133**	**74,143**

No indemnity was ever paid for an asbestos claim against Coltec or EnPro, and the claims were resolved only by dismissal or in connection with payments on GST asbestos claims. More than 85% of the suits named GST as well.

For purposes of the Plan, claimants who allege and can establish contact as required by the CRP with asbestos-containing components of any of the products of Fairbanks Morse Engine, Fairbanks Morse Pump, Quincy Compressor, Central Moloney, France Compressor, Delavan, Farnam, or any other Coltec business operation will be able to establish Coltec/GST Product Contact as defined by the CRP. Such claimants will be entitled to present only a single claim for payment, however, and not multiple claims (and will not receive any additional payment on account of any contact with GST asbestos-containing products), just as GST Asbestos Claimants will be entitled to present only a single claim for payment even if they also had contact with Coltec products.

2.5.3 Coltec Restructuring and Assets and Liabilities of Filing Entity OldCo, LLC

The Coltec Restructuring is an essential part of the Comprehensive Settlement that was carefully negotiated and vetted by the Plan Proponents prior to entering into the Comprehensive Settlement. The restructuring is necessary to an expeditious implementation of the Comprehensive Settlement and to avoid disruption and damage to EnPro's businesses. The Comprehensive Settlement would not have been reached and cannot be consummated without the Coltec Restructuring. If Coltec Industries Inc were to file for Chapter 11 reorganization without first consummating the Coltec Restructuring, it would not provide any additional compensation to pay Asbestos Claims under the Plan, and Coltec would not have agreed to the Comprehensive Settlement absent agreement that the Coltec Restructuring would occur.

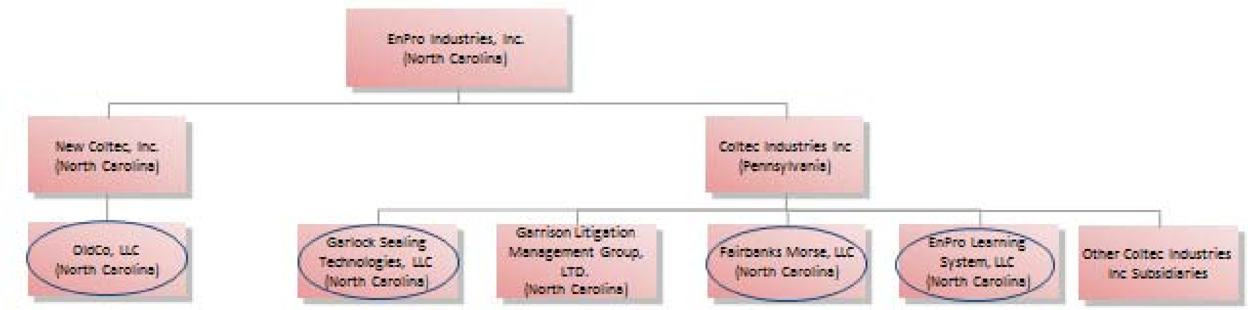
As explained in more detail following, the Coltec Restructuring involves (i) a contribution of an operating division of Coltec Industries Inc, *Fairbanks Morse*, to a new, wholly-owned subsidiary of Coltec Industries Inc and, subsequently, (ii) the merger of Coltec Industries Inc with and into a new wholly-owned indirect subsidiary of EnPro, OldCo, LLC, a North Carolina limited liability company and (iii) a distribution of certain assets and liabilities of the former Coltec Industries Inc (including all of the ownership interests in the former subsidiaries of Coltec Industries Inc as acquired in the merger but excluding the Learning System assets and operations and the Garrison Equity Interests) to a new, wholly-owned direct subsidiary of EnPro, New Coltec, Inc., a North Carolina corporation ("**New Coltec**"). OldCo (as successor to Coltec Industries Inc) will then file a Chapter 11 petition to implement the Comprehensive Settlement, together with GST and Garrison, through the Plan.

Accordingly, except for Learning System and Garrison, the businesses operated by Coltec Industries Inc and its direct and indirect subsidiaries owned prior to the Coltec Restructuring will not be subject to the bankruptcy case. However, New Coltec will commit to provide sufficient cash to OldCo (as successor to Coltec Industries Inc), to fund OldCo's post-petition operations and administrative expenses and meet its obligations under the Plan and will enter into a keepwell agreement (the "**Keepwell**") in favor of OldCo as more fully described later in this section.

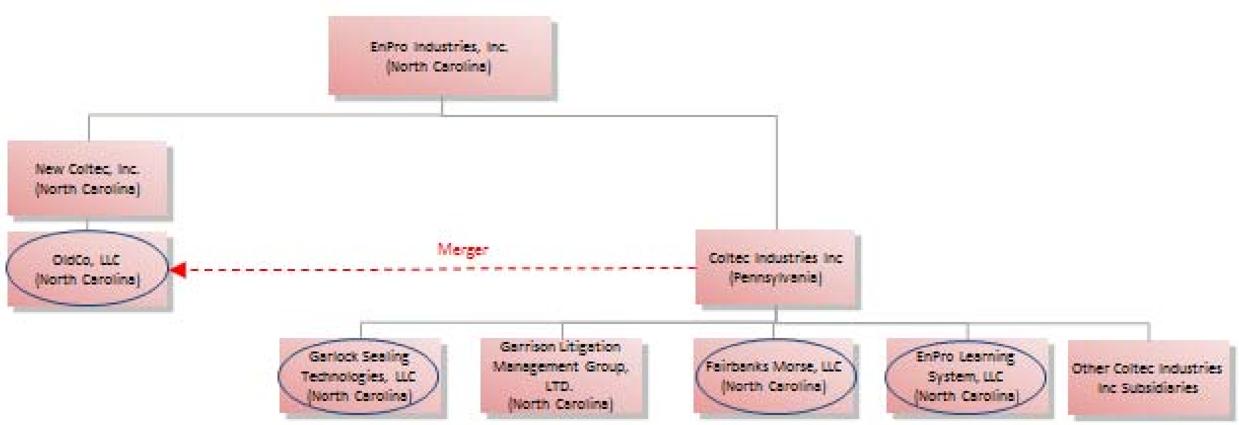
The Coltec Restructuring will take place in two stages:

The first stage commenced shortly after the execution and announcement of the Comprehensive Settlement and is projected to be completed prior to acceptance of the Plan by the Asbestos Claimants. Coltec Industries Inc has formed a direct, wholly-owned subsidiary, Fairbanks Morse, LLC, a North Carolina limited liability company ("**New Fairbanks Morse**"). Coltec Industries Inc will contribute all of the assets and liabilities related to the operation of its Fairbanks Morse division to New Fairbanks Morse during the fourth calendar quarter of 2016. New Fairbanks Morse will not be part of OldCo when that company's Chapter 11 petition is eventually filed.

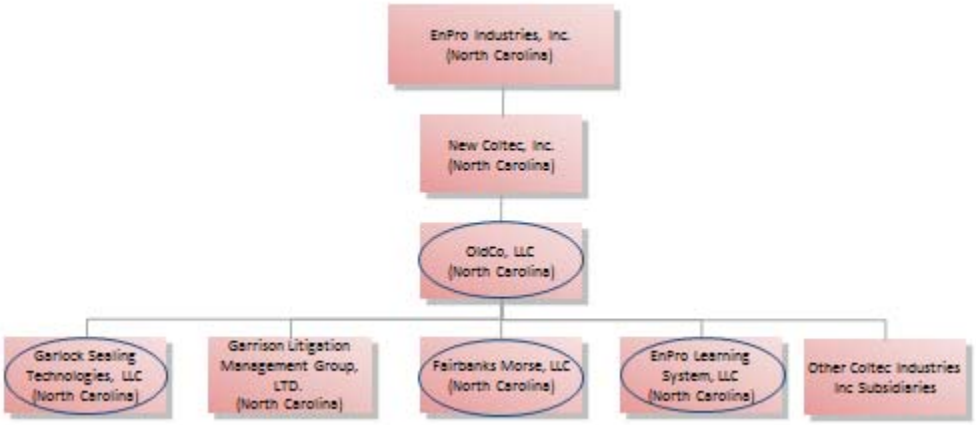
During this initial stage, in preparation for the second stage, EnPro will also form New Coltec, and certain administrative and general corporate functions will migrate from Coltec Industries Inc to New Coltec. After its formation, New Coltec will itself form OldCo. Upon completion of this first stage, the simplified organizational structure of EnPro will be as follows:



The second stage of the Coltec Restructuring will not occur unless and until the Balloting Agent files the Voting Certification confirming that Asbestos Claimants have accepted the Plan in requisite numbers and amounts. This stage will not be consummated unless at least 75% of the voting Asbestos Claimants holding at least two-thirds of the claim amounts vote to accept the Plan. If that condition is met, Coltec Industries Inc will then merge with and into OldCo, with OldCo being the surviving entity of the merger, as depicted below.



As a result of this merger, OldCo (as the successor to Coltec Industries Inc) will be a direct, wholly-owned subsidiary of New Coltec, with the ownership of all of the direct subsidiaries of Coltec Industries Inc transferring by merger to OldCo, as set forth in the following simplified organizational structure.

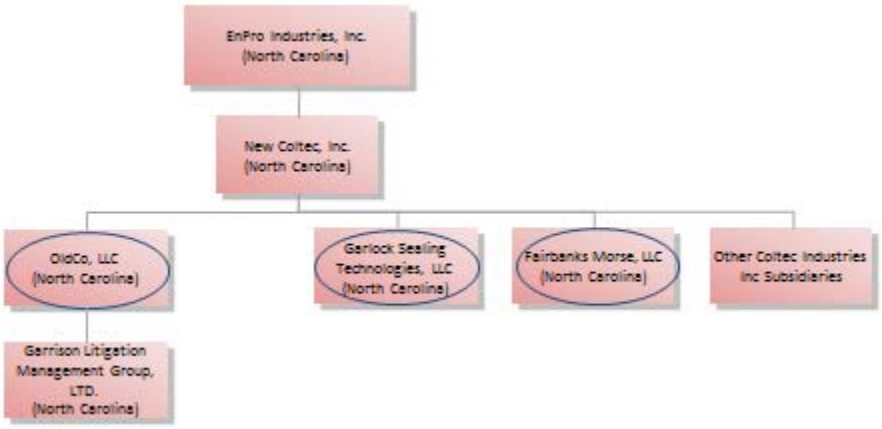


OldCo will then distribute and transfer all of its assets and ownership interests in its direct subsidiaries (including all of the ownership interests in the former subsidiaries of Coltec Industries Inc as acquired in the merger), except for Learning System, the Garrison Equity Interests, and certain insurance rights and assets, to its parent, New Coltec. As part of this distribution, New Coltec will assume all of OldCo's liabilities except for obligations related to Coltec Asbestos Claims and GST Asbestos Claims. The assumed liabilities will include OldCo's obligations (as successor to Coltec) under the Coltec Note, the Coltec Guaranty, and related documents, and GST will request the Bankruptcy Court to enter an order releasing OldCo from its obligations under the Coltec Note and Coltec Guaranty and permitting substitution of New Coltec as the obligor under those instruments.

In connection with the distribution, New Coltec will also commit to contribute cash to Coltec in an amount which will be sufficient to fund Coltec's $30 million cash contribution to the Asbestos Trust on the Effective Date and, as reasonably estimated by EnPro, OldCo's anticipated cash needs during the administration of its Chapter 11 case. In addition, New Coltec will enter into the Keepwell in favor of OldCo committing to make further contributions to OldCo as necessary to maintain its solvency and to provide for its financial stability. In consideration of the Keepwell, OldCo will agree not to incur indebtedness other than ordinary course business expenses of Learning System and the costs and expenses of administration of its Chapter 11 case.

Learning System will then be merged with and into OldCo, with OldCo being the surviving entity of the merger.

Upon completion of the distribution and the merger of Learning System, the simplified organizational structure of EnPro will be as follows:



OldCo (as successor to Coltec Industries Inc) will then file a Chapter 11 petition to implement the Comprehensive Settlement, together with GST and Garrison, through the Plan. As a result of the Coltec Restructuring and as of the Coltec Petition Date, the filing entity OldCo will hold or will have access to more than $30 million in cash, will own and operate the *Learning System* business as an operating division, will own the Garrison Equity Interests and will have certain access to capital from New Coltec under the Keepwell, which will provide for OldCo's solvency and financial stability during the pendency of the Chapter 11 proceedings following the Coltec Petition Date. OldCo (as successor to Coltec Industries Inc) will be responsible for any liability associated with Coltec Asbestos Claims, but will agree to incur no other liabilities except those incurred in the ordinary course of business of its Learning System division. OldCo (as successor to Coltec Industries Inc) may continue to have secondary liability for certain of its legacy non-asbestos liabilities assumed by New Coltec as part of the distribution described above, but New Coltec will have primary responsibility for all such liabilities and contractual obligations to OldCo with respect to such liabilities.

3. THE CHAPTER 11 FILINGS

3.1 SIGNIFICANT EVENTS DURING THE COURSE OF THE CHAPTER 11 CASES

There have been many pleadings filed with the Bankruptcy Court, and many hearings have been conducted in connection with such pleadings. A general description of significant events related to Asbestos Claims during the Chapter 11 Cases follows. Pleadings referenced below may be obtained from the Bankruptcy Court for review. The docket for each case should be consulted to obtain a complete list of pleadings filed and events scheduled.

3.1.1 Appointment of Official Creditors Committees and the Future Claimants' Representative

3.1.1.1 Official Committee of Unsecured Creditors

The Official Committee of Unsecured Creditors ("**Unsecured Creditors' Committee**") was formed by order of the Court entered June 17, 2010 (Docket No. 104).

3.1.1.2 Asbestos Claimants Committee

The Committee was formed by order of the Court entered on June 16, 2010 (Docket No. 101), and the makeup of the Committee was modified by order entered on July 20, 2010 (Docket No. 260). The current members of the Committee are the following (listed with the law firm representing each member):

Committee Member	Law Firm
Diane Allen	Kazan, McClain, Satterley & Greenwood, PLC
William Ames Warren	Simmons Hanly Conroy
Timothy Koeberle	Waters & Kraus, LLP
Madonna Guzzo	Lipsitz & Ponterio, LLC
Robert Wirwicz	Thornton & Naumes, LLP
Charles and Loretta Willis	Simon Greenstone Panatier Bartlett, PC
Gary Terry	Cooney & Conway
Deborah Papaneri	Paul, Reich & Myers, PC
Sheri Hoover	Motley Rice LLC
Ellen Fox	Weitz & Luxenberg
Denis Burns	Belluck & Fox, LLP
Joseph D. Boyer	The Jaques Admiralty Law Firm, PC

3.1.1.3 Representative for Future Asbestos Claimants

The Court entered an order appointing Joseph W. Grier, III as the FCR (Docket No. 512) on September 16, 2010.

3.1.2 Employment of Professionals

The Debtors, the Unsecured Creditors' Committee, the Committee and the FCR have employed the following professionals in the Chapter 11 Cases with the Bankruptcy Court's approval (except for the Debtors' Ordinary Course Professionals that were employed by separate orders and disclosures):

EMPLOYED PROFESSIONALS

Professional	Scope of Representation	Date Approved
Rayburn, Cooper & Durham, P.A.	Bankruptcy Counsel to the Debtors	07/12/10 (Docket No. 200)
Robinson Bradshaw & Hinson, P.A.	Special Corporate and Litigation Counsel to the Debtors	07/12/10 (Docket No. 201)
Covington & Burling, LLP	Special Insurance Counsel to the Debtors	07/12/10 (Docket No. 202)
Del Sole Cavanaugh	Special Asbestos Defense Counsel to the Debtors	07/12/10 (Docket No. 203)
Schachter Harris, LLP	Special Asbestos Defense Counsel to the Debtors	07/21/10 (Docket No 264)
Bates White, LLC	Asbestos Claim Valuation Consultant to the Debtors	07/21/10 (Docket No. 265)
Grant Thornton, LLP	Audit Accountants for the Debtors	10/01/10 (Docket No. 577) and 9/30/11 (Docket No. 1537)
Forman, Perry, Watkins, Krutz & Tardy, LLP	Special Asbestos Defense Counsel to the Debtors	12/23/11 (Docket No. 971)
Katten Muchin Rosenman, LLP	Counsel to the Unsecured Creditors' Committee	09/16/10 (Docket No. 514)
FSB FisherBroyles	Substituted Counsel to the Unsecured Creditors' Committee	05/12/11 (Docket No. 1332)
Caplin & Drysdale, Chartered	Counsel to the Committee	08/16/10 (Docket No. 392)
Hamilton Moon Stevens Steele & Martin, PLLC	Former Co-Counsel to the Committee	08/06/10 (Docket No. 314)
Moon Wright & Houston, PLLC	Substituted Co-Counsel to the Committee	04/21/11 (Docket No. 1287)
Charter Oak Financial Consultants, LLC	Financial Advisors to the Committee	08/25/10 (Docket No. 423)
Legal Analysis Systems, Inc.	Asbestos Claim Valuation Consultant to the Committee	08/25/10 (Docket No. 424)
Orrick, Herrington & Sutcliffe, LLP	Counsel to the FCR	10/06/10 (Docket No. 580)
Grier, Furr & Crisp, P.A.	Co-Counsel to the FCR	09/30/10 (Docket No. 569)
Hamilton Rabinovitz & Associates, Inc.	Asbestos Claim Valuation Consultant to the FCR	12/09/10 (Docket No. 850)
Lincoln Partners Advisors, LLC	Financial Advisor to the FCR	12/17/10 (Docket No. 896)
FTI Consulting, Inc.	Financial Advisors to the Debtors	12/02/11 (Docket No. 1679)
Motley Rice LLC	Special Litigation Counsel to the Committee	07/03/12 (Docket No. 2343)

EMPLOYED PROFESSIONALS		
Professional	**Scope of Representation**	**Date Approved**
Waters & Kraus LLP	Special Litigation Counsel to the Committee	07/03/12 (Docket No. 2343)
A. M. Saccullo Legal, LLC	Delaware Counsel to the Committee	08/22/12 (Docket No. 2467)
Grossman & Moore PLLC	Kentucky Counsel to the Committee	12/04/12 (Docket No. 2660)

3.1.3 Adversary Proceeding Obtaining Stay of Asbestos-Related Litigation Against Non-Debtor Affiliates

On June 7, 2010, the Existing Debtors filed an adversary proceeding complaint, *Garlock Sealing Technologies LLC, et al. v. Those Parties Listed on Exhibit B to Complaint and Unknown Asbestos Claimants* (Adversary Proceeding No. 10-03145, United States Bankruptcy Court for the Western District of North Carolina), and a motion for preliminary injunction seeking an order barring asbestos claimants from pursuing claims against Coltec or any Non-Debtor Affiliate. On June 7, 2010, the Bankruptcy Court issued a temporary restraining order (Docket No. 9) and on June 21, 2010, a preliminary injunction (Docket No. 14) granting the requested relief.

On April 30, 2012, the Committee and the FCR filed their Joint Motion to Modify Preliminary Injunction in Order to Permit Certain Claims to Proceed in conjunction with their Joint Motion of the Official Committee of Asbestos Personal Injury Claimants and the Future Claims Representative for Leave to Control and Prosecute Certain Claims as Estate Representatives. This motion sought leave to pursue claims against Coltec and certain Non-Debtor Affiliates as more specifically described in Section 2.3.5.1 above. The Court denied the Committee and FCR's motion for leave without prejudice in the Order Denying Leave (Adv. Proc. No. 10-03145, Docket No. 51).

3.1.4 Extensions of Exclusivity Period

The Court entered three orders extending the Existing Debtors' exclusive periods to file and solicit acceptances of a Chapter 11 plan. By order of the Court entered on May 20, 2011 (Docket No. 1349), the Court granted the Existing Debtors' final extension of (i) the exclusive period to file a reorganization plan (or plans) through November 28, 2011 and (ii) the exclusive period to solicit acceptances of a plan through and including January 26, 2012. The Existing Debtors filed a Plan of Reorganization (Docket No. 1664) on November 28, 2011 (the "**Initial Plan**"), prior to the termination of their exclusive period to file a reorganization plan, but did not solicit acceptances of the Initial Plan. Therefore, as of January 26, 2012, the Existing Debtors' exclusive periods to file and solicit acceptances to a Chapter 11 plan have expired, and any party in interest may file an alternative Chapter 11 plan and seek permission of the Bankruptcy Court to solicit acceptances for such a plan. As of the filing of this Disclosure Statement, no other party in interest has filed a plan. The Existing Debtors filed their First Amended Plan of

Reorganization on May 29, 2014 and their Second Amended Plan of Reorganization on January 14, 2015.

3.1.5 December 9, 2010 Discovery Order

On December 9, 2010, the Bankruptcy Court entered an order (Docket No. 853) (the "**December 9 Order**") establishing a six-month period for "conducting preliminary discovery related to estimation, for purposes of formulating a plan of reorganization, of the Debtors' liability for pending and future asbestos-related claims for personal injury and wrongful death." The December 9 Order also permitted the Committee and FCR to conduct a six-month period of discovery regarding pre-petition related party transfers and the 2005 Corporate Restructuring that produced the Coltec Note and the Stemco Note.

3.1.6 Order Granting the Existing Debtors' Motion for Estimation of Mesothelioma Claims

On December 2, 2011, the Existing Debtors moved the Bankruptcy Court to estimate the aggregate number and amount of allowed current and future mesothelioma claims against Debtors GST and Garrison pursuant to Bankruptcy Code Section 502(c) (Docket No. 1683) (the "**Estimation Motion**"). On April 13, 2012, the Bankruptcy Court entered the Order for Estimation of Mesothelioma Claims (Docket No. 2102) (the "**Estimation Order**") granting the Estimation Motion and setting the scope and purpose of the estimation proceeding. The Bankruptcy Court concluded that it would hold a trial to estimate allowed mesothelioma claims pursuant to Bankruptcy Code Section 502(c) for the purpose of determining the feasibility of any Chapter 11 plan of reorganization that might be proposed in the Cases. The Bankruptcy Court initially scheduled the estimation trial to commence on December 3, 2012 but eventually continued the trial to July 22, 2013.

In the Estimation Order, the Bankruptcy Court ruled that it would consider properly supported evidence based upon both the "settlement approach," which the Committee and FCR proposed to employ for the estimation of mesothelioma claims, and the "legal liability approach," which Debtors proposed to employ.

3.1.7 Estimation Trial and Order Estimating Aggregate Mesothelioma Liability

For more than two years before the estimation trial, the Existing Debtors, Coltec, the Committee, and the FCR engaged in contentious, time-consuming, and expensive litigation regarding the proper scope of discovery of evidence supporting their respective theories of estimation. Discovery permitted by the Bankruptcy Court, often over the objection of one or more of the parties, included:

- A questionnaire issued to Asbestos Claimants who asserted pending mesothelioma claims against GST, requiring such claimants to provide basic information about their claims, including: asbestos exposure information relating to GST's and third parties' products; facts about their lawsuits in the tort system; tort defendants against which they had asserted claims and the status of such

claims; and bankruptcy trusts against which they had asserted claims and the status of such claims.

- Two supplemental questionnaires issued to different samples of pending mesothelioma claimants, seeking information about known exposures to asbestos and aggregate data regarding claimants' settlement and other recoveries from tort defendants and from bankruptcy trusts.
- Subpoenas by the Existing Debtors for ballots from other bankruptcy cases, seeking copies of ballots cast by or on behalf of asbestos personal injury claimants in those cases.
- A subpoena by the Existing Debtors to the Delaware Claims Processing Facility, seeking data regarding claims filed by persons whose mesothelioma claims GST and Garrison settled between 1999 and 2010.
- Subpoenas by the Existing Debtors to six law firms who represented plaintiffs in fifteen resolved mesothelioma cases, seeking documents and testimony pertaining to those plaintiffs' asbestos exposures.
- Extensive discovery by the Committee and FCR issued to Debtors and certain third parties, pertaining to the history of asbestos litigation against the Debtors.
- Settlement approval and trial evaluation forms containing privileged communications between GST, Garrison, and their in-house lawyers and outside defense lawyers that contained evaluations of certain cases that GST settled, which were produced before and during the estimation hearing pursuant to the Court's finding of a limited waiver of privilege.
- Dozens of fact and expert witness depositions taken by Debtors, the Committee, the FCR, and Coltec.

From July 22 to August 22, 2013, over seventeen trial days, the Bankruptcy Court conducted an evidentiary hearing pursuant to the Estimation Order to determine a reliable aggregate estimate of GST's present and future mesothelioma claims. The Existing Debtors' experts projected Garlock's aggregate mesothelioma liability at not more than $125 million, and the Committee and FCR offered opinions from each of their experts estimating that GST's aggregate liability for mesothelioma claims exceeded $1 billion.

That trial culminated in entry on January 10, 2014 of the 65-page Estimation Opinion, in which the Bankruptcy Court estimated GST's aggregate liability for present and future mesothelioma claims at $125 million. *See In re Garlock Sealing Technologies LLC*, 504 B.R. 71, 97 (Bankr. W.D.N.C. 2014). The Committee took the position that the Estimation Opinion was interlocutory, and stated its intention to appeal from that decision once it became a final order or otherwise ripe for appellate review. The Debtors maintain that the Estimation Opinion is correct and is the law of the case.

Because of the great magnitude of mesothelioma claims in comparison to claims based on other allegedly asbestos-related diseases, the parties agreed and the Bankruptcy Court ordered that the estimation proceeding would not include any estimated liability for non-mesothelioma claims. *Id.* at 75. As noted above, the Bankruptcy Court also excluded asbestos-related claims against Anchor from its estimate.

3.1.8 Committee's Motion to Reopen Estimation Record

On June 4, 2014, the Committee moved the Bankruptcy Court to reopen the record of the estimation proceeding to permit the Committee to present supplemental evidence after taking additional discovery from the Existing Debtors and then to seek modification of the Estimation Opinion based on such additional evidence. (Docket Nos. 3725 and 3726). The Existing Debtors and Coltec objected. (Docket Nos. 3725 and 3726). On December 4, 2014, the Bankruptcy Court denied the Committee's motion. (Docket. Nos. 4260 and 4274; 12/4/2014 transcript).

3.1.9 Committee Discovery Regarding Pre-Petition Transactions

Pursuant to the December 9 Order authorizing discovery from the Existing Debtors, Coltec, and other affiliates relating to the 2005 Corporate Restructuring and other pre-petition insider transactions, the Committee and FCR propounded multiple interrogatories and requests for production of documents on the Existing Debtors, Coltec, other non-debtor affiliates, and certain third parties. The respondents produced voluminous documents. The discovery obtained eventually resulted in decisions by the Committee and the FCR to file their Joint Motion for Leave, Proposed Complaint, and Motion for Modification seeking to assert breach of fiduciary duty claims against the Former Managers and fraudulent transfer, unjust enrichment, conspiracy to defraud, successor liability, alter ego, and other claims against the Corporate Defendants. *See supra*, Section 2.3.5.1 (Avoidance Actions).

3.1.10 The Debtors' Initial Plan of Reorganization

On November 28, 2011, the Debtors filed their Initial Plan (Docket No. 1664), as well as the Disclosure Statement for Debtors' Joint Plan of Reorganization (Docket No. 1666) (the "**First Disclosure Statement**") and the exhibit book related to the Initial Plan (Docket No. 1665). The Debtors filed a supplemental exhibit book on December 16, 2011 (Docket No. 1722). The Committee and FCR each filed objections to approval of the First Disclosure Statement (Docket Nos. 1806 and 1808), to which the Debtors responded (Docket No. 1823). The Court did not hold a hearing on approval of the First Disclosure Statement.

3.1.11 The Debtors' First Amended Plan of Reorganization

On May 29, 2014, the Existing Debtors filed the Debtors' First Amended Plan of Reorganization (Docket No. 3708), as well as the Disclosure Statement for Debtors' First Amended Plan of Reorganization (Docket No. 3710) (the "**Second Disclosure Statement**") and the exhibit book related to the Debtors' First Amended Plan of Reorganization (Docket No. 3709). The Committee filed objections to approval of the Second Disclosure Statement (Docket Nos. 3961 and 4107), to which the Debtors responded (Docket No. 4094). The Court did not hold a hearing on approval of the Second Disclosure Statement.

3.1.12 The Settlement Agreement with the Future Claimants' Representative Regarding the Second Amended Plan

Following entry of the Estimation Opinion on January 10, 2014, the Existing Debtors met on numerous occasions with the FCR and the Committee to negotiate terms of a plan of

reorganization that would be agreeable to both the FCR and the Committee. The negotiations failed to result in a consensual plan.

The Debtors simultaneously and separately discussed with the FCR and Committee the terms of plans that would be agreeable to each. On January 9, 2015, Debtors and the FCR reached an agreement in principle on a plan that the FCR would support, resolving all GST Asbestos Claims. On January 13, 2015, the Debtors and the FCR reached substantial agreement on the Second Amended Plan, which incorporated the agreement with the FCR.

Although the Second Amended Plan retained the fundamental structure of the First Amended Plan, to support the Plan, the FCR requested, and the Debtors agreed to provide, increased funding for GST Asbestos Claimants (including increased funding for a Settlement Facility that would extend settlement offers to qualifying GST Asbestos Claimants, as well as increased contingent funding for the litigation of GST Asbestos Claims), as well as various changes to the CRP to benefit GST Asbestos Claimants.

Neither the Initial Plan, the First Amended Plan, nor the Second Amended Plan sought to resolve and treat Coltec Asbestos Claims in their entirety as a class.

3.1.13 Preliminary Confirmation Proceedings on the Now-Superseded Second Amended Plan

Confirmation proceedings on the now-superseded Second Amended Plan commenced and progressed through preliminary stages. On January 26, 2015, on motions made or supported by the Debtors and the FCR, and over the objections or limited objections of the Committee, the Bankruptcy Court granted the Asbestos Claims Bar Date, established certain solicitation and confirmation procedures, and approved a disclosure statement for the Second Amended Plan.

The voting deadline on the Second Amended Plan was October 6, 2015. On December 4, 2015, the Balloting Agent reported that the holders of current GST Asbestos Claims in Class 4 had rejected the Second Amended Plan by a large margin. As they had previously stated, however, the Existing Debtors announced that they would ask the Bankruptcy Court to confirm the Second Amended Plan, despite Class 4's rejection of it, in accordance with the "cramdown" provisions of the Bankruptcy Code. On October 6, 2015 and December 18, 2015, the Committee filed objections to the Second Amended Plan, contending that the plan was unconfirmable on various grounds, as did certain persons who described themselves as being at risk of malignancies and therefore as potential future GST Asbestos Claimants. (Docket Nos. 4883, 4885, 5160).

As of January 2016, discovery pertaining to the Second Amended Plan and the objections thereto was underway, and the parties were preparing for a contested confirmation hearing that was scheduled to commence on June 20, 2016. Additionally, the Bankruptcy Court was scheduled to hear argument, commencing on January 6, 2016, on certain cross-motions for summary judgment that the parties had filed and briefed. These cross-motions for summary judgment raised certain threshold issues going to whether or not the Second Amended Plan was confirmable under the Bankruptcy Code or could be "crammed down" over objections. *See* Committee's Motion For Summary Judgment Denying Confirmation Based on Plan's Failure to

Comply with Bankruptcy Code Section 524(g) (Docket No. 5071) and Motion for Partial Summary Judgment That Class 4 Claims Are Impaired and the FCR Has No Authority to Vote on the Plan (Docket No. 5069); Debtors' and FCR's Motion for Partial Summary Judgment That Section 524(g) Is Not Exclusive and the FCR Has Authority to Vote (Docket No. 5072); Opposition of the Official Committee of Asbestos Personal Injury Claimants to the Debtors and Future Claims Representative's Motion for Partial Summary Judgment (Docket No. 5159); Debtors' and FCR's Opposition to Committee Motion for Summary Judgment on 524(g) and FCR Authority To Vote (Docket No. 5161); Debtors' Opposition to Committee Motion for Partial Summary Judgment That Class 4 Is Impaired (Docket No. 5162).

3.1.14 Litigation Moratorium

On January 5, 2016, the Existing Debtors, the Committee and the FCR jointly requested the Bankruptcy Court to order a suspension of litigation on confirmation issues related to the Second Amended Plan in order to accommodate negotiations on a fully consensual plan of reorganization. This request for a litigation stay followed several months of negotiations between the Committee and the FCR on claims resolutions procedures that would be an integral part of any fully consensual settlement. Based on the progress made in the negotiations regarding the claims resolution procedures, the Committee proposed negotiations involving four parties—the Debtors, the Committee, the FCR, and Coltec—that would address all terms of a plan of reorganization and that would fully resolve asbestos claims against Coltec as well as those against GST.

The Bankruptcy Court continued the hearing on the parties' cross motions for summary judgment from January 6, 2016 to March 1, 2016 and the parties agreed to a 30-day moratorium on discovery in the confirmation proceedings. The Bankruptcy Court also continued the hearing on the proposed confirmation of the Second Amended Plan to August 15, 2016. As negotiations progressed, EnPro joined the discussions, and the parties agreed to extend the moratorium twice and to continue the summary judgment hearings, first until March 10, 2016, and then indefinitely.

3.1.15 Ad Hoc Coltec Asbestos Claimants Committee and Discussions Resulting In Comprehensive Settlement

In mid-February 2016, the parties reached an understanding that, for purposes of the negotiations, an *ad hoc* committee should be established for Coltec Asbestos Claimants and that an *ad hoc* legal representative for holders of future Coltec Asbestos Claims should also participate. The Ad Hoc Coltec Committee was formed consisting of attorneys from each of the following plaintiffs' law firms: Belluck & Fox; Cooney & Conway; The Jaques Admiralty Law Firm; Simon, Greenstone, Panatier & Bartlett; Thornton & Naumes; and The Lanier Law Firm. Each of these, other than The Lanier Law Firm, already represented and continues to represent an Asbestos Claimant against GST on the Committee. All of the aforementioned law firms, including The Lanier Law Firm, represent Coltec Asbestos Claimants and filed claims on behalf of those individuals before the litigation was stayed in 2010. The Committee and the Ad Hoc Coltec Committee thereafter functioned in unison in the negotiations and continue to do so with respect to the Plan, based on the overlapping claims histories and essential unity of interests as between GST Asbestos Claimants and Coltec Asbestos Claimants.

Also in mid-February 2016, Joseph W. Grier, III, the current FCR in the Chapter 11 Cases, agreed to serve as the *ad hoc* legal representative for future Coltec Asbestos Claimants. Mr. Grier thereafter participated in the negotiations in both capacities, and continues to act in both capacities with respect to the Plan, based on the overlapping claims histories and essential unity of interests as between GST Asbestos Claimants and Coltec Asbestos Claimants.

On March 17, 2016, EnPro and the Plan Proponents entered into the Comprehensive Settlement by signing the Term Sheet for Permanent Resolution of All Present and Future GST Asbestos Claims and Coltec Asbestos Claims. *See* Exhibit 2 hereto. Each of the parties agreed to recommend that Asbestos Claimants accept and vote in favor of the Plan, which incorporates the Comprehensive Settlement, and to use their best efforts to prepare and obtain the entry of orders of the Bankruptcy Court and the District Court confirming such a plan and issuing the injunctions described in the Plan and this Disclosure Statement.

4. IMPORTANT BAR DATES AND DEADLINES

4.1 NON-ASBESTOS CLAIMS BAR DATE

On September 7, 2011, the Bankruptcy Court entered the Bar Date Order (Docket No. 1478) (the "**Non-Asbestos Claims Bar Date Order**"), which established December 12, 2011 as the bar date for Non-Asbestos Claims against the Existing Debtors. Pursuant to the Non-Asbestos Bar Date Order, absent relief from the Bankruptcy Court, **any Holder of a Non-Asbestos Claim against GST, Garrison, or Anchor that failed to file such a timely proof of Claim to the extent required by such Order, applicable Bankruptcy Code sections or Bankruptcy Rules, or other orders of the Bankruptcy Court with the Bankruptcy Court on or before such time shall have their Claim be deemed a Disputed Claim against any of the Existing Debtors or alternatively, shall be deemed to have such Claim as was listed in the Schedules of Assets and Liabilities, as may be amended, filed by an Existing Debtor in the amount scheduled so long as the Claim was not scheduled as disputed, contingent or unliquidated. Pursuant to the terms of the Non-Asbestos Bar Date Order, the Plan, and the Confirmation Order, any such Claim and the Holder thereof will be enjoined from commencing or continuing any action, employment of process or act to collect, offset, recoup or recover such Claim other than to seek to have such Claim determined to be an Allowed Claim in the Bankruptcy Court.**

4.2 SETTLED GST ASBESTOS CLAIMS BAR DATE

On April 28, 2014, Debtors filed a Motion for an Order (A) Establishing a Bar Date for Filing Settled GST Asbestos Claims, (B) Approving the Proof of Claim Form and (C) Approving the Form of and Procedures for Notice to Settled GST Asbestos Claims (Docket No. 3590) (the "**Settled Claims Bar Date Motion**"). On July 9, 2014, over objections filed by the Committee, the Court entered its Order on Debtors' Motion to Establish Bar Date for Settled Asbestos Claims and Related Relief, setting September 30, 2014 as the Settled Claims Bar Date, by which holders of settled GST Asbestos Claims that were unscheduled or were scheduled as disputed were required to file their proofs of claim.

On October 20, 2014, the Debtors moved to disallow certain disputed settled GST Asbestos Claims because the Holders of such settled GST Asbestos Claims failed to file proofs of claim by the Settled Claims Bar Date. (Docket Nos. 4168-4171). On December 9, 2014, the Court entered orders disallowing such claims (Docket Nos. 4261-4264).

Under the terms of the Plan and CRP, settled GST Asbestos Claims that were not scheduled as undisputed and did not file their claims on or before the Settled Claims Bar Date will not be entitled to payment as settled GST Asbestos Claims unless they obtain relief from the Bankruptcy Court. Claimants who did not meet the Settled Claims Bar Date may pursue their claims against the Asbestos Trust as unsettled Asbestos Claims, subject to all other CRP criteria.

4.3 BAR DATE FOR CERTAIN GST ASBESTOS CLAIMS

On November 26, 2014, the FCR filed a Motion for an Asbestos Claims Bar Date and Related Relief (Docket No. 4247), seeking a bar date for manifested but unliquidated asbestos personal injury claims. Over the objections of the Committee, the Bankruptcy Court entered the Asbestos Claims Bar Date and Solicitation Order, which established a bar date of October 6, 2015 (the "**Asbestos Claims Bar Date**") for certain GST Asbestos Claims. GST Asbestos Claimants were subject to the Asbestos Claims Bar Date if their Claim is based on an asbestos-related disease that was diagnosed on or before August 1, 2014, for which a lawsuit against any defendant or a claim against any asbestos trust was filed on or before August 1, 2014, excluding any settled GST Asbestos Claim for which a proof of claim was filed on or before September 30, 2014, but including any GST Asbestos Claims based on pre-petition judgments or any Settled GST Asbestos Claim seeking treatment as an unliquidated GST Asbestos Claim because a proof of claim was not filed for such Settled GST Asbestos Claim on or before the Settled Claims Bar Date, September 30, 2014.

Under the Plan and CRP, Asbestos Claimants who were subject to the Asbestos Claims Bar Date but did not timely file a ballot or proof of claim will not be entitled to a payment from the Asbestos Trust unless they obtain relief from the Bankruptcy Court.

4.4 BAR DATE FOR CERTAIN COLTEC ASBESTOS CLAIMS

In connection with the Plan, and after Coltec commences its bankruptcy case, Coltec will request that the Court set a bar date for certain Coltec Asbestos Claims (the "**Coltec Asbestos Claims Bar Date**"). The bar date proposed will be March 2, 2017. If the Court grants Coltec's request, Coltec Asbestos Claimants will be required to file a proof of claim on or before the Coltec Asbestos Claims Bar Date if such claim is based on an asbestos-related disease that was diagnosed on or before August 1, 2014, and for which a lawsuit against any defendant or claim against any trust was filed on or before August 1, 2014, unless (i) such claimant filed a proof of claim on account of a GST Asbestos Claim, or (ii) such claimant submitted a Ballot in connection with the vote on the now-superseded Second Amended Plan, which will be treated as a proof of claim for purposes of the Coltec Asbestos Claims Bar Date. Such proofs of claim must be returned to the Balloting Agent by first-class mail or courier at the address in the Voting Procedures so as to be received on or before March 2, 2017.

Under the Plan and CRP Asbestos Claimants who are subject to the Coltec Asbestos Claims Bar Date but do not timely file a ballot on the Plan now proposed or proof of claim will not be entitled to a payment from the Asbestos Trust unless they obtain relief from the Bankruptcy Court.

4.5 ADMINISTRATIVE CLAIMS BAR DATE

All parties seeking payment of an Administrative Expense Claim that is not a Fee Claim must File with the Bankruptcy Court and serve upon the Debtors a request for payment of such Administrative Expense Claim prior to the applicable deadline set forth below. However, parties seeking payment of postpetition ordinary course trade obligations, postpetition payroll obligations incurred in the ordinary course of a Debtor's postpetition business, and amounts arising under agreements approved by the Bankruptcy Court or the Plan need not File such a request.

All Holders of Administrative Expense Claims that are not Fee Claims must File with the Bankruptcy Court and serve on the Debtors a request for payment of such Claim so as to be received on or before 4:00 p.m. (Eastern Time) on the date that is the first Business Day after the date that is thirty (30) days after the Effective Date, unless otherwise agreed to by the appropriate Debtor or Reorganized Debtor, without further approval by the Bankruptcy Court. Failure to comply with these deadlines shall forever bar the holder of an Administrative Expense Claim from seeking payment thereof.

Any Holder of an Administrative Expense Claim that is not a Fee Claim that does not assert such Claim in accordance with Section 5.3.1 of the Plan shall have its Claim deemed Disallowed under this Plan and be forever barred from asserting such Claim against any of the Reorganized Debtors, the Debtors, their Estates or their assets. Any such Claim and the Holder thereof shall be enjoined from commencing or continuing any action, employment of process, or act to collect, offset, recoup or recover such Claim.

4.6 FEE CLAIM BAR DATE

All parties seeking allowance or payment of a Fee Claim must File with the Bankruptcy Court and serve upon the Debtors a motion or application for allowance or payment of such Fee Claim in accordance with the Fee Order by the date that is the first Business Day after the date that is ninety (90) days after the Effective Date. The Plan Proponents may extend that deadline by agreement without further order of the Bankruptcy Court. Failure to comply with the applicable deadline set forth herein shall forever bar the Holder of a Fee Claim from seeking payment thereof.

Any Holder of a Fee Claim that does not assert such Claim in accordance with the Fee Order and the Plan shall have its Claim deemed Disallowed under this Plan and be forever barred from asserting such Claim against any of the Debtors, their Estates, or their assets. Any such Claim and the Holder thereof shall be enjoined from commencing or continuing any action, employment of process or act to collect, offset, recoup or recover such claim.

Any objection to a Fee Claim shall be Filed and served in accordance with a scheduling order to be entered by the Bankruptcy Court, at the request of the Plan Proponents. **Each of the Plan Proponents expressly reserves the right to object to any Fee Claim prior to, on, and after the Effective Date, subject to the provisions of this Plan and the aforementioned scheduling order.**

5. SUMMARY OF THE PLAN

5.1 OVERVIEW OF THE PLAN

The Plan's treatment of Asbestos Claims is described in detail in the preceding "Summary of the Plan of Reorganization and the Claims Resolution Procedures," and will not be repeated here. The following discussion instead summarizes other material terms of the Plan for the convenience of Holders of Claims and Interests.

THE SUMMARY OF THE PLAN SET FORTH BELOW IS NOT A COMPLETE RECITATION OF THE TERMS OF THE PLAN. THE DESCRIPTIONS OF THE PLAN CONTAINED IN THIS DISCLOSURE STATEMENT ARE PROVIDED FOR YOUR CONVENIENCE ONLY. IF THERE IS ANY VARIATION BETWEEN THIS SUMMARY AND THE PLAN ITSELF, THE TERMS OF THE PLAN CONTROL.

A TRUE AND CORRECT COPY OF THE PLAN IS ATTACHED AS EXHIBIT 1 IN THE EXHIBIT BOOK. YOU ARE URGED TO READ THE PLAN AND THE EXHIBIT BOOK IN THEIR ENTIRETY SO THAT YOU MAY MAKE AN INFORMED JUDGMENT CONCERNING THE PLAN.

5.2 CLASSIFICATION AND TREATMENT OF CLAIMS

5.2.1 Provisions for Payment of Administrative Expense Claims and Priority Tax Claims

Article 2 of the Plan deals with unclassified Claims. In accordance with Section 1123(a)(1) of the Bankruptcy Code, Administrative Expense Claims and Priority Tax Claims are not classified and are excluded from the Classes set forth in Article 3 of the Plan.

Administrative Expense Claims are treated as follows:

(a) Administrative Expense Claims for goods sold or services rendered representing liabilities incurred by the Debtors in the ordinary course of business during the Chapter 11 Cases involving customers, suppliers, or trade or vendor Claims shall be paid by the Debtors or the Reorganized Debtors in the ordinary course in accordance with the terms and conditions of any agreements relating thereto;

(b) Administrative Expense Claims for amounts necessary to cure executory contracts and unexpired leases assumed by the Debtors will be paid by the Debtors or Reorganized Debtors as soon as practicable after the Effective Date or as ordered by the Bankruptcy Court;

(c) Amounts due Holders of other Allowed Administrative Expense Claims, including, without limitation, Allowed Fee Claims or Claims arising pursuant to Section 503(b)(9) of the Bankruptcy Code, will be paid as soon as practicable after the Effective Date or as ordered by the Bankruptcy Court, unless otherwise agreed between the Debtors and such Holders; and

(d) Administrative Expense Claims of the Bankruptcy Administrator for fees pursuant to 28 U.S.C. § 1930(a)(6) and (7) will be paid in accordance with the applicable schedule for payment of such fees by Debtors.

The Debtors will be in a position to estimate the total of all Allowed Administrative Expense Claims on the Effective Date after the passage of the Administrative Claims Bar Date.

Allowed Priority Tax Claims will be paid 100% of the unpaid Allowed Amount of such Allowed Priority Tax Claim in Cash by the Reorganized Debtors on the Distribution Date, though any penalty relating to any Priority Tax Claim (other than a penalty of the type specified in Section 507(a)(8)(G) of the Bankruptcy Code) will be Disallowed and not paid. The Debtors estimate the total of all Allowed Priority Tax Claims on the Effective Date to be approximately one hundred fifty thousand dollars ($150,000).

5.2.2 Classified Claims

There are ten (10) Classes of Claims and Interests under the Plan, whose treatment is described in Article 3 of the Plan.

The unimpaired Classes of Claims and Interests are Priority Claims (Class 1), Secured Claims (Class 2), Workers' Compensation Claims (Class 3), Intercompany Claims (Class 4), GST General Unsecured Claims (Class 6), Coltec General Unsecured Claims (Class 7), Anchor Claims (Class 8), and Other Debtor Equity Interests (Class 10). The impaired Classes of Claims and Interests are Asbestos Claims (Class 5) and GST/Garrison Equity Interests (Class 9).

5.2.2.1 Class 1. Priority Claims

Class 1 consists of all Priority Claims against the Debtors, defined as any Claim against GST, Garrison, or Coltec other than an Administrative Expense Claim or Priority Tax Claim to the extent such Claim is entitled to priority in right of payment under Section 507 of the Bankruptcy Code (but excluding any Asbestos Claims). Each Holder of an Allowed Priority Claim shall be paid the Allowed Amount of its Allowed Priority Claim either (i) in full, in Cash, on the Distribution Date, or (ii) upon such other less favorable terms as may be mutually agreed upon between the Holder of an Allowed Priority Claim and the Reorganized Debtors. Class 1 is unimpaired. The Holders of the Allowed Priority Claims in Class 1 are deemed to have voted to accept the Plan and, accordingly, their separate vote will not be solicited.

5.2.2.2 Class 2. Secured Claims

Class 2 consists of all Secured Claims, defined as a Claim against GST, Garrison, or Coltec that is: (i) secured by a lien (as such term is defined in Section 101(37) of the Bankruptcy Code) on property in which the Debtors have an interest, which lien is valid, perfected, and

enforceable under applicable law or by reason of a Final Order, or (ii) entitled to setoff under Section 553 of the Bankruptcy Code, to the extent of (A) the value of the Claimant's interest in the Debtor's interest in such property or (B) the amount subject to setoff, as applicable, as determined pursuant to Section 506(a) of the Bankruptcy Code (but excluding any Asbestos Claims).

Secured Claims will be treated as follows:

(a) Non-Tax Secured Claim. Subject to the provisions of Sections 502(b) and 506(d) of the Bankruptcy Code and the terms herein, each Holder of an Allowed Secured Claim other than an Allowed Secured Tax Claim shall, at the option of the Reorganized Debtors, receive treatment according to the following alternatives: (i) the Plan will leave unaltered the legal, equitable and contractual rights to which the Holder of such Claim is entitled, (ii) the Reorganized Debtors shall pay the Allowed Claim in full on the Effective Date or as soon thereafter as reasonably practicable; or (iii) the Reorganized Debtors shall provide such other treatment as is agreed to in writing between the Debtors or the Reorganized Debtors and the Holders of such Allowed Secured Claim.

(b) Secured Tax Claim. Except to the extent that a Holder of an Allowed Secured Tax Claim agrees to a different treatment, each Holder of an Allowed Secured Tax Claim shall receive 100% of the unpaid amount of such Allowed Secured Tax Claim in Cash from the Debtors or Reorganized Debtors on the Distribution Date.

Class 2 is unimpaired. The Holders of the Allowed Secured Claims in Class 2 are deemed to have voted to accept the Plan and, accordingly, their separate vote will not be solicited.

5.2.2.3 Class 3. Workers' Compensation Claims

Class 3 consists of all Workers' Compensation Claims, defined as any Claim against GST, Garrison, or Coltec (a) for benefits under a state-mandated workers' compensation system, which a past, present, or future employee of GST, Garrison, Coltec, or their predecessors is receiving, or may in the future have a right to receive and/or (b) for reimbursement brought by any insurance company or state agency as a result of payments made by such insurance company or state agency for the statutory benefit owed (but not paid) by GST, Garrison, or Coltec to such employees under such a system and fees and expenses that are incurred and reimbursable under any insurance policies or laws or regulations covering such statutory employee benefit claims. Workers' Compensation Claims do not include any right of such employee or any other Entity that exists outside of such state workers' compensation system.

Each Workers' Compensation Claim shall be reinstated and shall have all legal, equitable, and contractual rights to which each such Workers' Compensation Claim entitles the Holder of such Workers' Compensation Claim.

Class 3 is unimpaired. The Holders of the Workers' Compensation Claims in Class 3 are deemed to have voted to accept the Plan and, accordingly, their separate vote will not be solicited.

5.2.2.4 Class 4. Intercompany Claims

Class 4 consists of all Intercompany Claims, defined as any Claim by any Debtor against any other Debtor, or a Non-Debtor Affiliate against any Debtor, but excluding any Asbestos Claims or Anchor Claims. Each Intercompany Claim shall be reinstated and shall have all legal, equitable, and contractual rights to which each such Intercompany Claim entitles the Holder of such Intercompany Claim, except to the extent any such Claims are released pursuant to Section 8.4 of the Plan.

Class 4 is unimpaired. The Holders of Intercompany Claims in Class 4 are deemed to have voted to accept this Plan and, accordingly, their separate vote will not be solicited.

5.2.2.5 Class 5. Asbestos Claims

Class 5 consists of all Asbestos Claims against GST, Coltec, or Garrison. As described in detail in the Summary of the Plan of Reorganization and the Claims Resolution Procedures above, Asbestos Claims will be resolved in accordance with the terms, provisions, and procedures of the Asbestos Trust Agreement and the CRP. All Asbestos Claims shall be paid by the Asbestos Trust solely from the Asbestos Trust Assets as and to the extent provided in the CRP. Asbestos Claims shall not be deemed Allowed or Disallowed, but rather shall be resolved by the Asbestos Trust pursuant to the terms of the CRP.

The sole recourse of the Holder of an Asbestos Claim on account of such Asbestos Claim shall be to the Asbestos Trust pursuant to the provisions of the Plan, the Asbestos Channeling Injunction, the Asbestos Trust Agreement, and the CRP.

Also as described in the Summary of the Plan of Reorganization and the Claims Resolution Procedures, Foreign Asbestos Claims will not be channeled to the Asbestos Trust for resolution or paid by the Asbestos Trust unless the Holder files a lawsuit in the United States, and the rights of Holders of Foreign Asbestos Claims to recourse and remedies under applicable foreign law outside the United States (to the extent such rights exist) will be unaffected by the Plan, without prejudice to the Reorganized Debtors' defenses against any such claims.

Class 5 is impaired. The Debtors are soliciting the votes of Holders of the Asbestos Claims in Class 5 to accept or reject this Plan in the manner and to the extent provided in the Confirmation Procedures Order.

5.2.2.6 Class 6. GST General Unsecured Claims

Class 6 consists of all GST General Unsecured Claims against the Debtors, defined as any Claim against GST or Garrison that is not an Administrative Expense Claim, Priority Tax Claim, Priority Claim, Secured Claim, Workers' Compensation Claim, Intercompany Claim, or Asbestos Claim.

Each Holder of an Allowed Class 6 Claim shall be paid the Allowed Amount of its GST General Unsecured Claim on the Distribution Date. Such payment shall be (i) in full, in Cash, plus post-petition interest at the federal judgment rate in effect on the Petition Date, or (ii) upon

such other less favorable terms as may be mutually agreed upon between the Holder of an Allowed GST General Unsecured Claim and the Reorganized Debtors.

Class 6 is unimpaired. Holders of the Allowed GST General Unsecured Claims in Class 6 are deemed to have voted to accept the Plan and, accordingly, their separate vote will not be solicited.

5.2.2.7 Class 7. Coltec General Unsecured Claims

Class 7 consists of all Coltec General Unsecured Claims against the Debtors, defined as any Claim against Coltec that is not an Administrative Expense Claim, Priority Tax Claim, Priority Claim, Secured Claim, Workers' Compensation Claim, Intercompany Claim, or Asbestos Claim.

Each Coltec General Unsecured Claim shall be reinstated and shall have all legal, equitable, and contractual rights to which each such Coltec General Unsecured Claim entitles the Holder of such Coltec General Unsecured Claim.

Class 7 is unimpaired. The Holders of Coltec General Unsecured Claims in Class 7 are deemed to have voted to accept this Plan and, accordingly, their separate vote will not be solicited.

5.2.2.8 Class 8. Anchor Claims

Class 8 consists of all Anchor Claims, defined as any Claim against Anchor. Each Holder of an Anchor Claim shall be entitled to assert such Claim against Anchor in accordance with the provisions of Article 14 of Chapter 55 of the North Carolina Business Corporation Act. However, Holders of Anchor Claims will receive nothing because Anchor, which has no material property, shall be liquidated and dissolved.

Class 8 is unimpaired. Holders of Anchor Claims in Class 8 are deemed to have voted to accept the Plan and, accordingly, their separate vote will not be solicited.

5.2.2.9 Class 9. GST/Garrison Equity Interests

Class 9 consists of the GST/Garrison Equity Interests. On the Effective Date, Class 9 GST/Garrison Equity Interests shall be retained, subject to the Lien described in Section 7.3.2 of the Plan.

Class 9 is impaired. The Debtors are soliciting the votes of Holders of the GST/Garrison Equity Interests in Class 9 to accept or reject the Plan in the manner and to the extent provided in the Confirmation Procedures Order.

5.2.2.10 Class 10. Other Debtor Equity Interests

Class 10 consists of Other Debtor Equity Interests. The Plan leaves unaltered the legal, equitable, and contractual rights to which each such Other Debtor Equity Interest entitles the Holder of such Other Debtor Equity Interest.

Class 10 is unimpaired. The Holders of the Other Debtor Equity Interests in Class 10 are deemed to have voted to accept the Plan and, accordingly, their separate vote will not be solicited.

5.2.3 Resolution of Disputed Claims

Article 5 of the Plan sets forth provisions for treatment of Disputed Claims other than Asbestos Claims. Subject to the treatment provisions of this Plan, the Debtors or Reorganized Debtors, as applicable, may object to the allowance of any Plan Claims (other than Asbestos Claims) Filed with the Bankruptcy Court or to be otherwise resolved pursuant to any provisions of this Plan with respect to which they dispute liability, in whole or in part. Any such objections will be transferred to the Reorganized Debtors on the Effective Date for final resolution, and the Reorganized Debtors will have full authority to compromise, settle, or litigate such objections. This Article also describes the procedures for any such objections.

After the Confirmation Date, no Plan Claim may be Filed or amended to increase the amount or add or increase a lien or priority demanded unless otherwise provided by order of the Bankruptcy Court. Unless otherwise provided herein, any such new or amended Claim Filed after the Confirmation Date shall be disregarded and deemed Disallowed in full and expunged without need for objection, unless the Holder of such Claim has obtained prior Bankruptcy Court authorization for the filing.

Asbestos Claims will be resolved in accordance with the Asbestos Trust Agreement and the CRP.

5.2.4 Distribution on Account of Disputed Claims

Section 5.2 of the Plan describes how and under what circumstances Distributions shall be made to Holders of Disputed Claims. Disputed Claims shall be resolved in the manner described in Section 5.1 of the Plan and paid only when and to the extent that such Claims become Allowed.

5.3 IMPLEMENTATION OF THE PLAN

5.3.1 Vesting of Assets

Section 7.1 of the Plan describes the vesting of the assets and property of the Debtors in the appropriate Reorganized Debtors, which assets and property shall be free and clear of all Claims, Encumbrances, liens, and interests except as otherwise specifically provided in the Plan, in any of the Plan Documents, or in the Confirmation Order.

From and after the Effective Date, the Reorganized Debtors may operate their businesses and use, acquire, sell and otherwise dispose of property without supervision or approval of the Bankruptcy Court, free of any restrictions of the Bankruptcy Code, the Bankruptcy Rules, and the guidelines and requirements of the Bankruptcy Administrator, other than those restrictions expressly imposed by the Plan, the Plan Documents, or the Confirmation Order. The Plan reserves the right of the Reorganized Debtors to seek Bankruptcy Court approval for the sale, assignment, transfer, or other disposal of certain of the Reorganized Debtors' assets after the

Confirmation Date in the event that such Court approval is deemed to be necessary or appropriate.

5.3.2 Post-Confirmation Management and Corporate Governance Issues

Section 7.2.1 of the Plan provides that the Certificates of Incorporation, By-Laws, or Articles of Organization of the Debtors shall be amended as of the Effective Date as needed to effectuate the terms of the Plan and the requirements of the Bankruptcy Code, including prohibiting the issuing of nonvoting equity securities as required by Section 1123(a)(6) of the Bankruptcy Code.

Section 7.2.2 of the Plan describes the requirement for the Reorganized Debtors to maintain D&O and fiduciary liability tail coverage.

Section 7.11 of the Plan describes the management of Reorganized GST and Reorganized Garrison on and after the Effective Date. Key members of current management are expected to continue to be employed by the Reorganized Debtors.

5.3.3 The Asbestos Trust

Section 7.3 of the Plan provides for the creation and funding of the Asbestos Trust.

5.3.3.1 Creation of the Asbestos Trust

Section 7.3.1 of the Plan describes the creation of the Asbestos Trust, which shall be a "qualified settlement fund" for federal income tax purposes within the meaning of the treasury regulations issued pursuant to Section 468B of the IRC. The purposes of the Asbestos Trust will be to, among other things, (i) assume the liabilities of the Debtors with respect to all Asbestos Claims except as provided in Sections 8.4.2 and 8.5 of the Plan (with the Reorganized Debtors and Asbestos Protected Parties having no responsibility whatsoever for such Asbestos Claims, apart from transferring the Asbestos Trust Assets to the Asbestos Trust in accordance with the Plan); (ii) process, liquidate, pay, and satisfy Asbestos Claims (other than Foreign Asbestos Claims asserted outside the judicial system of the United States) in accordance, as applicable, with the Plan, the Asbestos Trust Agreement and the CRP and in such a way that provides reasonable assurance that the Asbestos Trust will value, and be in a financial position to pay, present and future Asbestos Claims (including Demands that involve similar claims) in substantially the same manner and to otherwise comply with Section 524(g)(2)(B)(i) of the Bankruptcy Code; (iii) preserve, hold, manage, and maximize the assets of the Asbestos Trust for use in paying and satisfying Asbestos Claims entitled to payment; (iv) qualify at all times as a "qualified settlement fund" for federal income tax purposes within the meaning of the treasury regulations issued pursuant to Section 468B of the IRC; (v) pay Asbestos Trust Expenses from the Asbestos Trust Assets as incurred (with the Reorganized Debtors and Asbestos Protected Parties having no responsibility whatsoever for any Asbestos Trust Expenses, apart from transferring the Asbestos Trust Assets to the Asbestos Trust in accordance with this Plan), and (vi) otherwise carry out the provisions of the Asbestos Trust Agreement and any other agreements into which the Asbestos Trustee has entered or will enter in connection with this Plan.

5.3.3.2 Funding of the Asbestos Trust

Section 7.3.2 of the Plan describes the funding of the Asbestos Trust. On the day immediately preceding the Effective Date, (a) GST or Garrison shall transfer $370 million in Cash to the Asbestos Trust; (b) Coltec shall transfer $30 million in Cash to the Asbestos Trust, and (c) Coltec, EnPro, and the Asbestos Trust shall enter into the Option and Registration Rights Agreement substantially in the form attached as Exhibit H to the Plan. On or before the first anniversary of the Effective Date, Coltec shall transfer the full amount of the Deferred Contribution ($60 million) in Cash to the Asbestos Trust.

Effective on the Effective Date and immediately following the merger of Coltec with and into New Coltec as provided in Section 7.10 of the Plan, the Deferred Contribution will be guaranteed by EnPro, pursuant to a Guaranty substantially in the form attached to the Plan as Exhibit J, and secured by a possessory lien on or possessory security interest in 50.1% of the GST/Garrison Equity Interests, which Lien shall be granted by New Coltec (immediately after its merger with Coltec) on the Effective Date to, and held by, the Asbestos Trust pursuant to a Pledge Agreement substantially in the form attached as Exhibit I to the Plan. The Plan describes the details of this lien.

Coltec will be entitled to prepay all or part of the Deferred Contribution at any time without penalty. Once the Deferred Contribution has been paid in Cash and in full to the Asbestos Trust, or otherwise satisfied by agreement of the Reorganized Debtors and the Asbestos Trust, the Lien will be released in accordance with the terms of the Pledge Agreement and the Guaranty will be terminated in accordance with the terms of the Guaranty. The Reorganized Debtors and the Asbestos Trust will be free to negotiate or enter into an agreement that would permit payment of the Deferred Contribution before the first anniversary of the Effective Date at an agreed discount rate.

As described in Section 7.3.3, upon the transfer of the Asbestos Trust Assets to the Asbestos Trust, they will be indefeasibly and irrevocably vested in the Asbestos Trust free and clear of all claims, Equity Interests, Encumbrances, and other interests of any Entity, subject to the Asbestos Channeling Injunction and certain other provisions of the Plan.

5.3.3.3 Assumption of Claims and Demands by the Asbestos Trust

Section 7.3.4 of the Plan describes how, on the Effective Date, without any further action of any Entity, all liabilities, obligations, and responsibilities of any Asbestos Protected Party, financial or otherwise, with respect to all Asbestos Claims will be channeled to and assumed by the Asbestos Trust (except as provided in Sections 8.4.2 and 8.5 of the Plan), and the Reorganized Debtors and other Asbestos Protected Parties will have no liability or responsibility, financial or otherwise, for Asbestos Claims (except for Foreign Asbestos Claims asserted outside the judicial system of the United States), other than to transfer the Asbestos Trust Assets to the Asbestos Trust in accordance with the Plan.

Except as otherwise provided in the Plan, the Asbestos Trust Agreement, or the CRP, the Asbestos Trust shall have any and all of the actions, claims, rights, defenses, cross-claims, counterclaims, suits, and causes of action of the Debtors and the other Asbestos Protected

Parties, whether known or unknown, at law, in equity or otherwise, arising under the laws of any jurisdiction, that are based on or attributable to (a) all defenses to any Asbestos Claims; (b) with respect to any Asbestos Claims, all rights of setoff, recoupment, contribution, reimbursement, subrogation, or indemnity (as those terms are defined by the nonbankruptcy law of any relevant jurisdiction), and any other indirect claim of any kind whatsoever and whenever arising or asserted; and (c) any other claims or rights with respect to Asbestos Claims that any of the Debtors or other Asbestos Protected Parties would have had under applicable law if the Chapter 11 Cases had not occurred and the Holder of such Asbestos Claim had asserted it by initiating civil litigation against any such Debtor or other Asbestos Protected Party (together, the "**Asbestos Trust Causes of Action**"), and the Asbestos Trust shall thereby become the estate representative pursuant to Section 1123(b)(3)(B) of the Bankruptcy Code with the exclusive right to enforce each of the Asbestos Trust Causes of Action, and the proceeds of the recoveries on any of the Asbestos Trust Causes of Action shall be deposited in and become the property of the Asbestos Trust. The Plan provides, however, that (a) the Asbestos Trust shall have no rights against the Reorganized Debtors or Asbestos Protected Parties other than the right to enforce the Plan or any of the other Plan Documents according to their respective terms, including the right to receive the Asbestos Trust Assets as provided in the Plan; (b) the Asbestos Trust Causes of Action shall not include any of the Asbestos Insurance Rights; (c) the Asbestos Trust Causes of Action shall not include any claim, cause of action, or right of the Debtors or any of them, under the laws of any jurisdiction, against any party, including the Asbestos Insurance Entities, for reimbursement, indemnity, contribution, breach of contract, or otherwise arising from or based on any payments made by the Debtors on account of asbestos claims prior to the Effective Date, (d) the Asbestos Trust Causes of Action shall not include any claims released, compromised, or settled under Section 8.4 of the Plan, and (e) for the avoidance of doubt, Asbestos Trust Causes of Action do not include any rights of the Debtors, the Reorganized Debtors, or the other Asbestos Protected Parties arising under the Asbestos Channeling Injunction or any of the other injunctions, releases, or the discharge granted under the Plan and the Confirmation Order.

5.3.3.4 Asbestos Trust Governance

Section 7.3.5 describes how the initial Asbestos Trustee will be Lewis R. Sifford, with any successor Asbestos Trustee appointed in accordance with the terms of the Asbestos Trust Agreement. It also describes the circumstances under which the Asbestos Trustee's employment will be deemed terminated.

Section 7.3.6 describes creation of the CAC and how it will be dissolved upon termination of the Asbestos Trust. Section 7.3.8 describes how the FCR will continue in service after the Effective Date, with his or her duties terminated upon termination of the Asbestos Trust.

5.3.3.5 Cooperation Agreement

Section 7.3.7 of the Plan describes how, on the Effective Date, the Reorganized Debtors and the Asbestos Trust will enter into a cooperation agreement substantially in the form included as Exhibit C to the Plan. This agreement will govern the Reorganized Debtors' obligations to share certain documents and other information pertaining to Asbestos Claims with the Asbestos Trust.

5.3.3.6 Asbestos Insurance Rights

Section 7.3.10 describes how the Debtors and Reorganized Debtors shall retain ownership of all their Asbestos Insurance Rights, including their rights to seek reimbursement for their contributions to the Asbestos Trust under the Plan. Exhibit E to the Plan identifies the Asbestos Insurance Entities that are Asbestos Protected Parties. Subject to the terms set forth in Section 7.3.10, the Debtors and Reorganized Debtors shall have the sole right to assert, and the sole discretion to compromise and settle, Asbestos Insurance Actions or any other Asbestos Insurance Rights, as well as settle with any successor Entities who may have insurance rights related to any of Coltec's former business divisions. In connection with any such compromise or settlement with an Asbestos Insurance Entity or successor Entity before entry of the Confirmation Order, the Debtors and Reorganized Debtors will, subject to Section 7.3.10 of the Plan, add such Asbestos Insurance Entity to Exhibit E and/or successor Entity to Exhibit D and thereby designate such Asbestos Insurance Entity and/or successor Entity as an Asbestos Protected Party. The Committee and FCR shall each have the right to object to any addition of an Asbestos Insurance Entity to Exhibit E or successor Entity to Exhibit D if they reasonably believe in good faith that (a) the terms of such compromise or settlement, (b) the addition of such Asbestos Insurance Entity to Exhibit E or successor Entity to Exhibit D, or (c) the extension of the Asbestos Channeling Injunction to such Asbestos Insurance Entity or successor Entity would (i) result in the channeling or transfer to, or assumption by, the Asbestos Trust of any Claims, Demands, duties, obligations, or liabilities (A) that are not Asbestos Claims or Asbestos Trust Expenses or (B) that are not otherwise contemplated to be the responsibility of the Asbestos Trust under this Plan; or (ii) result in or impose undue burden or expense on the administration of the Asbestos Trust or the Asbestos Trust Assets. The Bankruptcy Court will hear and determine any such objection. Before making any such addition to Exhibit D or Exhibit E, the Debtors will disclose to the Committee and the FCR the terms of the underlying compromise or settlement and sufficient information concerning the relevant Asbestos Insurance Entity or successor Entity to enable the Committee and the FCR to evaluate the proposed addition under the criteria specified in the previous sentence. Upon being added to Exhibit E or Exhibit D, any such Asbestos Insurance Entity or successor Entity will receive the benefits and protections of an Asbestos Protected Party under the Asbestos Channeling Injunction.

Any recovery by the Debtors or Reorganized Debtors of settlements or judgments related to Asbestos Insurance Policies will generally be for their own account as reimbursement for their pre-petition asbestos claim payments or contributions to the Trust. The exception is that Coltec's recoveries from any Additional Coltec Insurer and/or from any successor on account of the Additional Coltec Insurance will be allocated between the Asbestos Trust and Coltec as follows: Coltec will retain all recoveries up to the first $25 million and fifty percent (50%) of recoveries in excess of the first $25 million and will contribute to the Asbestos Trust (or have contributed directly to the Asbestos Trust) fifty percent (50%) of recoveries in excess of the first $25 million.

Section 12.2 of the CRP sets forth requirements for the Asbestos Trust to provide the Debtors, Reorganized Debtors, or settling Asbestos Insurance Entities certain information reasonably relating to Asbestos Claims submitted to and accepted and paid by the Asbestos Trust.

5.3.4 Distributions Under the Plan and Delivery of Distributions

Sections 7.4, 7.5, and 7.6 of the Plan describe payments and distributions under the Plan and procedures for delivering distributions and handling undeliverable distributions. All payments of Asbestos Claims and Asbestos Trust Expenses will be handled by the Asbestos Trust.

5.3.5 Dissolution of Anchor

As of the Effective Date, Anchor shall be dissolved under North Carolina General Statues §§ 55-14-01 et seq. Such dissolution shall occur as soon as reasonably practicable following the Effective Date.

Upon the Effective Date, Anchor, through its directors and officers, shall commence winding down its businesses and affairs, including, without limitation, marshaling its assets for the benefit of all constituencies. All Holders of Class 8 Anchor Claims shall be permitted, after the Effective Date, to assert and pursue claims against Anchor, and such claims shall be fully reinstated to the *status quo ante* as of the Petition Date. Claims against Anchor shall not be assumed or paid by the Asbestos Trust.

5.3.6 Conditions to the Consummation of the Plan, Right to Withdraw or Amend Plan

Without limitation, each of the conditions to Confirmation of the Plan and to the Plan's Effective Date as set forth in Sections 7.8 and 7.9 of the Plan, respectively, is required to have occurred or have been waived by the Plan Proponents for the Effective Date of the Plan to occur and the Plan and treatment of Claims described therein to become operative.

Debtors and EnPro have the right to waive certain conditions acting alone. One of those unilaterally waivable conditions is the achievement of a settlement (the "**Canadian Settlement**") between the Debtors, EnPro, and Garlock of Canada Ltd and the Canadian provincial workers' compensation boards (the "**Provincial Boards**") resolving all remedies the Provincial Boards may possess under Canadian law or in the United States under U.S. law against Garlock of Canada Ltd, Debtors, or any Affiliate of Debtors. The Provincial Boards are represented by Motley Rice LLC. A condition of confirmation of the Plan is that the Canadian Settlement shall have been agreed to by those parties and Debtors and the Bankruptcy Court shall have entered an order either approving the Canadian Settlement or concluding that the Bankruptcy Court's approval is not necessary and such order shall have become a Final Order. The Debtors will move for such an order if the settlement is agreed to, providing notice and an opportunity to object to the motion, with all rights of all persons with respect to such motion being preserved.

Debtors and EnPro, acting alone, may also waive the conditions pertaining to the qualified settlement fund status of the Asbestos Trust, and the condition providing that EnPro and Debtors have obtained amendments, consents, and waivers necessary under agreements binding on them or any subsidiary to permit the transactions and actions contemplated by the Term Sheet.

5.3.7 Merger of Coltec with New Coltec

Section 7.10 of the Plan provides that upon the effectiveness of the Asbestos Channeling Injunction on the Effective Date, Coltec will merge with and into New Coltec, with New Coltec as the survivor of such merger, pursuant to articles of merger substantially in the form attached as Exhibit K to the Plan. In such merger, the outstanding Capital Stock of Coltec will be cancelled and each outstanding share of Capital Stock of New Coltec will be converted into a share of common stock of the survivor. New Coltec will succeed to Coltec's obligations under this Plan. The Articles of Merger will provide that the merger will become effective at 12:02 a.m. Charlotte, North Carolina time on the Effective Date. On and after the Effective Date, New Coltec will be free to operate its business and use, acquire, and dispose of property free of any restrictions of the Bankruptcy Code or Bankruptcy Rules in all respects as if there were no pending cases under any chapter or provision of the Bankruptcy Code, except for obligations under the Plan, the Plan Documents, and the Confirmation Order.

5.4 DISCHARGE, INJUNCTIONS, AND RELEASES

Article 8 of the Plan contains a discharge, certain injunctions, and releases and indemnifications.

5.4.1 Discharge

Section 8.1.1 of the Plan describes the discharge of GST, Garrison, and Coltec and the entry of the discharge injunction. It provides that except as otherwise provided in the Plan, on the Effective Date, all Claims against GST, Garrison, and Coltec, the Reorganized Debtors, or their Estates, assets, properties, or interests in property (the "**Discharged Debtors**") shall be discharged to the fullest extent permitted by law, regardless whether any such Claim is reduced to judgment, liquidated or unliquidated, contingent or non-contingent, asserted or unasserted, fixed or not, matured or unmatured, disputed or undisputed, legal or equitable, known or unknown, that arose from any agreement of the Discharged Debtor entered into or obligation of the Discharged Debtor incurred before the Confirmation Date, or from any acts or omissions of the Discharged Debtor prior to the Effective Date, or that otherwise arose before the Effective Date, whether or not (i) a proof of claim was filed with respect to such Claim, (ii) such Claim is allowed under Section 502 of the Bankruptcy Code, or (iii) the Holder of such Claim has accepted the Plan, and including, without limitation, all interest, if any, on any such Claims, whether such interest accrued before or after the Petition Date.

The Reorganized Debtors shall not be responsible for any obligations of the Debtors or the Debtors in Possession except those expressly assumed by the Reorganized Debtors pursuant to the Plan. All Entities shall be precluded and forever barred from asserting against the Discharged Debtors or their assets, properties, or interests in property any other or further Claims or Plan Claims based upon any act or omission, transaction, or other activity, event, or occurrence of any kind or nature that occurred prior to the Effective Date, whether or not the facts of or legal bases therefor were known or existed prior to the Effective Date, except as expressly provided in the Plan.

With respect to any debts and liabilities discharged by operation of law under Sections 524(a) and 1141(d) of the Bankruptcy Code, the discharge of the Discharged Debtors will operate as an injunction against the commencement or continuation of an action, the employment of process, or any act, to collect, recover, or offset any such debt as a personal liability of the Discharged Debtors, whether or not the discharge of such debt is waived; *provided, however*, that the obligations and duties of the Reorganized Debtors under the Plan or any Plan Document will not be discharged.

5.4.2 Asbestos Channeling Injunction

Section 8.2 of the Plan describes the Asbestos Channeling Injunction. It provides that in order to supplement, where necessary, the injunctive effect of the discharge provided by Sections 1141(d), 524(a), and 105(a) of the Bankruptcy Code and as described in Section 8.1 of the Plan, and pursuant to the exercise of the equitable jurisdiction and power of the Court under Section 524(g) of the Bankruptcy Code, as supplemented by Section 105(a) of the Bankruptcy Code, the Confirmation Order shall provide for issuance of the Asbestos Channeling Injunction to take effect on the Effective Date.

On and after the Effective Date, the sole recourse of the Holder of an Asbestos Claim shall be to the Asbestos Trust pursuant to the provisions of the Asbestos Channeling Injunction and the CRP, and such Holder shall have no right whatsoever at any time to assert its Asbestos Claim against the Debtors, the Reorganized Debtors, any other Asbestos Protected Party, or any property or interest (including any distributions made pursuant to the Plan) in property of the Debtors, the Reorganized Debtors, or any other Asbestos Protected Party. Without limiting the foregoing and except as provided in Section 8.5 of the Plan, from and after the Effective Date, the Asbestos Channeling Injunction shall apply to all present and future Holders of Asbestos Claims, and all such Holders shall be permanently and forever stayed, restrained, and enjoined from taking any and all legal or other actions or making any Claim or Demand against any Asbestos Protected Party, or any property or interest in property of any Asbestos Protected Party (including distributions made pursuant to the Plan), for the purpose of, directly or indirectly, claiming, collecting, recovering, or receiving any payment, recovery, satisfaction, or any other relief whatsoever on, of, or with respect to any Asbestos Claim, other than from the Asbestos Trust in accordance with the Asbestos Channeling Injunction and pursuant to the CRP, including:

a) commencing, conducting, or continuing in any manner, directly or indirectly, any suit, action, or other proceeding (including a judicial, arbitration, administrative, or other proceeding) in any forum against or affecting any Asbestos Protected Party, or any property or interest in property of any Asbestos Protected Party, on account of any Asbestos Claim;

b) enforcing, levying, attaching (including any prejudgment attachment), collecting, or otherwise recovering by any means or in any manner, whether directly or indirectly, any judgment, award, decree, or other order against any Asbestos Protected Party, or any property or interest in property of any Asbestos Protected Party, on account of any Asbestos Claim;

c) creating, perfecting, or otherwise enforcing in any manner, directly or indirectly, any Encumbrance against any Asbestos Protected Party, or any property or interest in property of any Asbestos Protected Party, on account of any Asbestos Claim;

d) setting off, seeking reimbursement of, indemnification or contribution from, or subrogation against, or otherwise recouping in any manner, directly or indirectly, any amount against any liability owed to any Asbestos Protected Party, or any property or interest in property of any Asbestos Protected Party, on account of any Asbestos Claim; and

e) proceeding in any other manner with regard to any matter that is subject to resolution by the Asbestos Trust in accordance with the Plan and related documents, except in conformity and compliance with the CRP.

Section 8.2.2 of the Plan describes certain reservations from the Asbestos Channeling Injunction, and Section 8.5 makes clear that Foreign Asbestos Claims asserted outside the judicial system of the United States are not subject to the Asbestos Channeling Injunction.

The identities of the Asbestos Protected Parties are given in the Plan. They are:

(a) GST, Garrison, and Coltec;

(b) the Reorganized Debtors;

(c) Anchor and Post-Bankruptcy Anchor (but only to the extent that the liability asserted against Anchor or Post-Bankruptcy Anchor derives from the conduct, operations, or products of GST or Coltec or is based on Anchor's relation to GST, Garrison, or Coltec as an Affiliate);

(d) any current or former Affiliate of each of the Debtors or Reorganized Debtors (including the Entities specified on Exhibit D to the Plan), to the extent that any liability is asserted to exist as a result of such Entity's being or having been such an Affiliate;

(e) Coltec's former divisions and their successor Entities specified on Exhibit D to the Plan, as well as any successor Entities added to Exhibit D as Asbestos Protected Parties pursuant to Section 7.3.10 of the Plan (but, in any case, the successor Entities only in their respective capacities as successors);

(f) the Asbestos Insurance Entities listed as Asbestos Protected Parties on Exhibit E to the Plan, as well as any Asbestos Insurance Entities added to Exhibit E as Asbestos Protected Parties pursuant to Section 7.3.10 of the Plan;

(g) any Entity that, pursuant to the Plan or otherwise on or after the Effective Date, becomes a direct or indirect transferee of, or successor to, any of the Debtors, the Reorganized Debtors, the Affiliates of the Debtors or Reorganized Debtors, or any of their respective assets, to the extent that any liability on account of GST Asbestos Claims or Coltec Asbestos Claims is asserted to exist as a result of its

becoming such a transferee or successor, including New Coltec (as described herein);

(h) any Entity that is alleged to be directly or indirectly liable for an Asbestos Claim by reason of such Entity's (i) ownership of a financial interest in a Debtor, a past or present Affiliate of a Debtor, or a predecessor in interest of a Debtor, (ii) involvement in the management of a Debtor or a predecessor in interest of a Debtor, or service as an officer, director or employee of a Debtor or a related party within the meaning of Section 524(g)(4)(A)(iii) of the Bankruptcy Code, or (iii) involvement in a transaction changing the corporate structure, or in a loan or other financial transaction affecting the financial condition, of a Debtor or a related party within the meaning of Section 524(g)(4)(A)(iii) of the Bankruptcy Code, including but not limited to involvement in the Coltec Restructuring;

(i) any Entity that makes a loan to any of the Reorganized Debtors, their Affiliates, the Trust, or to a successor to, or transferee of any of the respective assets of, the Debtors, the Reorganized Debtors, their Affiliates, or the Asbestos Trust, to the extent that any liability is asserted to exist as a result of its becoming such a lender or to the extent that any Encumbrance of assets made in connection with such a loan is sought to be invalidated, upset, or impaired, in whole or in part, as a result of its being such a lender;

(j) each future Affiliate of each of the Debtors, the Reorganized Debtors and the Affiliates of the Debtors or the Reorganized Debtors (but, in any case, only to the extent that any liability is asserted to exist as a result of its being or becoming such an Affiliate); and

(k) the Representatives of each of the Debtors, the Reorganized Debtors, and the Affiliates of the Debtors and Reorganized Debtors, respectively, but only to the extent that any liability is asserted to exist as a result of the Representative being, or acting in the capacity as, a Representative of one or more of the aforementioned Entities.

5.4.3 Releases and Indemnification

Section 8.4 of the Plan describes certain releases and indemnifications under the Plan.

5.4.3.1 Settlement and Release by Debtors and Reorganized Debtors of Avoidance Actions and Other Estate Claims

Section 8.4.1 provides for the release of certain claims by the Debtors and Reorganized Debtors on the Effective Date, including (a) each and every Avoidance Action against an Asbestos Protected Party or its Representatives, (b) each and every Avoidance Action against a Holder of an Asbestos Claim (resolved or pending) or such Holder's Representatives; (c) any and all claims against any Asbestos Protected Party, Holder of an Asbestos Claim (resolved or pending), or any Representative of such Holder that are or would have been property of any Debtor's Estate or which any Debtor is or would have been entitled to prosecute as a Debtor in Possession arising under non-bankruptcy law or based on or attributable to any allegedly

preferential or fraudulent transfers or based on or attributable to any allegedly unlawful payments or transfers or distributions of property made by or on behalf of any Debtor; (d) any and all claims that are or would have been property of any Debtor's Estate or which any Debtor is or would have been entitled to prosecute as a Debtor in Possession, regardless of the legal theory upon which such claims may be predicated, for which any Asbestos Protected Party is asserted to be or to have been derivatively liable for any Asbestos Claim, including, without limitation, any claims based upon a legal or equitable theory of liability in the nature of veil piercing, alter ego, successor liability, vicarious liability, fraudulent transfer, malpractice, breach of fiduciary duty, waste, fraud, or conspiracy; and (e) any and all claims in (a)-(d) above where, in the absence of the Debtors' Chapter 11 Cases, such claims might, under substantive law of any jurisdiction, have been treated as claims maintainable not only by the Debtors or the Debtors' Estates themselves, but by creditors of or Claimants against the Debtors. Such released claims shall in no event be asserted against or paid by the Asbestos Trust.

5.4.3.2 Specific Release of Intercompany Asbestos Claims

Section 8.4.2 provides that on the occurrence of the Effective Date, each Debtor, Reorganized Debtor, and Non-Debtor Affiliate shall be deemed to have unconditionally waived, released, and extinguished any and all Asbestos Claims against each other Debtor, Reorganized Debtor, or Non-Debtor Affiliate, including all Asbestos Claims set forth in any and all proofs of claim filed by or on behalf of Coltec in the Chapter 11 Cases, and the Plan constitutes a motion to approve the resolution and release of the foregoing claims pursuant to Bankruptcy Rule 9019(a); *provided, however*, that this release shall not be construed to release, impair, or affect the rights of indemnification contained in Section 8.4.7 of the Plan. Section 8.4.2 further provides that notwithstanding anything else in the Plan, the Plan Documents, the Confirmation Order, or the Asbestos Channeling Injunction, the Asbestos Trust shall have no obligation, responsibility, or liability for any of the Asbestos Claims waived, released, and extinguished in accordance with that Section.

5.4.3.3 Settlement and Release by Debtors and Estate Parties

Section 8.4.3 provides for additional releases by each Debtor, in its individual capacity and as a Debtor in Possession for and on behalf of its Estate and its Affiliates, and each Reorganized Debtor on its own behalf and on behalf of its Estate and its Affiliates, and the respective successors and assigns of each such Debtor, Debtor in Possession, Estate, and Affiliate, is thereby deemed to settle and release, absolutely, unconditionally, irrevocably, and forever each and all of the Debtors' Representatives, their Non-Debtor Affiliates' Representatives, and their respective properties ("**Released Parties**"), from any and all claims, obligations, rights, suits, damages, remedies, liabilities, or causes of action in any manner arising from, based on, or relating to, in whole or in part, the Debtors, the Debtors' property, the Chapter 11 Cases, the purchase, sale, or rescission of the purchase or sale of any security of the Debtors, the subject matter of, or the transactions or events giving rise to, any Claim or Equity Interest that is treated in the Plan, the restructuring of Claims and Equity Interests prior to or in the Chapter 11 Cases, and the negotiation, formulation, or preparation of the Plan and the Disclosure Statement, or related agreements, instruments, or other documents, involving any act, omission, transaction, agreement, occurrence, or event taking place on or before the Effective Date, other than any act or omission of a Released Party that constitutes willful misconduct or lack of good

faith; *provided, however*, that the obligations and duties of any Released Party under the Plan or any Plan Document are not so settled and released. Any act or omission taken with the approval of the Bankruptcy Court will be conclusively deemed not to constitute willful misconduct or lack of good faith.

5.4.3.4 Settlement and Release of Certain Claims

As discussed above in Section 2.3.5.2 of this Disclosure Statement, Section 8.4.4 of the Plan provides, on specified terms and conditions, for the settlement and release of pending GST Recovery Actions against certain defendants. The Existing Debtors will seek approval of such settlements by motion pursuant to Bankruptcy Rule 9019(a). The Plan also provides that the Debtors, Reorganized Debtors, their Affiliates, predecessors, and assigns shall be deemed to release, waive, and permanently extinguish their rights to file or assert any GST Recovery Actions in the future.

5.4.3.5 No Actions on Account of Released Claims

Section 8.4.5 provides for an injunction that will prohibit enforcement of or any action whatsoever with respect to any of the claims released in Section 8.4 of the Plan, protecting and preserving, however, the right of Asbestos Claimants to proceed against the Asbestos Trust pursuant to the CRP.

5.4.3.6 Indemnification

Sections 8.4.6 and 8.4.7 contain certain indemnifications. In Section 8.4.6, the Reorganized Debtors undertake to protect, defend, indemnify, and hold harmless to the fullest extent permitted by applicable law, all Representatives of the Debtors, and all Representatives of the Non-Debtor Affiliates, on and after the Effective Date for all claims, obligations, rights, suits, damages, causes of action, remedies, and liabilities whatsoever that are purported to be released pursuant to Section 8.4.3 of the Plan.

In Section 8.4.7, the Asbestos Trust undertakes to protect, defend, indemnify and hold harmless, to the fullest extent permitted by applicable law each of the Debtors, Reorganized Debtors, and other Asbestos Protected Parties from and against any and all losses (including, without limitation, attorney's fees and expenses) that occur after the Effective Date and are based on, arise from, or are attributable to any Asbestos Claim; *provided, however*, that the Asbestos Trust will have no duty to defend, indemnify, and hold harmless Debtors, Reorganized Debtors, and other Asbestos Protected Parties from any such losses that are based on, arise from, or are attributable to any Foreign Asbestos Claim, unless the Foreign Asbestos Claim is filed, asserted, or sought to be enforced in or before any court or tribunal within the judicial system of the United States.

In addition, on the Effective Date, the Asbestos Trust shall assume the Debtors' indemnification obligations to the "Indemnified Parties" identified in paragraph 5 of the Bankruptcy Court's Order Granting Debtors' Motion for Appointment of Joseph W. Grier, III as Future Asbestos Claimants' Representative (Docket No. 512), entered September 16, 2010, and upon such assumption the Debtors will be released from such obligations.

If there shall be pending any claim against the Asbestos Trust for indemnification under Section 8.4.7 of the Plan, the Asbestos Trust will maintain sufficient assets (as determined in good faith by the Asbestos Trustee) to fund any payments in respect of that claim for indemnification. The Reorganized Debtors will provide prompt notice to the Asbestos PI Trust upon becoming aware of the basis for any claim for indemnification under Section 8.4.7 of the Plan.

5.5 OTHER PLAN PROVISIONS

5.5.1 Modification or Withdrawal of the Plan

Article 4 of the Plan sets forth the Plan Proponents' right, acting unanimously, to modify, amend or withdraw the Plan or the Plan Documents prior to the Confirmation Date, and the effect of any such withdrawal, which is to deem the Plan null and void. After the Confirmation Date, the Plan Proponents, acting unanimously, may alter, amend, or modify the Plan in accordance with Section 1127(b) of the Bankruptcy Code but only before its substantial consummation.

5.5.2 General Reservation of Rights

Section 6.5.2 of the Plan contains a general reservation of rights, providing that should the Plan fail to be accepted by the requisite number and amount of the Holders of Plan Claims and Equity Interests required to satisfy Sections 524(g) and 1129 of the Bankruptcy Code, then, notwithstanding any other provision of the Plan to the contrary, the Plan Proponents reserve the right to amend the Plan.

5.5.3 Retention of Jurisdiction

Article 10 of the Plan describes the matters over which the Bankruptcy Court will retain jurisdiction after the Effective Date, including interpreting and enforcing the Plan Documents; hearing and determining objections to Claims (other than Asbestos Claims); and compensating Professionals. The District Court will retain exclusive jurisdiction, without regard to the amount in controversy, to hear and determine any proceeding that involves the validity, application, construction, or modification of the Asbestos Channeling Injunction, or of Section 524(g) of the Bankruptcy Code with respect to the Asbestos Channeling Injunction.

5.5.4 Exculpation

Section 11.7 contains an exculpation clause, exculpating the Reorganized Debtors, the Debtors, the Non-Debtor Affiliates, the FCR, the Committee (including each of its members and their respective counsel), the Unsecured Creditors Committee, the Ad Hoc Coltec Future Asbestos Claimants' Representative, the Ad Hoc Coltec Asbestos Claimants Committee (including each of its members and their respective counsel), or any of their respective Representatives from any liability to any Entity for any act or omission in connection with or arising out of the Chapter 11 Cases, including the administration of the Estates during the entirety of the Chapter 11 Cases, any work in connection with any plan of reorganization or proceedings in the Chapter 11 Cases, conduct during any contested matter in the Chapter 11 Cases, negotiation of the Plan or the settlements contained therein, the pursuit of confirmation of

this Plan, the consummation of the Plan or the settlements provided therein, or the administration of the Plan or the property to be distributed under the Plan so long as, in each case such action, or failure to act, did not constitute willful misconduct or lack of good faith. Excepted from the exculpation clause is any Fee Dispute Remedy, as defined in the Plan.

The exculpation clause further provides that in all respects, the Exculpated Parties will be entitled to rely upon the advice of counsel and financial and other experts or professionals employed by them with respect to their duties and responsibilities under the Plan, and such reliance shall conclusively establish good faith. Any act or omission taken with the approval of the Bankruptcy Court will be conclusively deemed not to constitute willful misconduct or lack of good faith. In any suit alleging willful misconduct or lack of good faith, the reasonable attorney's fees and costs of the prevailing party will be paid by the losing party, and, as a condition of going forward with such action, suit, or proceeding, at the onset thereof, all parties thereto shall be required to provide appropriate proof and assurances of their capacity to make such payments of reasonable attorney's fees and costs in the event they fail to prevail. Pursuant to its authority under Bankruptcy Code Section 105(a), in the Confirmation Order the Court will enter an injunction permanently enjoining commencement or continuation in any manner, any suit, action, or other proceeding, on account of or respecting any claim, obligation, debt, right, cause of action, remedy, or liability included within this exculpation clause.

6. VOTING AND CONFIRMATION PROCEDURES

6.1 VOTING PROCEDURES

All Classes of Claims other than Class 5 Asbestos Claims are unimpaired and therefore shall be deemed to have voted to accept the Plan, and will not be solicited. The voting procedures for Class 5 have been established in the Confirmation Procedures Order, and are also contained in the Voting Procedures enclosed in the Solicitation Package with this Disclosure Statement. Solicitation Packages with forms of Ballots for Holders of Class 5 Asbestos Claims will be distributed on August 1, 2016 in the manner described in the Voting Procedures, as well as thereafter in response to inquiries as a result of the publication notice that is part of the Notice Program attached to the Confirmation Procedures Order.

TO BE COUNTED, YOUR COMPLETED BALLOT OR MASTER BALLOT MUST BE RECEIVED BY THE BALLOTING AGENT AT THE ADDRESS CONTAINED IN THE BALLOTS AND VOTING PROCEDURES NO LATER THAN DECEMBER 9, 2016 (THE "**VOTING DEADLINE**").

Holders of Class 5 Asbestos Claims may vote using either an Individual Ballot or (through their attorneys) a Master Ballot. Asbestos Claims will be temporarily allowed, for voting purposes only, if the Claimant (or Claimant's attorney) submits a Ballot by the Voting Deadline and certifies, under penalty of perjury, that the following matters are true and correct to the best of the Claimant's (or such attorney's) knowledge, information, and reasonable belief:

i. the Claimant is the Holder of an Asbestos Claim (as defined in the Plan) that has not been dismissed with prejudice, has not been settled and paid, and is not known to be time-barred;

ii. the person upon whose injury the Asbestos Claim is based (the "**Injured Party**") was diagnosed with malignant mesothelioma, or lung cancer, colo-rectal cancer, laryngeal cancer, esophageal cancer, pharyngeal cancer, stomach cancer, severe asbestosis, disabling asbestosis, or non-disabling asbestosis (all such diseases other than malignant mesothelioma being hereafter referred to as "**Other Diseases**"), based on, or as evidenced in, medical records or similar documentation in the possession of the Claimant, his or her attorney, or the physician of the Claimant or Injured Party;

iii. the Injured Party was exposed to asbestos released from asbestos-containing gaskets or packing manufactured, produced, fabricated, distributed, supplied, marketed, included as a component part, or sold by Garlock or Coltec ("**Asbestos Exposure**"),[10] as indicated in the Individual Ballot or Master Ballot exhibit;

iv. if the Claimant asserts that his/her Claim has been liquidated by settlement or judgment, the Claimant (or his or her attorney) must certify that the Claim has been liquidated by settlement or judgment and provide the asserted liquidated amount; and

v. if these certifications are made by the Claimant's attorney, the attorney is authorized by such Claimant to vote on the Plan on his or her behalf, and to represent that the Injured Party has (or, if deceased, had) the disease noted on the Ballot and has Asbestos Exposure.

Unliquidated Asbestos Claims that meet the voting criteria and allege mesothelioma will be temporarily allowed for voting purposes in the amount of $10,000, while Asbestos Claims that meet the voting criteria and allege any of the Other Diseases will be temporarily allowed for voting purposes in the amount of $1. Asbestos Claims liquidated by settlement or judgment that meet the voting criteria will be temporarily allowed for voting purposes in the liquidated amounts of the Asbestos Claims. Asbestos Claims alleging more than one disease will be temporarily allowed for voting purposes based on the single disease that yields the higher voting amount. Asbestos Claimants who allege exposure to asbestos both from products for which Garlock is responsible and from products for which Coltec is responsible will receive a single vote in Class 5. The Voting Procedures contain additional rules regarding the tabulation of votes in Class 5.

[10] For purposes of this certification requirement, "Coltec" includes the following predecessors and former divisions that were named in Asbestos Claims before the litigation of such claims was stayed by order of the Bankruptcy Court: Fairbanks Morse Engine, Fairbanks Morse Pump, Quincy Compressor, Central Moloney, France Compressor, Delavan, and Farnam.

Asbestos Claimants who are unable to make the certifications above on or before the Voting Deadline will not be eligible to vote on the Plan unless they file a motion for temporary allowance for voting purposes that the Court grants. Any such motion for temporary allowance for voting purposes must be filed on or before December 9, 2016. In addition, no Entity named as a defendant in asbestos litigation shall be eligible to vote unless it files a proof of claim in the form of Official Bankruptcy Form No. 410 on or before any applicable bar date and files a motion for temporary allowance for voting purposes that the Court grants.

Class 5 will accept the Plan if two-thirds or more in amount and 75% or more in number of those who vote accept the Plan.

6.2 CONFIRMATION PROCEDURES

6.2.1 Confirmation Hearing

Bankruptcy Code § 1128(a) requires the Bankruptcy Court, after notice, to hold a hearing on confirmation of the Plan. Bankruptcy Code § 1128(b) provides that any party-in-interest may object to confirmation of the Plan.

The Bankruptcy Court has set the Confirmation Hearing for 10:00 a.m., Eastern Time on May 15, 2017, in the United States Bankruptcy Court, 401 West Trade Street, Charlotte, North Carolina 28202. The Confirmation Hearing may be adjourned, from time to time, without notice, other than an announcement of an adjourned date at such hearing or an adjourned hearing, or by posting such continuance on the Bankruptcy Court's docket.

6.2.2 Objections to Confirmation of the Plan

Responses and objections, if any, to the confirmation of the Plan or to any of the other relief sought by the Debtors in connection with confirmation of the Plan, must (a) state with particularity the legal and factual grounds therefor, (b) provide, where applicable, the specific text, if any, 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 or Equity Interest. Any objections to the adequacy of the FCR's representation of holders of future Asbestos Claims must also be raised at this time, in the same form as a Plan objection.

Holders of Claims against and Equity Interests in GST, Garrison, or Anchor must file any response or objection to the Plan with the Bankruptcy Court and serve such response or objection in a manner so as to be ***actually received*** by the Notice Parties (defined below) no later than December 9, 2016. Holders of Claims against and Equity Interests in Coltec must file any response or objection to the Plan with the Bankruptcy Court and serve such response or objection in a manner so as to be ***actually received*** by the Notice Parties no later than March 10, 2017.

The following parties are the "Notice Parties":

Debtors:	GARLOCK SEALING TECHNOLOGIES LLC c/o Elizabeth Barry, Chief Restructuring Officer 349 West Commercial St., Ste 3050 East Rochester, NY 14445
With a copy to:	RAYBURN COOPER & DURHAM, P.A. 1200 Carillion, 227 West Trade Street Charlotte, NC 28202 Telephone: (704) 334-0891 Attn: John R. Miller, Jr. and ROBINSON, BRADSHAW & HINSON, P.A. 101 North Tryon Street, Suite 1900 Charlotte, NC 28246 Telephone: (704) 377-2536 Attn: Garland S. Cassada and PARKER POE ADAMS & BERNSTEIN, LLP Three Wells Fargo Center 401 South Tryon Street, Suite 3000 Charlotte, NC 28202 Telephone: (704) 335-9054 Attn: Daniel G. Clodfelter
Committee:	CAPLIN & DRYSDALE, CHARTERED One Thomas Circle N.W., Suite 1100 Washington, DC 20005 Telephone: (202) 862-5000 Attn: Trevor W. Swett III
FCR:	GRIER FURR & CRISP, PA 101 North Tryon Street, Suite 1240 Charlotte, NC 28246 Telephone: (704) 375-3720 Attn: Joseph W. Grier, III
With a copy to:	ORRICK HERRINGTON & SUTCLIFFE, LLP Columbia Center 1152 15th Street, N.W. Washington, DC 20005 Telephone: (202) 339-8400 Attn: Jonathan P. Guy

Unsecured Creditors' Committee:	FSB FISHERBROYLES, LLP 6000 Fairview Road, Suite 1200 Charlotte, NC 28210 Telephone: (704) 464-6954 Attn: Deborah L. Fletcher

UNLESS AN OBJECTION TO CONFIRMATION IS TIMELY SERVED UPON THE PARTIES LISTED ABOVE AND PROPERLY FILED WITH THE BANKRUPTCY COURT, IT WILL NOT BE CONSIDERED BY THE BANKRUPTCY COURT.

7. REQUIREMENTS FOR CONFIRMATION OF THE PLAN

7.1 BANKRUPTCY CODE § 1129 GENERALLY

At the Confirmation Hearing, the Court will determine whether the confirmation requirements of Bankruptcy Code § 1129 have been satisfied. If so, the Court will enter the Confirmation Order. The Plan Proponents believe that the Plan satisfies or will satisfy the applicable requirements for confirmation, as follows:

- The Plan complies with the applicable provisions of the Bankruptcy Code. *See* 11 U.S.C. § 1129(a)(1).

- The Plan Proponents have complied with the applicable provisions of the Bankruptcy Code. *See* 11 U.S.C. § 1129(a)(2).

- The Plan has been proposed in good faith and not by any means forbidden by law. *See* 11 U.S.C. § 1129(a)(3).

- Any payment made or promised by the Debtors, or by an Entity acquiring property under the Plan, for services or for costs and expenses in or in connection with the Chapter 11 Cases, or in connection with the Plan and incident to the Chapter 11 Cases, has been disclosed to the Court, and any such payment made before the confirmation of the Plan is reasonable, or if such payment is to be fixed after confirmation of the Plan, such payment is subject to the approval of the Court as reasonable. *See* 11 U.S.C. § 1129(a)(4).

- The Debtors will have disclosed the identity and affiliations of any individual proposed to serve, after confirmation of the Plan, as a director, officer, or voting trustee of the Debtors, and the appointment to, or continuance in, such office of such individual, is consistent with the interests of Holders of Claims and Equity Holders and with public policy, and the Debtors will have disclosed the identity of any insider that will be employed or retained by any Reorganized Debtor, and the nature of any compensation for such insider. *See* 11 U.S.C. § 1129(a)(5).

- With respect to each Class of impaired Claims or Equity Interests, either each Holder of a Claim or Equity Interest of such Class has accepted the Plan, or will receive or retain under the Plan on account of such Claim or Equity Interest

property of a value, as of the Effective Date of the Plan, that is not less than the amount that such Holder would so receive or retain if the Debtors were liquidated on such date under Chapter 7 of the Bankruptcy Code; or if Bankruptcy Code § 1111(b)(2) applies to the Claims of such Class, each Holder of a Claim will receive or retain under the Plan on account of such Claim property of a value, as of the Effective Date of the Plan, that is not less than the value of such Holder's interest in the Debtors' Estates' interest in the property that secures such Claims. *See* 11 U.S.C. §1129(a)(7).

- Each Class of Claims or Equity Interests that is entitled to vote on the Plan has either accepted the Plan or is not impaired under the Plan, or the Plan can be confirmed without the approval of each voting Class pursuant to section 1129(b) of the Bankruptcy Code. *See* 11 U.S.C. § 1129(a)(8).

- Except to the extent that the Holder of a particular Claim has agreed to a different treatment of such Claim, the Plan provides that Allowed Administrative Expense Claims and Allowed Priority Claims will be paid in full on the Effective Date, or as reasonably practicable thereafter, and that Allowed Priority Tax Claims will receive, on account of such Allowed Claims, payment in full on the Effective Date or as reasonably practicable thereafter. *See* 11 U.S.C. § 1129(a)(9).

- Debtors believe that Class 5, the only Class of impaired Claims, will accept the Plan, determined without including any acceptance of the Plan by any insider holding a Claim of such Class. *See* 11 U.S.C. § 1129(a)(10).

- Confirmation of the Plan is not likely to be followed by the liquidation, or the need for further financial reorganization, of the Reorganized Debtors or any successor to the Debtors under the Plan, unless such liquidation or reorganization is proposed in the Plan. *See* 11 U.S.C. § 1129(a)(11).

- The Plan provides that the quarterly fees required under 28 U.S.C. § 1930 have been paid or that they will be paid on the Effective Date of the Plan. *See* 11 U.S.C. § 1129(a)(12).

- The Plan provides for the continuation after the Effective Date of payment of all retiree benefits (as that term is defined in Bankruptcy Code § 1114) at the level established pursuant to Bankruptcy Code § 1114(e)(1)(B) or § 1114(g), at any time prior to confirmation of the Plan, for the duration of the period the Debtor has obligated itself to provide such benefits. *See* 11 U.S.C. § 1129(a)(13).

The Plan Proponents believe that the Plan satisfies all of the statutory requirements of Bankruptcy Code Section 1129. In addition, the Plan Proponents believe that the Plan satisfies all of the statutory requirements of Bankruptcy Code Section 524(g).

7.2 VOTE REQUIRED FOR CLASS ACCEPTANCE

Class 5 will be considered to have accepted the Plan when 75% or more in number and at least two-thirds (2/3) in dollar amount of the Claims that actually voted have voted in favor of the Plan.

If the Plan is confirmed, then Holders of Claims against, or Equity Interests in, Debtors, whether voting or non-voting and, if voting, whether accepting or rejecting the Plan, are bound by the terms of the Plan, including any injunction(s) under Bankruptcy Code §§ 524(a), 524(g), and/or 105(a).

7.3 FEASIBILITY OF THE PLAN

Section 1129(a)(11) of the Bankruptcy Code requires that, in order for the Bankruptcy Court to confirm the Plan, the Bankruptcy Court must find that consummation of the Plan is not likely to be followed by the liquidation or the need for further financial reorganization of the Debtors, except to the extent such liquidation or reorganization is called for by the Plan's terms.

The Debtors have the financial wherewithal and business prospects to satisfy their obligations under the Plan. Debtors anticipate having on the Effective Date Cash sufficient to fund in full the Plan's treatment of all Allowed Administrative Claims, Secured Tax Claims, and Claims in Classes 1 (Priority Claims) and 6 (General Unsecured Claims), which Debtors believe will not exceed in the aggregate $4 million. Debtors will also have sufficient Cash on the Effective Date to fund the Initial Asbestos Trust Assets and to make the Deferred Contribution and fulfill the terms of the Option within one year after the Effective Date. The Proforma Projections set forth in **Exhibit 3** to the Disclosure Statement, which show continued net operating income in years shown, as well as other income streams as described in the projections set forth on **Exhibit 3**, support the ability of Debtors to make the payments described by the Plan. **HOLDERS OF CLAIMS AND INTERESTS ARE ADVISED TO REVIEW CAREFULLY THE DISCLAIMERS INCLUDED AT THE BEGINNING OF THIS DISCLOSURE STATEMENT AND THE ASSUMPTIONS INCLUDED IN THE PROJECTIONS IN CONNECTION WITH THEIR REVIEW OF THE SAME. AS NOTED THEREIN, ACTUAL RESULTS MAY DIFFER MATERIALLY FROM THOSE PROJECTED.**

7.4 "BEST INTERESTS" TEST

Another confirmation requirement is the "Best Interests Test" or "Hypothetical Liquidation Test" incorporated in Section 1129(a)(7) of the Bankruptcy Code. The test applies to individual Holders of unsecured Claims and Holders of Interests that are both (i) in impaired Classes under the Plan, and (ii) do not vote to accept the Plan. Section 1129(a)(7) of the Bankruptcy Code thus requires that Holders of Asbestos Claims in Class 5 who do not vote to accept the Plan will receive or retain an amount under the Plan as it relates to a particular Debtor not less than the amount that such Holders would receive or retain if such Debtor were to be liquidated under Chapter 7 of the Bankruptcy Code. (While Class 9 (GST/Garrison Equity Interests) is impaired under the Plan, the holder of those interests in Class 9, Coltec, will vote in favor of the Plan, thus rendering the Best Interests Test inapplicable to Class 9.)

The Debtors believe that the Plan meets the best interests test because the Bankruptcy Court estimated for plan confirmation purposes that the aggregate Allowed Amount of present and future Class 5 GST Asbestos Claims alleging mesothelioma is no more than $125 million, s*ee In re Garlock Sealing Technologies LLC*, 504 B.R. 71, 97 (Bankr. W.D.N.C. 2014), and the Plan would provide a multiple of that amount, $480 million, to resolve Asbestos Claims. Under the Plan, GST Asbestos Claimants would receive settlement amounts that exceed the estimated allowed amounts of their claims, which is all that claimants would be entitled to receive in a Chapter 7 case.

The Estimation Opinion did not include the Class 5 Allowed GST Asbestos Claims for diseases other than mesothelioma, but the Bankruptcy Court observed, and Debtors believe the evidence would prove, that the Allowed Amounts of any non-mesothelioma GST Asbestos Claims are relatively small compared to mesothelioma claims. These Asbestos Claimants also would receive under the Plan amounts that exceed the Allowed Amounts of their Asbestos Claims.

All Class 5 Asbestos Claims against Coltec are contingent and unliquidated, and the Allowed Amount of such Claims individually or in the aggregate also has not been estimated. Based on the nature of the products it manufactured, and its history of making no indemnity payments and suffering no adverse verdicts, Coltec believes the Allowed Amounts of Class 5 Asbestos Claims against Coltec are relatively small, both individually and in the aggregate. (See Section 2.5.2 above for a discussion of Coltec's claims history.) Under the Plan, Coltec Asbestos Claims will be channeled to the Asbestos Trust and paid according to the terms of the CRP. In consequence of these matters Coltec believes holders of Coltec Asbestos Claims would receive more under the Plan than they would likely receive in a liquidation of Coltec under Chapter 7.

The Committee and FCR disagree with Debtors' liquidation analyses and their reliance on the Estimation Opinion. The Committee and FCR believe the Estimation Opinion was incorrect. Further, the Committee and FCR do not believe the Estimation Opinion would apply to determine or limit the Debtors' liabilities to Asbestos Claimants in Chapter 7 liquidation proceedings; those liabilities would be determined, instead, under the rules, doctrines, and procedures of the tort system.

Nevertheless, the Committee and FCR agree with Debtors that the Plan serves the best interests of creditors because, measured as of the Effective Date of the Plan, meritorious Asbestos Claims will be paid no less under the Plan than if the Debtors were liquidated under Chapter 7. The Committee and FCR's conclusion rests on such considerations as (1) the number and nature of Asbestos Claims already pending against the Debtors and those predicted to arise against them over a period of several decades, (2) the high costs that would be sustained in attempting to resolve the Asbestos Claims in a Chapter 7 liquidation, (3) the inability of the trustee in a Chapter 7 proceeding to make any distributions to creditors until all assets of the Debtors' estates were reduced to cash and all of the estates' liabilities were liquidated, and the resulting time-value discounts that would apply, (4) the unavailability under Chapter 7 of a section 524(g) channeling injunction or other reliable and satisfactory means of making provision for future Asbestos Claimants, (5) the deep discounts that would be absorbed in

converting GST's assets to cash in a Chapter 7 liquidation (to the extent that those assets would be saleable at all under the cloud of potential successor liability), and (6) the unlikelihood that Coltec would contribute substantial funding to resolve GST Asbestos Claims or Anchor Claims in a Chapter 7 liquidation.

7.5 INFORMATION ABOUT CORPORATE GOVERNANCE, OFFICERS, AND DIRECTORS OF REORGANIZED DEBTORS

7.5.1 Management Compensation and Incentive Program

The Debtors' current officers and directors are disclosed on the attached **Exhibit 4** to the Disclosure Statement. The Debtors anticipate that the officers and directors of the Reorganized Debtors will be the same as the current officers and directors of the Debtors, but unanticipated changes may occur. Pursuant to Bankruptcy Code § 1129(a)(5), the Debtors will disclose, prior to the Confirmation Hearing, the identity of any individuals proposed to serve, after confirmation of the Plan, as a director or officer of any Reorganized Debtor to the extent they differ from those shown on **Exhibit 4**.

Currently, the total compensation package that the Debtors' officers and key employees receive includes base salary, annual bonus opportunities, long-term Cash incentives and other benefits. These packages and benefits are described in more detail in the Debtors' motion for authorization to continue certain employee benefit programs (Docket No. 42).

Debtors anticipate that the total compensation for the Reorganized Debtors' directors, officers and key employees after confirmation will continue to include base salary, annual bonus and long-term stock and Cash incentives and other benefits in accordance with the ordinary business policies of the Debtors.

7.5.2 Prospective Officer and Director Insurance

Pursuant to Section 7.2.2 of the Plan, the Reorganized Debtors shall continue in force, purchase and extend the coverage period of directors and officers liability insurance with regard to any liabilities, losses, damages, claims, costs and expenses they or any current or former officer or director of any of the Debtors may incur, including but not limited to attorneys' fees, arising out of or due to the actions or omissions of any of them or the consequences of such actions or omissions, including, without limitation, service as an officer or director or liquidating trustee of any subsidiary of a Debtor, other than as a result of their willful misconduct or lack of fraud. Each such policy shall cover each current and former officer or director of any of the Debtors. Further, pursuant to Section 7.2.2 of the Plan, the Reorganized Debtors have an obligation to indemnify these parties for certain payments covered by the tail insurance. Therefore, without such insurance, if the Reorganized Debtors' current and/or former directors, officers and/or employees were sued after the Effective Date, the Reorganized Debtors could be required to satisfy such indemnification claims.

8. IMPORTANT CONSIDERATIONS AND RISK FACTORS

Holders of Claims who are entitled to vote on the Plan should read and carefully consider the following factors, as well as the other information set forth in this Disclosure Statement,

before deciding whether to vote to accept or reject the Plan. The following disclosures are not intended to be inclusive and should be read in connection with the other disclosures contained in this Disclosure Statement and the Exhibits hereto. ***You should consult your legal, financial, and tax advisors regarding the risks associated with the Plan and the distributions you may receive thereunder***.

8.1 RISKS RELATED TO THE DEBTORS' BUSINESS AND THESE CHAPTER 11 CASES

8.1.1 Certain Risks Associated with the Chapter 11 Cases

Creditors may object to the classification of their Claims and/or oppose Confirmation of the Plan. There can be no assurance that the requisite acceptances for confirmation of a Chapter 11 plan will be received or that the Bankruptcy Court will confirm the Plan. If the Plan is not confirmed, it is unclear what Distributions the Holders of Allowed Claims will receive with respect to their Allowed Claims, or the timing of receipt of such Distributions, as it is unclear whether a confirmable alternative plan can be proposed by another party to these Chapter 11 Cases. If the Plan is not confirmed, Debtors may propose the Second Amended Plan or another plan that treats Asbestos Claims less favorably. Or, if the Plan is not confirmed and an alternate reorganization plan is not confirmed, it is possible that Debtors would have to liquidate, in which case it is possible that the Holders of Allowed Claims or Asbestos Claims could receive substantially less favorable treatment than they would receive under the Plan.

8.1.2 Risks Relating to the Projections

The Debtors have prepared projections set forth on **Exhibit 3** to the Disclosure Statement in connection with the development of the Plan and to present the projected effects of the Plan and the projected results of operations following the Effective Date of the Plan. These projections assume the Plan and transactions contemplated thereby will be implemented in accordance with their terms. Although Debtors believe the projections are reasonable, based upon independent, third-party economic forecasts of the regions in which they sell their products, the assumptions and estimates underlying such projections are inherently uncertain and are subject to, among other factors, business, economic, legislative, and competitive risks and uncertainties that could cause actual results to differ materially from those projected. Such uncertainties and other factors include approval by the Bankruptcy Court of the Plan and potential objections of third parties. Accordingly, the projections herein are not necessarily indicative of the future financial condition, results of operations, or equity value of the Debtors, which may vary materially from those projections. Although the Financial Projections represent management's view based upon current known facts and assumptions about the future operations of the Reorganized Debtors, there is no guarantee by the Debtors, their advisors, or any other person that the Financial Projections will be realized. However, Debtors believe they can make all payments required under the Plan even if Debtors do not achieve the projected results. Based on the financial disclosures of the Debtors, Coltec, and EnPro, the Committee and the FCR believe it is very likely all payments required under the Plan can be made, even if the projections turn out to be optimistic.

8.1.3 Risks Relating to the Value of the Reorganized Debtors

Because of the nature of Debtors' industries, and a variety of other factors, including without limitation, those set forth below, the Reorganized Debtors' operations could be adversely affected, and the ultimate recovery to the creditors is uncertain and cannot be predicted. Risks facing the Reorganized Debtors' operations include, without limitation:

- cyclical markets affected by general global economic conditions, particularly in North America and Europe;
- a prolonged and severe downward economic cycle;
- pricing and other competitive pressures;
- significant increases in expenses, including raw material, energy, product development, sales and marketing and labor costs, including pension and healthcare expenses;
- a material adverse change in relations with employees and/or labor unions;
- deteriorations in relationships with key independent agents or distributors;
- the inability to invest adequately in the business or to develop new products;
- the inability to gain customer acceptance, or slower than anticipated acceptance, of new products or product enhancements;
- technological breakthroughs rendering a product, a class of products, or a line of business obsolete;
- the inability to adapt to other improvements made by direct or indirect competitors;
- the acquisition (through theft or other unlawful means) or use by others of the Reorganized Debtors' proprietary technology and other know-how;
- changes in the replacement cycle for certain products resulting from improved product quality or improved maintenance;
- significant increases in product liability claims or costs;
- political and economic instability in non-US markets;
- material adverse changes in currency exchange rates (in particular, the U.S. dollar to Euro exchange rate);
- consolidation of major customers, which could increase customer purchasing power, thereby putting pressure on operating profits;
- loss of senior management and other key employees;

- greater than expected liabilities for environmental remediation;
- difficulties collecting insurance; and
- numerous other risks, including rising healthcare costs, adverse changes in tax rates, environmental laws, or other regulatory requirements, acts of hostility or war, work stoppages or other unforeseen business interruptions.

As noted in Section 8.1.2, above, the Debtors believe they have ample assets from which to pay all amounts required under the Plan, even if one or more of the above risk factors adversely affects the performance of the Reorganized Debtors' business operations after the Effective Date.

8.1.4 Leverage, Liquidity, and Capital Requirements

The Debtors' principal sources of liquidity following their emergence from bankruptcy will be net proceeds generated by business operations, payments on the Coltec Note and the Stemco Note (in the case of Reorganized GST), and collection of insurance. While the Debtors believe that they will have adequate liquidity to meet Plan funding and operational requirements following the Effective Date of the Plan, no assurances can be had in this regard.

8.1.5 Certain Risks of Non-Occurrence of the Effective Date

The consummation of the Plan is subject to certain conditions. There can be no assurance that all of the conditions necessary for the Plan to become "Effective" will be met. If the Plan were not to be consummated or become "Effective," it is unclear whether the transactions outlined in the Plan could be implemented and what distribution Holders of Claims or Interests ultimately would receive with respect to their Claims or Interests. If an alternative plan of reorganization could not be confirmed, it is possible that the Debtors could have to liquidate their assets.

8.1.6 Prolonged Continuation of the Chapter 11 Cases May Harm the Debtors' Business

The prolonged continuation of these Chapter 11 Cases may adversely affect the Debtors' business and operations. So long as the Chapter 11 Cases continue, senior management of the Debtors may be required to spend a significant amount of time and effort dealing with the Debtors' reorganization instead of focusing exclusively on business operations. In addition, the longer the Chapter 11 Cases continue without a confirmed plan, the more likely it is that the Debtors' employees, customers, and suppliers may lose confidence in the Debtors' ability to successfully reorganize their business and seek alternative commercial options. Further, so long as the Chapter 11 Cases continue without a confirmed plan, the Debtors will incur substantial costs for professional fees and expenses associated with the proceedings.

8.1.7 Risks Relating to Coltec's Chapter 11 Filing

In the event the requisite vote to accept the Plan is not received from the Class 5 Claimants, then the Coltec Restructuring will not be consummated, no Chapter 11 case will be

filed by OldCo, and the Plan's proposal for payment of Coltec Asbestos Claims will not be realized.

8.1.8 Risks of Non-Confirmation of the Plan

If the Plan is not confirmed, it is unclear what distributions, if any, the Holders of Allowed Claims would receive with respect to their Allowed Claims, or the timing of such distributions. If the Plan is not confirmed and an alternate reorganization plan could not be confirmed, it is possible that the Debtors would have to liquidate their Assets.

8.1.9 Risk of Post-Confirmation Default

At the Confirmation Hearing, the Court will be required to make a judicial determination that the Plan is feasible, but that determination does not serve as any guarantee that there will not be any post-confirmation defaults. The Debtors believe that the cash flow generated from operations, insurance proceeds, and Cash on hand will be sufficient to meet the Reorganized Debtors' operating requirements and other post-confirmation obligations under the Plan. The Reorganized Debtors' projected operating cash flow is set forth in the Debtors' prospective financial information that is included as **Exhibit 3** to the Disclosure Statement.

8.1.10 Objections to Claims

Except as otherwise provided in the Plan and the Final DIP Order (Docket No. 226), the Debtors reserve the right to object to the amount or classification of any Claim or Equity Interest deemed Allowed under the Plan, except for Asbestos Claims. Asbestos Claims will not be subject to such objections because they will not be "Allowed." Rather, they will be channeled to the Asbestos Trust for processing and, if eligible, payment under the CRP. The estimates set forth in this Disclosure Statement cannot be relied on by any Holder of a Claim or Equity Interest where such Claim or Equity Interest is subject to an objection.

8.1.11 Risk Regarding the Solvent Insurance Carriers

Debtors' ultimate recovery of insurance proceeds may be affected by the financial status of the remaining solvent insurance carriers. In addition, it is uncertain whether or how much Debtors will be able to recover from the Additional Coltec Insurance.

8.2 RISK FACTORS AFFECTING THE ASBESTOS TRUST

The Trust will be funded with assets worth, in the aggregate, $480 million within one year after the Effective Date. The Maximum Settlement Values and Medical Information Factors along with other factors determine the settlement offers given to Asbestos Claimants under the CRP. Subject to the requirements of the Term Sheet and the CRP, the parties have agreed on preliminary Maximum Settlement Values and Medical Information Factors for Disclosure Statement purposes. The Asbestos Trustee, however, will have full authority to set Maximum Settlement Values and Medical Information Factors, in consultation with his own experts, before the Trust begins paying claims. Furthermore, the CRP permit the Trustee to adjust the Maximum Settlement Values and Medical Information Factors over time to ensure equal treatment of present and future Asbestos Claimants. Thus, there can be no guarantee that Asbestos Claimants

will receive the settlement offers implied by the Maximum Settlement Values and Medical Information Factors currently contained in the CRP attached to this Disclosure Statement. Conversely, it is possible that the Trustee could increase Maximum Settlement Values and Medical Information Factors over time, in which case Asbestos Claimants could receive settlement offers greater than those implied by the CRP attached to this Disclosure Statement.

9. ALTERNATIVES TO CONFIRMATION AND CONSUMMATION OF THE PLAN

The Plan Proponents believe that the Plan affords the Holders of Claims and Equity Interests the potential for the greatest realization on their Claims and Equity Interests and, therefore, is in the best interest of such Holders. If the Plan is not confirmed, however, the theoretical alternatives include (1) continuation of the pending Chapter 11 Cases, (2) alternative plans of reorganization, or (3) liquidation of the Debtors under Chapter 7 of the Bankruptcy Code.

9.1 CONTINUATION OF THE CHAPTER 11 CASES

If the Debtors remain in Chapter 11 and the Plan, as currently proposed, is not confirmed within the time period projected, the Debtors could continue to operate their businesses and manage their properties as Debtors in Possession. However, the value of assets and cash flow could be affected by the expenses of operating under Chapter 11 of the Bankruptcy Code for a further extended period of time, and significant delay in recoveries for Claimants and Interest Holders could result under any future plan of reorganization.

9.2 ALTERNATIVE PLANS OF REORGANIZATION

If the Plan is not confirmed, it is possible that any other party in interest in the Chapter 11 Cases could attempt to formulate and propose a different plan or plans on such terms, as they may desire. Debtors might propose the Second Amended Plan or an alternative plan that treats Asbestos Claimants less favorably. Such alternative plan would still have to meet the requirements of confirmation. The Plan Proponents believe that the Plan provides the best and quickest potential return to both the Debtors' Claimants and Equity Interest Holders.

9.3 CHAPTER 7 LIQUIDATION

If the Plan is not confirmed, the Debtors may be forced to liquidate, either through conversion to a case under Chapter 7 of the Bankruptcy Code, or through a dissolution proceeding under state law, or both, since the Chapter 7 trustee may choose to liquidate the Debtors' assets through a proceeding under Chapter 7 of the Bankruptcy Code, and then commence a dissolution proceeding under North Carolina law.

10. FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN

The following discussion summarizes certain federal income tax consequences of the Plan based upon the IRC, judicial authorities, and current administrative rulings and practices now in effect, all of which are subject to change at any time by legislative, judicial, or administrative action. Any such change could be retroactively applied in a manner that could

adversely affect the Debtors, Reorganized Debtors, the Asbestos Trust, Holders of Claims, and Holders of Equity Interests.

The tax consequences of certain aspects of the Plan are uncertain due to the lack of applicable legal authority and may be subject to administrative or judicial interpretations that differ from the discussion below. The Debtors have not requested a tax ruling from the IRS. The Debtors may obtain either (a) a private letter ruling establishing the Asbestos Trust is a "qualified settlement fund" pursuant to Section 468B of the IRC, or (b) an opinion of counsel regarding the tax consequences satisfactory to Debtors. However, there can be no assurance the treatment set forth in the following discussion will be accepted by the IRS. Further, the federal income tax consequences may be affected by matters not discussed below. For example, the following discussion does not address state, local or foreign tax considerations that may be applicable; further, it does not address the tax consequences of the Plan to certain types of Holders of Claims or Equity Interests, creditors, and stockholders (including foreign persons, financial institutions, life insurance companies, tax-exempt organizations, and taxpayers who may be subject to the alternative minimum tax) who may be subject to special rules not addressed herein.

The discussion set forth below is included for general information only. The Debtors and their counsel and financial advisors are not making any representations regarding the particular tax consequences of confirmation and consummation of the Plan, nor are they rendering any form of legal or tax advice on such tax consequences. The tax laws applicable to corporations in bankruptcy are extremely complex, and the following summary is not exhaustive.

Except where essential to the context, references to the "Debtors" in Article 10 herein refer to both the Debtors and Reorganized Debtors, collectively.

10.1 FEDERAL INCOME TAX CONSEQUENCES

10.1.1 General Discussion

In general, the Debtors do not expect to incur any substantial tax liability as a result of implementation of the Plan and do not expect to realize any significant amount of cancellation of indebtedness income. Upon consummation of the Plan, the Debtors expect the EnPro consolidated group, which will include the Debtors, to have net operating losses (NOLs) available to carry back to prior years and to offset future taxable income. The Debtors expect the EnPro consolidated group's NOLs to be enhanced by the contributions to the Asbestos Trust provided for under the Plan.

10.1.2 Deduction of Amounts Transferred to Satisfy Asbestos Claims

The tax treatment of transfers of property by Debtors to the Asbestos Trust will vary depending on the characterization of the trust, e.g., as a "grantor trust" as defined by Section 671 et seq. of the IRC, or as a "qualified settlement fund" ("**QSF**") as defined by Treasury Regulation Section 1.4681B-1 *et seq.* Debtors currently expect that the Asbestos Trust will be treated as a QSF for federal income tax purposes, meaning the Debtors should be entitled to an immediate deduction for cash and the fair market value of property contributed by the Debtors to the Asbestos Trust.

10.1.3 Cancellation of Debt Income

Under the IRC, a taxpayer generally recognizes gross income to the extent indebtedness of the taxpayer is cancelled for less than the amount owed by the taxpayer, subject to certain judicial or statutory exceptions. The most significant of these exceptions with respect to the Debtors is that taxpayers who are operating under the jurisdiction of a federal bankruptcy court are not required to recognize such income. In that case, however, the taxpayer must reduce its tax attributes, such as its NOLs, general business credits, capital-loss carryforwards, and tax basis in assets, by the amount of the cancellation of indebtedness income ("**CODI**") avoided. Debtors do not expect to realize any significant CODI upon consummation of the Plan because the Debtors expect that Claimants entitled to Distributions under the Plan will receive cash equal to the total amount of their Allowed Claims (including accrued but unpaid interest), or, if they are Asbestos Claimants, will receive cash equal to the amounts they are entitled to under the CRP.

10.1.4 Net Operating Losses

As a result of deductions that will be generated by contributions to the Asbestos Trust, Debtors expect the EnPro consolidated group, of which Debtors will remain members, to have NOLs. The extent to which a corporation is able to utilize its NOLs after emerging from bankruptcy often depends on Section 382 of the IRC, which generally imposes an annual limitation on a corporation's use of its NOLs (and may limit a corporation's use of certain built-in losses if such built-in losses are recognized within a five-year period following an "ownership change," as defined below) if a corporation undergoes an ownership change. In the instant case, however, there should be no such limit on the use of the EnPro group's NOLs because neither EnPro, GST, nor Garrison is expected to undergo an ownership change.

10.1.5 Alternative Minimum Tax

In general, a federal alternative minimum tax ("**AMT**") is imposed on a corporation's alternative minimum taxable income ("**AMTI**") at a 20% rate to the extent AMT exceeds the corporation's regular federal income tax for the year. AMTI is generally equal to regular taxable income with certain adjustments. For purposes of computing AMTI, certain tax deductions and other beneficial allowances are modified or eliminated. In particular, a corporation generally is entitled to offset no more than 90 percent of its AMTI with NOL carrybacks and carryforwards (as recomputed for AMT purposes). Accordingly, Debtors' use of their NOLs in both carryback and carryforward years may be subject to limitations for AMT purposes in addition to any other limitations that may apply. Any AMT the Debtors pay generally will be allowed as a nonrefundable credit against their regular federal income tax liability in future years when they are no longer subject to AMT.

10.1.6 Federal Income Tax Consequences to Holders of Claims and the Asbestos Trust

10.1.6.1 Holders of Asbestos Claims

To the extent payments from the Asbestos Trust to Claimants constitute damages on account of personal injuries, such payments should not constitute gross income to such

Claimants, except to the extent such payments are attributable to medical expense deductions allowed under Section 213 of the IRC for a prior taxable year.

10.1.6.2 Treatment of the Asbestos Trust

The Debtors expect the Asbestos Trust will be a QSF for federal income tax purposes. As a QSF, the Asbestos Trust will be subject to a separate entity level tax on its income at the maximum rate applicable to trusts and estates. In determining the taxable income of the Asbestos Trust, (a) any amounts contributed to the Asbestos Trust will not be taxable income, (b) any sale, exchange or distribution of property by the Asbestos Trust will result in the recognition of gain or loss equal to the difference between the fair market value of the property on the date of the sale, exchange or distribution and the adjusted tax basis of such property, (c) interest income and dividend income will be taxable income, and (d) administrative costs (including state and local taxes) will be deductible. In general, the adjusted tax basis of property received by the Asbestos Trust will be its fair market value at the time of receipt.

10.1.6.3 Consequences to Holders of GST General Unsecured Claims

Pursuant to the Plan, each Holder of a GST General Unsecured Claim will receive cash in full satisfaction and discharge of its Allowed Claim. The Holder of an Allowed GST General Unsecured Claim will recognize gain or loss equal to the difference between (i) the cash received that is not allocable to accrued interest, and (ii) the Holder's basis in the debt instrument constituting the surrendered Allowed GST General Unsecured Claim. Such gain or loss should be capital in nature (subject to the "market discount" rules described below) and should be long-term capital gain or loss if the debt constituting the surrendered Allowed GST General Unsecured Claim were held for more than one year. To the extent a portion of the cash received in the exchange is allocable to accrued interest, the Holder may recognize ordinary income. See Section 10.1.6.3.1 (Accrued Interest).

10.1.6.3.1 Accrued Interest

To the extent an amount received by a Holder of a surrendered Allowed Claim under the Plan is attributable to accrued interest that was not previously included in the Holder's gross income, such amount should be taxable to the Holder as interest income.

10.1.6.3.2 Market Discount

Under the "market discount" provisions of Sections 1276 through 1278 of the IRC, some or all of the gain realized by a Holder of a debt instrument constituting an Allowed Claim may be ordinary income (instead of capital gain) to the extent of market discount on the debt instrument. In general, a debt instrument is acquired with market discount if the Holder's adjusted tax basis in the debt instrument is less than (i) the sum of all remaining payments to be made on the debt instrument, excluding qualified stated interest or (ii) in the case of a debt instrument issued with original issue discount of at least a de minimis amount (equal to 0.25 percent of the sum of all remaining payments to be made on the debt instrument, excluding qualified stated interest, multiplied by the number of remaining whole years to maturity), its adjusted issue price. Any gain recognized by a Holder on the disposition of surrendered debts (determined as described above) that had been acquired with market discount should be ordinary income to the extent of

the market discount that accrued while such debts were held by the Holder (unless the Holder elected to include market discount in income as it accrued).

10.1.7 U.S. Federal Information Reporting and Backup Withholding

All distributions under the Plan will be subject to applicable federal income tax reporting and withholding. The IRC imposes "backup withholding" (currently at a rate of 28 percent) on certain reportable payments, including interest, to certain taxpayers. A Holder of a Claim may be subject to backup withholding on distributions or payments made pursuant to the Plan unless the Holder (a) comes within certain exempt categories (which generally include corporations) and, when required, so demonstrates, or (b) provides at the applicable disbursing agent's request a completed IRS Form W-9 (or substitute therefore) on which the Holder includes a correct taxpayer identification number and certifies under penalty of perjury the taxpayer identification number is correct and the taxpayer is not subject to backup withholding because of a failure to report all dividend and interest income. Backup withholding is not an additional federal income tax but merely an advance payment that may be refunded to the extent it results in an overpayment of income tax. A Holder of a Claim may be required to establish an exemption from backup withholding or to make arrangements with respect to the payment of backup withholding. Non-U.S. Holders may be required by the applicable disbursing agent to complete certain IRS forms to establish an exemption from, or a treaty-reduced rate of, withholding on interest distributed pursuant to the Plan.

11. CONCLUSION AND RECOMMENDATION

If you are the Holder of an Asbestos Claim in Class 5, your vote on and support of the Plan is important. The Plan Proponents strongly recommend that you vote in favor and support confirmation of the Plan. The Plan Proponents strongly recommend that all other Holders of Claims and Interests support confirmation of the Plan.

[Signature Pages to Follow]

Respectfully submitted,

GARLOCK SEALING TECHNOLOGIES LLC:

By: s/Elizabeth Barry
Name: Elizabeth Barry
Title: Chief Restructuring Officer

GARRISON LITIGATION MANAGEMENT GROUP, LTD.:

By: s/Elizabeth Barry
Name: Elizabeth Barry
Title: General Manager, Vice President, Director of Finance, Treasurer and Assistant Secretary

THE ANCHOR PACKING COMPANY:

By: /s/Elizabeth Barry
Name: Elizabeth Barry
Title: Vice President and General Manager

COLTEC INDUSTRIES INC (predecessor in interest to OldCo, LLC):

By: /s/Robert S. McLean
Name: Robert S. McLean
Title: Vice Chairman and Secretary

[SIGNATURES CONTINUED ON NEXT PAGE]

FUTURE ASBESTOS CLAIMANTS' REPRESENTATIVE:

By: /s/Joseph W. Grier, III
Name: Joseph W. Grier, III

AD HOC COLTEC FUTURE ASBESTOS CLAIMANTS' REPRESENTATIVE:

By: /s/Joseph W. Grier, III
Name: Joseph W. Grier, III

OFFICIAL COMMITTEE OF ASBESTOS PERSONAL INJURY CLAIMANTS:

By: /s/Trevor W. Swett III
Name: Trevor W. Swett III
Firm: Caplin & Drysdale, Chartered
Title: Counsel to the Official Committee of Asbestos Personal Injury Claimants

AD HOC COLTEC ASBESTOS CLAIMANTS COMMITTEE:

By: /s/Trevor W. Swett III
Name: Trevor W. Swett III
Firm: Caplin & Drysdale, Chartered
Title: Counsel to the Ad Hoc Coltec Asbestos Claimants Committee

[Signature Page to Disclosure Statement for Modified Joint Plan of Reorganization]

Exhibit 31

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

In Re:	:	In Proceedings for a Reorganization under Chapter 11
NORTH AMERICAN REFRACTORIES COMPANY, *et al.*,	:	Jointly Administered under Case No. 02-20198-JKF
Debtors.	:	
In Re:	:	In Proceedings for a Reorganization under Chapter 11
GLOBAL INDUSTRIAL TECHNOLOGIES, INC., *et al.*,	:	Jointly Administered under Case No. 02-21626-JKF
Debtors.	:	

COMBINED DISCLOSURE STATEMENT TO ACCOMPANY THE THIRD AMENDED PLANS OF REORGANIZATION DATED DECEMBER 28, 2005 OF NORTH AMERICAN REFRACTORIES COMPANY AND ITS SUBSIDIARIES AND GLOBAL INDUSTRIAL TECHNOLOGIES, INC. AND ITS SUBSIDIARIES

James J. Restivo, Jr., Esq. (Pa. I.D. #10113)
Robert P. Simons, Esq. (Pa. I.D. #48892)
David Ziegler, Esq. (Pa. I.D. # 37527)
REED SMITH LLP
435 Sixth Avenue
Pittsburgh, PA 15219-1886
412-288-3131

Copies of this Disclosure Statement are available at www.rhireorg.com

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DISCLOSURE STATEMENT

EXHIBITS

QUESTIONS AND ANSWERS ABOUT THE DEBTORS' CHAPTER 11 CASES

The following is a brief summary of certain basic questions and answers pertinent to the NARCO Debtors' and GIT Debtors' Chapter 11 Cases. This summary is not intended to be a complete discussion of the matters raised in this Disclosure Statement. You should refer to the remainder of the Disclosure Statement and the appropriate Plan of Reorganization for a detailed description of the NARCO Debtors' and GIT Debtors' respective reorganizations. Capitalized terms used herein and not otherwise defined shall have the respective meanings assigned to such terms in Exhibit 1 attached to this Disclosure Statement.

Q. Who is covered by the Plans?

A. The Plans cover North American Refractories Company and its subsidiaries, Global Industrial Technologies, Inc. and its subsidiaries (Harbison-Walker Refractories Company and its subsidiaries and A.P. Green Industries, Inc. and its subsidiaries) and other related companies.

Q. Why did the NARCO Debtors and GIT Debtors file their Chapter 11 Cases?

A. A number of business conditions lead to the NARCO Debtors' and GIT Debtors' bankruptcy filings. First, the costs of asbestos litigation for the NARCO Debtors and GIT Debtors (including Harbison-Walker Refractories Company and A.P. Green Industries, Inc.) rose dramatically from 2000 to early 2002. Second, a recession and deterioration of general business conditions (especially within the steel industry) culminated in decreased sales, the bankruptcy of large customers, and reduced cash flows. Additionally, commencing in the fall of 2001, the Debtors were unable to secure working capital financing.

Q. What is a Chapter 11 proceeding?

A. Chapter 11 is the corporate reorganization section of the United States Bankruptcy Code. The principal objective of a bankruptcy case under Chapter 11 is the development and approval by the Bankruptcy Court of a plan of reorganization which restructures the obligations of the debtors.

Q. How are parties that have a Claim against the Debtors treated in a Chapter 11 proceeding?

A. It depends on the type of Claim you have against a Debtor and how that Claim is classified under the applicable Plan. In general, the Plans divide Claims and Equity Interests that individuals and entities have against the Debtors into separate classes. The Plans specify the cash or securities of the Debtors that each class is to receive in full satisfaction of such Claims and Equity Interests and contain other provisions necessary to the reorganization of the Debtors. Depending on how your Claim is classified, you may receive present or future payments of cash and/or the preservation of your relationship with the Debtors. You should review this Disclosure Statement to more fully understand your rights under the Plans.

Q. What is the process for approving the Debtors' Plans of Reorganization?

A. As a general matter under the Bankruptcy Code, every class of Claims that is "impaired" under a Plan must vote in favor of such Plan in order for it to be confirmed by the Bankruptcy Court. A class of Claims is impaired if Claims in that class are paid under a Plan less than the full value of the Claims or the claimants' rights are otherwise modified. A class of impaired Claims is deemed to have accepted a Plan if the Plan is accepted by holders of Claims constituting at least two-thirds in dollar amount and more than one-half in number of Allowed Claims within such class that vote on a Plan. A class of impaired Equity Interests is deemed to have accepted a Plan if the Plan is accepted by holders of at least two-thirds in the amount of Equity Interests in such class of Equity Interests that vote on the Plan.

If the Claims in a class will be paid in full under a Plan, or reinstated, or their legal, equitable and contractual rights are to remain unchanged by the reorganization, such class will be deemed to be unimpaired and deemed to have accepted the Plan. Accordingly, holders of such Claims will not be entitled to vote on the Plans.

Q. Can a Plan be approved if one or more of the impaired classes do not vote to accept the Plan?

A. Yes. Chapter 11 of the Bankruptcy Code permits a plan of reorganization to be confirmed if at least one class of impaired claims votes in favor of the plan. However, if not all impaired classes vote in favor of a Plan, the Bankruptcy Court must find that the Plan meets a number of statutory tests before it may confirm the Plan. Many of these tests are designed to protect the interests of holders of Claims or Equity Interests who do not vote to accept the Plan but who will nonetheless be bound by their provisions if confirmed by the Bankruptcy Court.

Q. What must I do, as a holder of a Claim against a Debtor, to vote my Claim under a Plan?

A. You should read this Disclosure Statement carefully and ensure that you follow the instructions contained in it for your Claim and that you meet the appropriate deadlines. You also should ensure that you vote timely on each Plan under which you have a Claim by promptly returning your Ballot. You may wish to consult legal counsel with respect to your rights.

Q. I am a current holder of a General Unsecured Claim (other than an Asbestos Claim or Silica Claim) against a Debtor. What will I receive if the Plans are confirmed by the Bankruptcy Court?

A. If you satisfy the requirements to be treated as the holder of a General Unsecured Claim under the NARCO Plan (see table of NARCO Classified Claims and table of GIT Classified Claims found in Section II hereof and see Section V.A hereof), you will receive the payment of 90% of the Allowed General Unsecured Claims so long as the total amount of General Unsecured Claims do not exceed the amount estimated by the NARCO Debtors of $22 million. If you satisfy the requirements to be treated as the holder of a General Unsecured Claim under the GIT Plan (see above-described tables and Section V.B), you will receive the payment of 90% of the Allowed General Unsecured Claims so long as the total amount of General Unsecured Claims do not exceed the amount estimated by the Debtors of $57 million. In no case, however, will you receive more than 90% of your Claim.

Q. I am a current holder of an Asbestos Trust Claim or Silica Trust Claim against a Debtor. What will I receive if the Plans are confirmed by the Bankruptcy Court?

A. Holders of Asbestos Trust Claims against NARCO. If you hold Asbestos Trust Claims against a NARCO Debtor, your Claims will be treated in accordance with the terms and conditions of the NARCO Asbestos Trust Agreement. Under the Plan, a NARCO Asbestos Trust will be established for the purpose of liquidating unsettled asbestos claims submitted to the Trust in accordance with certain procedures described in the NARCO Asbestos Trust Agreement and the NARCO Asbestos TDP. The NARCO Asbestos TDP establishes a "scheduled value", "maximum value" and "average value" for claims, subject to amendment of those amounts and subject to annual funding caps. The Debtors expect that holders of NARCO Asbestos Trust Claims that qualify for payment under the NARCO Asbestos TDP will be paid 100% of the value assigned to such Claims under the NARCO Asbestos TDP.

Holders of Asbestos Trust Claims against APG. If you hold Asbestos Trust Claims against an APG Debtor, your Claims will be treated in accordance with the terms and conditions of the APG Asbestos Trust Agreement. It is expected that holders of APG Asbestos Trust Claims will be paid a percentage (such percentage to be established pursuant to the APG Asbestos TDP) of the amount established under the APG Asbestos TDP for the payment of APG Asbestos Trust Claims.

Holders of Silica Trust Claims against APG. If you hold Silica Trust Claims against an APG Debtor, your Claims will be treated in accordance with the terms and conditions of the APG Silica Trust Agreement. It is expected that holders of APG Silica Trust Claims will be paid a percentage (such percentage to be established pursuant to the APG Silica TDP) of the amount established under the APG Silica TDP for the payment of APG Silica Trust Claims.

Holders of Asbestos Trust Claims and/or Silica Trust Claims against H-W. If you hold Asbestos Trust Claims or Silica Trust Claims against a H-W Debtor, your Claims have been channeled to the Asbestos Trust or Silica Trust, as applicable, created in the DII Industries, LLC Chapter 11 bankruptcy case (a prepackaged plan of reorganization filed on December 16, 2003 by DII Industries, LLC and captioned as In re Mid-Valley Inc., et al., 03-35592 (Bankr. W.D. Pa.) which approved the treatment of your Asbestos Claims and/or Silica Claims in the DII Industries, LLC Chapter 11 case and defined in this Disclosure Statement as the "DII Chapter 11 Case"). H-W Asbestos Trust Claims and H-W Silica Trust Claims will be paid the amount established under the DII Asbestos TDP or DII Silica TDP, as applicable, under the DII Plan.

Q. What do I need to do now?

A. If you are the holder of a Claim in Classes 2 (DIP Financing Claim), 3-A (General Unsecured Claims), 3-C (RHI AG Entity Claims), 4-A (NARCO Asbestos Trust Claims) or 5 (NARCO Equity Interests) of the NARCO Plan or 3-A (General Unsecured Claims), 3-C (RHI AG Entity Claims), 4-A (APG Asbestos Trust Claims), 5-A (APG Silica Trust Claims), or 6 (GIT Equity Interests) of the GIT Plan, you should review this Disclosure Statement and the applicable Plan upon which you are entitled to vote, fill out a Ballot for each such Claim to accept or reject the applicable Plan and return it to the following persons:

If by mail:

Logan & Company, Inc.
546 Valley Road
Upper Montclair, NJ 07043

If by hand delivery or courier service:

Logan & Company, Inc.
546 Valley Road
Upper Montclair, NJ 07043

All Ballots must be actually received by 5:00 p.m. ET, on March 31, 2006, unless the Bankruptcy Court extends the deadline.

If you are the holder of a Claim in classes 1-A (Allowed Secured Claims secured by letters of credit or bonds posted by a NARCO Debtor or by another financial instrument or by Cash), 1-B (Allowed Secured Claims under Capitalized Leases and under Secured Financing Agreements other than Classes 1-A and 2), 3-B (GIT and NARCO Entity Claims), or 4-B (NARCO Silica Claims) of the NARCO Plan or 1-A (Allowed Secured Claims secured by letters of credit or bonds posted by a GIT Debtor or by another financial instrument or by Cash), 1-B (Allowed Secured Claims under Capitalized Leases and under Secured Financing Agreements other than Class 1-A), or 3-B (NARCO and GIT Entity Claims) of the GIT Plan your Claim is not impaired and therefore you are not entitled to vote with respect to such Claims.

Q. When are the Debtors expected to complete their reorganization?

A. A hearing before the Bankruptcy Court to consider confirmation of the Plans is currently scheduled for June 5, 2006 commencing at 9:00 a.m. If that hearing occurs as scheduled, and is completed as the Debtors intend and anticipate, the Plans will become effective and the Debtors' reorganization will be complete, by approximately the second quarter of 2006.

Q. Will proposed federal asbestos legislation have an impact on the Debtors' Plans?

A. Legislation currently is pending before the U.S. Congress that, if passed, could affect the rights and obligations of companies with asserted asbestos liabilities, including the Debtors in these Chapter 11 Cases. The exact terms of the proposed federal asbestos legislation are still the subject of negotiations, however, and it is uncertain how, if at all, such legislation could impact the Debtors and these Chapter 11 Cases.

Q. Whom should I contact if I have questions concerning the Plans?

A. If you have additional questions concerning the Plans, please contact the following:

Logan & Company, Inc.
546 Valley Road
Upper Montclair, NJ 07043
Phone: 973-509-3190

DISCLOSURE STATEMENT UNDER SECTION 1125 OF THE BANKRUPTCY CODE WITH RESPECT TO THE THIRD AMENDED PLAN OF REORGANIZATION OF NARCO AND THE NARCO-AFFILIATED DEBTORS AND THE THIRD AMENDED PLAN OF REORGANIZATION OF GIT AND THE GIT-AFFILIATED DEBTORS

This Disclosure Statement ("Disclosure Statement") under Section 1125 of the Bankruptcy Code is being filed with respect to the Third Amended Plan of Reorganization proposed by North American Refractories Company ("NARCO") and the NARCO-Affiliated Debtors (the "NARCO Plan") and the Third Amended Plan of Reorganization proposed by Global Industrial Technologies, Inc. ("GIT") and the GIT-Affiliated Debtors (the "GIT Plan," together with the NARCO Plan, the "Plans," and each individually, a "Plan"). This Disclosure Statement contains a summary of certain provisions of the Plans and certain financial information relating thereto. While the Debtors believe that the Disclosure Statement provides adequate information with respect to the Plans, it is a summary and does not set forth the entire text of the Plans. Each holder of an impaired Claim or Equity Interest should read each Plan (and the exhibits to this Disclosure Statement and each Plan) which relates to such impaired Claim or Equity Interest and should seek the advice of its own counsel before casting a Ballot. For your convenience, the NARCO Plan is attached to this Disclosure Statement as Exhibit 2 and the GIT Plan is attached to this Disclosure Statement as Exhibit 3. Capitalized terms used herein and not otherwise defined shall have the respective meanings assigned to such terms in Exhibit 1 attached to this Disclosure Statement.

The NARCO Plan provides for the treatment of Claims against and interests in the NARCO Debtors. NARCO's Affiliated Debtors are I-Tec Holding Corp. ("I-Tec"), InterTec Company ("InterTec") and Tri-Star Refractories, Inc. ("Tri-Star," together with I-Tec and InterTec the "NARCO-Affiliated Debtors").

The GIT Plan provides for the treatment of Claims against and interests in the GIT Debtors. GIT's Affiliated Debtors are Harbison-Walker Refractories Company ("H-W"), Indresco International, Ltd. ("Indresco International"), Harbison-Walker Refractories Europe, Ltd. ("H-W Europe"), Harbison-Walker International Refractories, Inc. ("H-W International"), GPX Corp. ("GPX"), Global Processing Systems, Inc. ("GPS"), GPX Forge, Inc. ("GPX Forge"), GPX Forge Acquisition, Inc. ("GPX Acquisition"), GPX Forge-U, Inc. ("GPX Forge-U"), TMPSC, Inc. ("TMPSC"), Global Industrial Technologies Services Company ("GIT Services"), GIX Foreign Sales Corp. ("GIX"), A.P. Green Industries, Inc. ("APG"), A.P. Green Services, Inc. ("APG Services"), APG Development Corp. ("APG Development"), Detrick Refractory Fibers, Inc. ("Detrick"), APG Refractories Corp. ("APG Refractories"), Intogreen Co. ("Intogreen"), A.P. Green International, Inc. ("APG International"), A.P. Green Refractories, Inc. ("AP Green Refractories"), Lanxide ThermoComposites, Inc. ("Lanxide"), Chiam Technologies, Inc. ("Chiam"), ANH Refractories Company, formally known as RHI Services, Inc ("ANH"), RHI America Receivables Corporation ("RHI Receivables"), and RHI Refractories America, Inc. ("RHI Refractories America") (each a "GIT-Affiliated Debtor" and collectively the "GIT-Affiliated Debtors").

I. IN GENERAL

The purpose of this Disclosure Statement is to enable you, as the holder of Claims against and Equity Interests in one or more of the Debtors, to make an informed decision with respect to voting on acceptance or rejection of each Plan upon which you are entitled to vote.

On January 30, 2006, after notice to holders of Claims and Equity Interests, and other parties in interest, the Bankruptcy Court approved this Disclosure Statement as containing information of a kind and in sufficient detail that would enable hypothetical, reasonable investors typical of holders of Claims against and Equity Interests in the Debtors, whose votes are being solicited, to make an informed judgment as to whether or not to vote to accept or reject the Plans. APPROVAL OF THE DISCLOSURE STATEMENT REFLECTS ONLY THE DETERMINATION THAT IT CONTAINS ADEQUATE INFORMATION, AND SUCH APPROVAL IS NOT A DETERMINATION BY THE BANKRUPTCY COURT WITH REGARD TO THE MERITS OF EACH PLAN.

You are urged to review fully the provisions of each Plan upon which you are entitled to vote and all other exhibits attached hereto and thereto, in addition to reviewing the text of this Disclosure Statement. This Disclosure Statement is not intended to replace a careful review and analysis of each applicable Plan. Every effort has been made to explain fully the various aspects of the Plans, as they affect holders of Claims and Equity Interests. However, to the extent any questions arise, the Debtors urge you to seek independent legal advice.

No solicitation of votes on the Plans may be made except pursuant to this Disclosure Statement and Section 1125 of the Bankruptcy Code, and no person has been authorized to use any information concerning the Debtors or their businesses other than the information contained herein or in other information approved by the Bankruptcy Court for dissemination to holders of Claims and Equity Interests. Except as specifically approved by the Bankruptcy Court, you should not rely on any information relating to the Debtors and their businesses, other than that contained in this Disclosure Statement, the Plans, and the exhibits attached hereto and thereto.

There has been no independent audit of the financial information contained in this Disclosure Statement and no fairness opinion has been obtained regarding the value of the assets and the amount of the liabilities stated herein and the exhibits and schedules hereto. A valuation will be done of consolidated Reorganized ANH if necessary for purposes of quantifying the tax deductions available for contribution of the common stock of Reorganized ANH to the NARCO Asbestos Trust and APG Asbestos Trust and for the application of fresh start accounting upon emergence from bankruptcy. The factual information regarding the Debtors' assets and liabilities have been derived from the Debtors' Schedules,[1] available public records, pleadings and reports on file with the Bankruptcy Court, and the Debtors' internal

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1 The NARCO Debtors filed their Schedules of Assets and Liabilities and Statement of Financial Affairs with the Bankruptcy Court on March 29, 2002. The GIT Debtors filed their Schedules of Assets and Liabilities and Statement of Financial Affairs with the Bankruptcy Court on May 30, 2002, as amended on November 19, 2002. Copies of the Debtors' Schedules of Assets and Liabilities and the Amended Schedules are available from the Bankruptcy Court.

documents. While every effort has been made by the Debtors to provide accurate information, the Debtors and their legal advisors cannot and do not warrant or represent that the information contained in this Disclosure Statement is without any inaccuracy.

This Disclosure Statement has not been approved or disapproved by the Securities and Exchange Commission or the securities regulatory authority of any state, nor has the Securities and Exchange Commission or the securities regulatory authority of any state passed upon the accuracy or adequacy of the statements contained herein.

On January 30, 2006, after notice and a hearing, the Bankruptcy Court entered the Voting Procedures Order, which, among other things, designates which holders of Claims and Equity Interests are entitled to vote on each Plan, and establishes other procedures for the solicitation and tabulation of Ballots. A copy of the Voting Procedures Order is enclosed in the package with this Disclosure Statement.

With respect to each Plan, each holder of a Claim or Equity Interest should review the entire Plan related to such Claim or Equity Interest and should seek advice from his, her or its own counsel before casting a Ballot. Each holder of an impaired Claim entitled to vote may only cast one Ballot for each impaired Claim.

IN ORDER TO HAVE YOUR VOTE COUNTED, YOU MUST COMPLETE AND MAIL THE ENCLOSED BALLOT TO THE ADDRESS SET FORTH THEREON SO THAT IT IS RECEIVED BY 5:00 P.M ET ON MARCH 31, 2006 (THE "VOTING DEADLINE"). YOU MUST COMPLETE THE BALLOT BY INDICATING ON THE APPROPRIATE LINES EITHER YOUR ACCEPTANCE OR REJECTION OF EACH PLAN UPON WHICH YOU ARE ENTITLED TO VOTE. ANY COMPLETED BALLOTS THAT ARE RECEIVED BEFORE THE VOTING DEADLINE THAT DO NOT INDICATE EITHER AN ACCEPTANCE O REJECTION OF AN APPLICABLE PLAN WILL BE DEEMED TO CONSTITUTE AN ACCEPTANCE. PLEASE NOTE THAT BALLOTS RECEIVED AFTER 5:00 P.M. ET ON MARCH 31, 2006 WILL NOT BE COUNTED. FOR ADDITIONAL INFORMATION RELATED TO VOTING PROCEDURES PLEASE REFER TO SECTION VI.C. BELOW.

A hearing has been scheduled for June 5, 2006, ET before the Honorable Judith K. Fitzgerald, United States Bankruptcy Judge, United States Bankruptcy Court, Western District of Pennsylvania to determine whether the Plans should be confirmed. Objections, if any, to confirmation of each Plan shall be in writing, shall specifically set forth the law and facts supporting the objection, and shall be filed with the Bankruptcy Court and served on the NARCO Official Service List and/or the GIT Official Service List, as applicable, copies of which are attached hereto as Exhibits 14 and 15, respectively, on or before 5:00 p.m. ET on May 12, 2006. The Confirmation Hearing may be adjourned from time to time without further notice except for the announcement of the adjourned date made at the Confirmation Hearing or at any subsequent adjourned date. Following entry of an order confirming the Plans by the Bankruptcy Court, the respective Plan Proponents will immediately seek to have that order affirmed by the United States District Court for the Western District of Pennsylvania (the "District Court").

The confirmation and effectiveness of the Plans are subject to conditions precedent that could lead to delays in effectiveness of the Plans. Also, no assurance can be given that each of these conditions will be satisfied or waived, or that either of the Plans will be confirmed or become effective. In addition, even after the Effective Date, certain distributions under the Plans may be subject to substantial delays pending resolution of disputed or unliquidated Claims.

The Debtors believe that the Plans offer the best possible recovery to holders of Claims against the Debtors when compared to all reasonably available alternatives. The Debtors believe that acceptance of each Plan is in the best interests of each and every voting class, and strongly recommend that you vote to accept each Plan upon which you are entitled to vote.

II. A. OVERVIEW OF PLANS

The Plans provide a method for the equitable payment of Claims against the Debtors. Most significantly, the Plans provide for the establishment of three trusts (the "PI Trusts") for payment of PI Trust Claims: a NARCO Asbestos Trust, an APG Asbestos Trust and an APG Silica Trust.

The NARCO and GIT Debtors will be reorganized into one of two affiliate groups, each of which will be 100% owned by an entity known herein as Reorganized ANH. The first group will consist of Reorganized NARCO and each Reorganized NARCO-Affiliated Debtor. The second group will consist of Reorganized GIT and each Reorganized GIT-Affiliated Debtor (including, but not limited to, Reorganized GIT's Subsidiaries Reorganized Harbison-Walker Refractories Company (Harbison-Walker Refractories Company is called "H-W" herein) and Reorganized A.P. Green Industries, Inc. (A. P. Green Industries, Inc. is called "APG" herein)). As more fully described in Article VIII of this Disclosure Statement, through their ownership of 100% of the equity interest in Reorganized ANH (the NARCO Asbestos Trust will own 79% of Reorganized ANH and the APG Asbestos Trust will own 21% of Reorganized ANH), the NARCO Asbestos Trust and the APG Asbestos Trust will control Reorganized NARCO and Reorganized GIT.

Reorganized ANH will provide management services, including cash management and centralized treasury functions, to Reorganized NARCO and Reorganized GIT and their Subsidiaries. In addition, certain other Debtors may be liquidated and dissolved on or after the Effective Date of the respective Plans.

In order to understand this Disclosure Statement and the NARCO Plan, you should carefully review the glossary and the definitions contained therein. Many definitions refer to other defined terms and it will be necessary to also understand the defined terms used within definitions to understand such defined terms.

The NARCO Plan provides that the NARCO Asbestos Trust, which is being established for the payment of NARCO Asbestos Trust Claims and NARCO Asbestos Demands, will be funded with 79% of the outstanding common stock of Reorganized ANH, as noted above, and cash payments to be made by Honeywell in accordance with the payment schedule set forth in the NARCO Asbestos Trust Agreement. It is anticipated that NARCO Asbestos Trust Claims and NARCO Asbestos Demands will be paid 100% of the value of such Claims and Demands established pursuant to the NARCO Asbestos TDP for payment of such NARCO Asbestos Trust Claims and NARCO Asbestos Demands.

All claims of any NARCO Debtor against any other NARCO Debtor will be waived and cancelled. Reorganized NARCO will continue to operate after the Effective Date of the NARCO Plan as a manufacturer of refractory products focusing on serving the steel and glass industries. On or after the Effective Date, InterTec Company, I-Tec Holding Corp. and Tri-Star Refractories, Inc. may be dissolved under state law.

The GIT Plan provides for the establishment of an APG Asbestos Trust for the payment of APG Asbestos Trust Claims and APG Asbestos Demands. The GIT Plan provides that the APG Asbestos Trust will be funded with 21% of the shares of Reorganized ANH common stock. The APG Asbestos Trust also will be funded with cash and rights to receive insurance proceeds. It is anticipated that APG Asbestos Trust Claims and APG Asbestos Demands will be paid a percentage (such percentage to be established pursuant to the APG Asbestos TDP) of the amount established pursuant to the APG Asbestos TDP for payment of such APG Asbestos Trust Claims and APG Asbestos Demands.

Because of certain agreements reached with DII Industries, LLC ("DII"), a successor to Dresser Industries, Inc., all H-W Asbestos Trust Claims and H-W Silica Trust Claims have been channeled to certain trusts created in the DII Chapter 11 Case.

The GIT Plan provides for establishment of an APG Silica Trust for payment of APG Silica Trust Claims and APG Silica Demands. All APG Silica Trust Claims and APG Silica Demands will be channeled to the APG Silica Trust, which will be funded with cash and rights to receive insurance proceeds.

All claims of any GIT Debtor against any other GIT Debtor will be waived and cancelled. Reorganized GIT will continue to operate in its current capacity after the Effective Date of the GIT Plan. On or after the Effective Date, certain remaining assets of the GIT Entities may be liquidated and certain of the GIT Entities may be dissolved under state law.

The Debtors will seek to confirm the Plans pursuant to Sections 105 and 524(g), and other sections of the Bankruptcy Code, which authorize the Bankruptcy Court to enter "channeling injunctions" pursuant to which the PI Trust Claims are channeled to the NARCO Asbestos Trust, APG Asbestos Trust, or the APG Silica Trust (as applicable) for payment out of the assets of such trusts (the "Channeling Injunctions"). The Debtors and certain third parties (as more fully described in Section VII.D.1 of this Disclosure Statement) will receive the benefit of such Channeling Injunctions.

B. STATEMENT OF OBJECTORS

Several groups of asbestos claimants have objected to this disclosure statement and to provisions of the NARCO Plan. The objectors believe that this bankruptcy case is a bad faith and impermissible attempt to discharge Honeywell's direct liabilities on account of its asbestos-containing products.

The objectors are of the view that Honeywell, and not the NARCO Debtors which have filed for bankruptcy, is actually and legally responsible for all of the injuries and deaths caused by asbestos products manufactured under the "NARCO" trade name. The objectors believe that the law does not allow Honeywell to escape its direct liability for "NARCO"-brand asbestos products through the NARCO Plan described in the Disclosure Statement and that asbestos

creditors should vote against the NARCO Plan, which, if confirmed, would result in a lower payment to asbestos creditors than if Honeywell remains in the tort system.

Specifically, the objectors believe that all of the asbestos-containing products manufactured and sold under the "NARCO"-brand name were manufactured and sold by Honeywell's predecessors (by merger, now Honeywell) before the NARCO Debtors now in bankruptcy even existed. The objectors believe that when the NARCO Debtors in this bankruptcy purchased from Honeywell the right to manufacture and sell "NARCO"-brand name refractory products that did not contain asbestos, the parties expressly contracted for all asbestos liabilities arising from the products that had been produced or sold by Honeywell to stay with Honeywell.

Even if Honeywell's claim that the NARCO Debtors in bankruptcy assumed some of Honeywell's asbestos liability is true, however, it is the objectors' view that Honeywell, not NARCO, continues to be primarily and directly liable to the asbestos claimants.

Honeywell is a solvent, Fortune 100, multi-billion dollar multi-national company. The objectors believe that all holders of claims which are not "preferred claims" (see the discussion below) will recover more money from Honeywell for their "NARCO"-brand asbestos products injuries than they will receive if the NARCO Plan proposed in the case is confirmed.

Following the full and complete discovery that they will seek from Honeywell and the NARCO Debtors, the objectors intend to present evidence at the time of the confirmation hearing on the NARCO Plan which the objectors believe will show that Honeywell has direct, independent asbestos liabilities for all "NARCO"-brand products. If the Court determines that the objectors are correct and that Honeywell's asbestos liabilities are not based on, and derivative of, claims against the NARCO Debtors in bankruptcy based upon its conduct or operations, Honeywell will not be granted the benefits of the injunction proposed by the NARCO Plan.

The objectors also are of the view that Honeywell has improperly obtained votes in favor of the NARCO Plan by giving "preferred settlement" payments to many asbestos claimants in return for "YES" votes on the NARCO Plan.

After the bankruptcy petition was filed, the objectors believe that Honeywell paid settlements to many claimants and law firms that in return for a promise from those claimants and law firms to vote in favor of a bankruptcy plan which would eliminate Honeywell's legal responsibility for all the "NARCO"-brand asbestos product claims for which it would otherwise be liable. Based on information obtained to date, the objectors believe that Honeywell has paid or promised to pay hundreds of millions of dollars to preferred claimants and law firms to obtain their votes and has promised to pay these "preferred claims" even more money once the bankruptcy plan receives a favorable vote from the asbestos claimants. Honeywell refuses to disclose, absent court order, the amounts it has paid to settling claimants, the identity of the claimants or the identity of the settling law firms.

The objectors believe that the asbestos claimants who have received preferred settlements from Honeywell will receive more for the "NARCO"-brand product claims than will those asbestos claimants without post-

petition "preferred settlements" from Honeywell. The objectors believe it is improper for Honeywell to give "preferred settlement" payments to some "NARCO"-brand asbestos product claimants and not to others.

The objectors believe that those asbestos claimants with claims solely against the Debtor must be classified for voting and treatment separately from those claimants with claims against Honeywell. The objectors also contend that those asbestos claimants with settled claims must be classified for voting and treatment separately from those claimants with unsettled claims.

The objectors intend to present evidence and argument on these issues at the time of the confirmation hearing on the NARCO Plan. The objectors contend that if the Court finds that settling creditors had agreed to vote for the NARCO Plan as part of their settlements, the votes of those creditors will be disallowed and will not count.

The objectors believe that the Disclosure Statement is materially misleading, omits critical facts, is incomplete and is otherwise inadequate to enable asbestos creditors to make an informed judgment on the NARCO Plan. The objectors urge all creditors to read the defined terms used in the NARCO Plan and the Disclosure Statement carefully because most of the defined terms that use the term "NARCO" include reference to both the NARCO Debtors in bankruptcy and Honeywell. The objectors believe that these terms have been intentionally written to confuse creditors and conceal the protections that Honeywell is receiving under the NARCO Plan. The objectors also believe that half truths have been published in an effort to mislead asbestos victims and conceal that Honeywell, not the Debtor, is responsible and liable for their injuries.

For the reasons stated herein and many others that are set forth in the various objections filed by the objectors, the objectors also urge creditors, and particularly those asbestos claimants who were not offered "preferred settlements", to vote against the NARCO Plan.

In approving the Disclosure Statement for dissemination, please be advised that the Court has not made a determination as to the accuracy of any of the statements made in the Disclosure Statement. The objectors urge that you strongly consider this statement by the objectors as you read the Disclosure Statement and consider how to vote on the NARCO Plan. Objectors believe that if you are concerned with the issues raised by the Objectors, you should vote "NO" on the NARCO Plan. If you do not vote, those claimants with "preferred settlements" may control the vote and bind you to less favorable treatment.

C. DEBTORS' REPLY TO OBJECTORS' STATEMENT

The Debtors do not believe the objectors' positions are supported by the law or the facts in these cases. The Debtors believe that the Plans will be confirmed over the objections of the objectors.

The following charts provide a summary of the treatment of Claims against and Equity Interests in the NARCO Debtors under the NARCO Plan:

NARCO UNCLASSIFIED CLAIMS

Description of Claims	Treatment under the NARCO Plan
NARCO Administrative Expense Claims –Ordinary Course Liabilities. Claims arising from the operation of NARCO's and/or the NARCO-Affiliated Debtors' businesses after the commencement of the Chapter 11 Cases. The estimated Allowed Amount of these Claims is $23.1 million.	Each holder of an Allowed Administrative Expense Claim for ordinary course liabilities will receive Cash equal to the unpaid portion of such Allowed Administrative Expense Claim on the later of (a) the Effective Date, and (b) such other date as is mutually agreed upon by the NARCO Debtors (or Reorganized ANH) and the holder of such Claim; provided, however, that Administrative Expense Claims that represent liabilities incurred by the NARCO Debtors in the ordinary course of their business during the Chapter 11 Cases will, to the extent not paid on or before the Effective Date, be paid by Reorganized ANH in the ordinary course of its business and in accordance with any terms and conditions of any agreements related thereto. The estimated percentage recovery for these Claims is 100% of the Allowed Amount. Holders of these Claims will not vote on the NARCO Plan.
NARCO Administrative Expense Claims – Professional Fees. Claims of Bankruptcy Professionals for fees and expenses. The estimated Allowed Amount of these Claims is $0.8 million.	Allowed Administrative Expense Claims for fees and expenses of Bankruptcy Professionals will be paid in full in Cash in an amount equal to the unpaid portion of the Allowed Amount of such Claim (i) on the Effective Date or (ii) upon such other terms as may be agreed upon by the holder of such Claim. The estimated percentage recovery for these Claims is 100% of the Allowed Amount. Holders of these Claims will not vote on the NARCO Plan.

NARCO Priority Claims of Governmental Units. Allowed Priority Claims of governmental units under Bankruptcy Code Section 507(a)(8). The estimated Allowed Amount of these Claims is $0.8 million.	Each holder of a Priority Claim of governmental units under Bankruptcy Code Section 507(a)(8) not paid pursuant to an Order of the Bankruptcy Court will be paid the Allowed Amount of its Claim, at the option of Reorganized ANH either (a) in full, in Cash, on the Effective Date or as soon as practical thereafter, or (b) in deferred cash payments, over a period not exceeding six years after the date of assessment of such Claim, of a value, as of the Effective Date of the NARCO Plan, equal to the Allowed Amount of such Claim. Holders of these Claims will not vote and are deemed to have accepted the NARCO Plan.

NARCO CLASSIFIED CLAIMS

NARCO Class 1 – Secured Claims

NARCO Class 1-A - Allowed Secured Claims secured by financial instruments. This Class consists of Claims secured by a letter of credit, bond, other financial instrument, or Cash. The estimated amount of these Claims is $0.05 million.	**Not Impaired; Deemed to have accepted the NARCO Plan.** Unless otherwise agreed by the NARCO Debtors and the holder of each Claim, each Claim secured by a letter of credit, bond, other financial instrument or cash will retain its collateral subject to any rights of the NARCO Debtors under any applicable agreements to seek a reduction of such collateral. Such Claims will be satisfied from the collateral or the proceeds thereof as such Claims become fixed and liquidated and payable under applicable agreements. Any excess collateral, including the proceeds of any letters of credit, bond or other financial instrument shall be returned to Reorganized NARCO after the secured Claim has been paid in full.

NARCO Class 1-B - Allowed Secured Claims under Capitalized Leases and Secured Financing Agreements. This Class consists of Allowed Secured Claims under Capitalized Leases and under Secured Financing Agreements other than Class 1-A and Class 2. The estimated Allowed Amount of these Claims is $0.1 million.	**Not Impaired; Deemed to have accepted the NARCO Plan.** At Reorganized ANH's option, Reorganized ANH will take the following action with respect to each holder of an Allowed Secured Claim under Capitalized Leases and under Secured Financing Agreements: (a) reinstate the debt underlying such Secured Financing Agreement or Capitalized Lease and leave the collateral for such debt in place, (b) distribute the collateral securing such Allowed Secured Claim; (c) distribute Cash in an amount equal to the proceeds actually realized from the sale, pursuant to Section 363(b) of the Bankruptcy Code, of any collateral securing such Allowed Secured Claim, less the actual costs and expenses of disposing of such collateral, or (d) effect such other treatment of such Allowed Secured Claim as may be mutually agreed upon between the holder of such Allowed Secured Claim and Reorganized ANH, on the later of (i) the Effective Date and (ii) the tenth Business Day of the first month following the month in which such Claim becomes an Allowed Secured Claim, or as soon after such dates as is practicable. Each holder of an Allowed Secured Claim in NARCO Class 1-B will retain the Liens securing such Claim as of the Confirmation Date.

NARCO Class 2 – Debtor-in-Possession Financing Claim

NARCO Class 2 - Debtor-in-Possession Financing Claim. This Class consists of Claims of Honeywell against the NARCO Debtors related to the NARCO DIP Facility.	**Impaired; Entitled to vote on the NARCO Plan.** The NARCO DIP Facility will be fully drawn, not repaid, and deemed satisfied on the Effective Date of the NARCO Plan. Honeywell has agreed to accept this treatment pursuant to the NARCO/Honeywell Settlement Agreement attached hereto as Exhibit 4.

NARCO General Unsecured Claims (other than NARCO Asbestos Trust Claims)

NARCO Class 3-A – General Unsecured Claims. This Class consists of General Unsecured Claims. The estimated Allowed Amount of these Claims is between $20 million and $22 million.	**Impaired; Entitled to vote on the NARCO Plan.** Holders of Class 3-A Claims will be paid in cash on the Effective Date an amount equal to 90% of the Allowed amount of each General Unsecured Claim so long as the total amount of General Unsecured Claims does not exceed the amount estimated by the Debtors of $22 million. No holder of a Claim shall receive more or less than 90% of the Allowed Amount of its Claim.
NARCO Class 3-B – GIT and NARCO Entity Claims. This Class consists of Claims of the GIT Entities and NARCO Entities other than the NARCO Debtors against any of the NARCO Debtors. The estimated Allowed Amount of these Claims is $30.0 million.	**Not Impaired; Deemed to have accepted the NARCO Plan.** Claims of the GIT Entities and NARCO Entities other than the NARCO Debtors against any of the NARCO Debtors will not be modified by the NARCO Plan.
NARCO Class 3-C – RHI AG Entity Claims. This Class consists of Claims of the RHI AG Entities against any of the NARCO Debtors.	**Impaired; Entitled to vote on the NARCO Plan.** All Claims of the RHI AG Entities against any of the NARCO Debtors will be released, discharged and cancelled on the Effective Date of the NARCO Plan pursuant to the NARCO/RHI AG Settlement Agreement attached hereto as Exhibit 5. Pursuant to the NARCO/RHI AG Settlement Agreement, the holders of these Claims will receive no Cash Distributions under the NARCO Plan in respect of such Claims. However, the holders of these Claims are receiving a release under the NARCO Plan. Under the NARCO/RHI AG Settlement Agreement, the RHI AG Entities have agreed to not object to this treatment.

NARCO Class 4 - NARCO Asbestos Trust Claims and Silica Claims

NARCO Class 4-A - NARCO Asbestos Trust Claims. This Class consists of NARCO Asbestos Trust Claims.[2]	**Impaired; Entitled to vote on the NARCO Plan.** All NARCO Asbestos Trust Claims will be resolved pursuant to the terms, provisions and procedures set forth in the NARCO Asbestos Trust Agreement and the NARCO Asbestos TDP. Under the Plan, a NARCO Asbestos Trust will be established for the purpose of liquidating unsettled asbestos claims submitted to the Trust in accordance with certain procedures described in the NARCO Asbestos Trust Agreement and the NARCO Asbestos TDP. The NARCO Asbestos TDP establishes a "scheduled value", "maximum value" and "average value" for claims, subject to amendment of those amounts and subject to annual funding caps. The Debtors expect that holders of NARCO Asbestos Trust Claims that qualify for payment under the NARCO Asbestos TDP will be paid 100% of the value assigned to such Claims under the NARCO Asbestos TDP.
NARCO Class 4-B - NARCO Silica Claims. This Class consists of NARCO Silica Trust Claims.	**Not Impaired; Deemed to have accepted the NARCO Plan.** These Claims will pass through the NARCO Chapter 11 Cases unaffected.

2 Please refer to Section II.B. herein for an opposing view concerning the NARCO Plan and the statements made herein.

NARCO Class 5 - NARCO Equity Interests

NARCO Class 5 - NARCO Equity Interests. This Class consists of all Equity Interests in any NARCO Debtor held by any RHI AG Entity.	**Impaired; Entitled to vote on the NARCO Plan.** All Equity Interests of the RHI AG Entities in any NARCO Debtor will be cancelled and terminated on the Effective Date of the NARCO Plan pursuant to the NARCO/RHI AG Settlement Agreement attached hereto as Exhibit 5. Pursuant to the NARCO/RHI AG Settlement Agreement, the holders of these Equity Interests will receive no Cash Distributions under the NARCO Plan in respect of such Equity Interests. However, the holders of these Equity Interests are receiving a release under the NARCO Plan. Under the NARCO/RHI AG Settlement Agreement, the RHI AG Entities have agreed to not object to this treatment.

The following is a summary of the classification and treatment of the Claims and Equity Interests in the GIT Debtors under the GIT Plan:

GIT UNCLASSIFIED CLAIMS

Description of Claims	Treatment under the GIT Plan
GIT Administrative Expense Claims – Ordinary Course Liabilities. Claims arising from the operation of GIT's and/or the GIT-Affiliated Debtors' businesses after the commencement of the Chapter 11 Cases. The estimated Allowed Amount of these Claims is $43.7 million.	Each holder of an Allowed Administrative Expense Claim for ordinary course liabilities will receive Cash equal to the unpaid portion of such Allowed Administrative Expense Claim on the later of (a) the Effective Date, and (b) such other date as is mutually agreed upon by the GIT Debtors (or Reorganized ANH) and the holder of such Claim; provided, however, that Administrative Expense Claims that represent liabilities incurred by the GIT Debtors in the ordinary course of their business during the Chapter 11 Cases will, to the extent not paid on or before the Effective Date, be paid by Reorganized ANH in the ordinary course of its business and in accordance with any terms and conditions of any agreements related thereto. The estimated percentage recovery for these Claims is 100% of the Allowed Amount. Holders of these Claims will not vote on the GIT Plan.

GIT Administrative Expense Claims – Professional Fees. Claims of Bankruptcy Professionals for fees and expenses. The estimated Allowed Amount of these Claims is $1.3 million.	Allowed Administrative Expense Claims for fees and expenses of Bankruptcy Professionals will be paid in full in Cash in an amount equal to the unpaid portion of the Allowed Amount of such claim (i) on the Effective Date or (ii) upon such other terms as may be agreed upon by the holder of such Claim. The estimated percentage recovery for these Claims is 100% of the Allowed Amount. Holders of these Claims will not vote on the GIT Plan.
GIT Priority Claims of Governmental Units. Allowed Priority Claims of governmental units under Bankruptcy Code Section 507(a)(8). The estimated Allowed Amount of these Claims is $1.8 million.	Each holder of a Priority Claim of governmental units under Bankruptcy Code Section 507(a)(8) not paid pursuant to an Order of the Bankruptcy Court will be paid the Allowed Amount of its Claim, at the option of Reorganized ANH either (a) in full, in Cash, on the Effective Date or as soon as practical thereafter, or (b) in deferred cash payments, over a period not exceeding six years after the date of assessment of such Claim, of a value, as of the Effective Date of the GIT Plan, equal to the Allowed Amount of such Claim. Holders of these Claims will not vote and are deemed to have accepted the GIT Plan.

GIT CLASSIFIED CLAIMS

GIT Class 1 - Secured Claims

GIT Class 1-A – Allowed Secured Claims secured by financial instruments. This Class consists of Claims secured by a letter of credit, bond, other financial instrument, or Cash. The estimated amount of these Claims is $0.2 million.	**Not Impaired; Deemed to have accepted the GIT Plan.** Unless otherwise agreed by the GIT Debtors and the holder of each Claim, each Claim secured by a letter of credit, bond, other financial instrument or cash will retain its collateral subject to any rights of the GIT Debtors under any applicable agreements to seek a reduction of such collateral. Such Claims will be satisfied from the collateral or the proceeds thereof as such Claims become fixed and liquidated and payable under applicable agreements. Any excess collateral, including the proceeds of any letters of credit, bond or other financial instrument shall be returned to Reorganized GIT after the secured Claim has been paid in full.

GIT Class 1-B – Allowed Secured Claims under Capitalized Leases and Secured Financing Agreements. This Class consists of Allowed Secured Claims under Capitalized Leases and under Secured Financing Agreements other than Class 1-A. The estimated Allowed Amount of these claims is $1.0 million.	**Not Impaired; Deemed to have accepted the GIT Plan.** At Reorganized ANH's option, Reorganized ANH will take the following action with respect to each holder of an Allowed Secured Claim under Capitalized Leases and under Secured Financing Agreements: (a) reinstate the debt underlying such Secured Financing Agreement or Capitalized Lease and leave the collateral for such debt in place, (b) distribute the collateral securing such Allowed Secured Claim; (c) distribute Cash in an amount equal to the proceeds actually realized from the sale, pursuant to Section 363(b) of the Bankruptcy Code, of any collateral securing such Allowed Secured Claim, less the actual costs and expenses of disposing of such collateral, or (d) effect such other treatment of such Allowed Secured Claim as may be mutually agreed upon between the holder of such Allowed Secured Claim and Reorganized ANH, on the later of (i) the Effective Date and (ii) the tenth Business Day of the first month following the month in which such Claim becomes an Allowed Secured Claim, or as soon after such dates as is practicable. Each holder of an Allowed Secured Claim in GIT Class 1-B will retain the Liens securing such Claim as of the Confirmation Date.

GIT Class 2 – [Reserved.]

GIT General Unsecured Claims (other than Asbestos and Silica Claims)

GIT Class 3-A – General Unsecured Claims. This Class consists of General Unsecured Claims. The estimated Allowed Amount of these Claims is between $35 million and $57 million.	**Impaired; Entitled to vote on the GIT Plan.** Holders of Class 3-A Claims will be paid in cash on the Effective Date an amount equal to 90% of the Allowed amount of each General Unsecured Claim so long as the total amount of General Unsecured Claims does not exceed the amount estimated by the Debtors of $57 million. No holder of a Claim shall receive more or less than 90% of the Allowed Amount of its Claim.

GIT Class 3-B – NARCO and GIT Entity Claims. This Class consists of Claims of the NARCO Entities and GIT Entities other than the GIT Debtors against any of the GIT Debtors. The estimated Allowed Amount of these Claims is $13.3 million.	**Not Impaired; Deemed to have accepted the GIT Plan.** Claims of the NARCO Entities and GIT Entities other than the GIT Debtors against any of the GIT Debtors will not be modified by the GIT Plan.
GIT Class 3-C – RHI AG Entity Claims. This Class consists of Claims of the RHI AG Entities against any of the GIT Debtors.	**Impaired; Entitled to vote on the GIT Plan.** All Claims of the RHI AG Entities against any of the GIT Debtors will be released, discharged and cancelled on the Effective Date of the GIT Plan pursuant to the GIT/RHI AG Settlement Agreement attached hereto as Exhibit 7. Pursuant to the GIT/RHI AG Settlement Agreement, the holders of these Claims will receive no Cash Distributions under the GIT Plan in respect of such Claims. However, the holders of these Claims are receiving a release under the GIT Plan. Under the GIT/RHI AG Settlement Agreement, the RHI AG Entities have agreed to not object to this treatment.
APG and H-W Asbestos Trust Claims	
GIT Class 4-A – APG Asbestos Trust Claims. This Class consists of APG Asbestos Trust Claims.	**Impaired; Entitled to vote on the GIT Plan.** All APG Asbestos Trust Claims will be resolved pursuant to the terms, provisions and procedures set forth in the APG Asbestos Trust Agreement and the APG Asbestos TDP. The APG Asbestos Trust Claims will be paid a percentage (such percentage to be established pursuant to the APG Asbestos TDP) of the amount established pursuant to the APG Asbestos TDP.
GIT Class 4-B – H-W Asbestos Trust Claims. This Class consists of H-W Asbestos Trust Claims.	**Not Impaired; Deemed to have accepted the GIT Plan.** All H-W Asbestos Trust Claims have been channeled to the DII Asbestos Trust pursuant to the DII Plan and the GIT/DII Settlement Agreement. The GIT Plan does not change the treatment of H-W Asbestos Trust Claims under the DII Plan. The holders of H-W Asbestos Trust Claims are not entitled to vote to accept or reject the GIT Plan. For more information regarding the treatment of H-W Asbestos Trust Claims under the DII Plan please refer to the confirmation order for the DII Plan.

APG and H-W Silica Trust Claims

GIT Class 5-A – APG Silica Trust Claims. This Class consists of APG Silica Trust Claims.	**Impaired; Entitled to vote on the GIT Plan.** All APG Silica Trust Claims will be resolved pursuant to the terms, provisions and procedures set forth in the APG Silica Trust Agreement and the APG Silica TDP. It is estimated that APG Silica Trust Claims will be paid a percentage (such percentage to be established pursuant to the APG Silica TDP) of the amount established pursuant to the APG Silica TDP.
GIT Class 5-B – H-W Silica Trust Claims. This Class consists of H-W Silica Trust Claims.	**Not Impaired; Deemed to have accepted the GIT Plan.** All H-W Silica Trust Claims have been channeled to the DII Silica Trust pursuant to the DII Plan and the GIT/DII Settlement Agreement. The GIT Plan does not change the treatment of H-W Silica Trust Claims under the DII Plan. Holders of H-W Silica Trust Claims are not entitled to vote to accept or reject the GIT Plan. For more information regarding the treatment of H-W Silica Trust Claims under the DII Plan please refer to the confirmation order for the DII Plan.

GIT Class 6 – GIT Equity Interests

GIT Class 6 – GIT Equity Interests. This Class consists of all Equity Interests in any GIT Debtor held by any RHI AG Entity.	**Impaired; Entitled to vote on the GIT Plan.** All Equity Interests of the RHI AG Entities in any GIT Debtor will be cancelled and terminated on the Effective Date of the GIT Plan pursuant to the GIT/RHI AG Settlement Agreement attached hereto as Exhibit 7. Pursuant to the GIT/RHI AG Settlement Agreement, the holders of these Equity Interests will receive no Cash Distributions under the GIT Plan in respect of such Equity Interests. However, the holders of these Equity Interests are receiving a release under the GIT Plan. Under the GIT/RHI AG Settlement Agreement, the RHI AG Entities have agreed to not object to this treatment.

III. DESCRIPTION OF THE DEBTORS

A. HISTORICAL OVERVIEW OF NARCO AND GIT BUSINESSES

North American Refractories Company ("NARCO"), Harbison-Walker Refractories Company ("H-W") and A.P. Green Industries, Inc. ("APG") were historically competitors in the refractory industry. In 1997, RHI AG, an Austrian company and one of the largest refractory manufacturers in the world, began an effort to acquire and consolidate

the North American operations of refractory companies with the acquisition of NARCO. On December 31, 1999, a subsidiary of RHI AG acquired Global Industrial Technologies, Inc. ("GIT"), which owned H-W and APG along with other miscellaneous businesses and companies. RHI AG's initial business strategy was to merge and consolidate the NARCO and GIT business operations into one company in order to gain certain efficiencies and to compliment its international operations.

RHI AG's merger strategy was never fully implemented due to the rapidly increasing and overwhelming number of claims for personal injuries allegedly caused by exposure to certain asbestos-containing products that had previously been manufactured or marketed by a NARCO business, H-W business or APG business. Although these claims made it impractical for RHI AG to execute a merger of the businesses, certain changes were implemented in an attempt to streamline operations. Organizationally, NARCO and H-W were restructured so that NARCO and H-W could focus their sales efforts on core market segments. NARCO currently markets primarily in the steel and glass industries, and H-W markets in the environmental, energy and chemical industries (called EEC), non-ferrous metals (called IM) and cement/lime industries.

Product formulations and trade names of each of the three refractory businesses (NARCO, H-W and APG) were continued. Plants were managed as a single operation. Products were manufactured at plants as allowed by scheduling, logistics, production capabilities and plant efficiency criteria, irrespective of which Debtor owned the formulation, trade name or customer relationship. Inter-company licensing and purchase and supply agreements were formed to establish terms of inter-company purchases and sales of products. Accordingly, NARCO manufactured products for sales primarily to steel and glass customers and also purchased products from H-W and APG for sale primarily to these customers, and H-W manufactured products for sales primarily to EEC, IM and cement/lime customers and purchased products from NARCO and APG for sale primarily to these customers. APG focused on manufacturing activities and its products were sold by NARCO and H-W. Management, administrative and support services for NARCO, GIT and their respective Affiliates were provided by ANH Refractories Company ("ANH"), which was previously known as RHI Services, Inc. Pursuant to the Plans, these inter-company relationships (as modified by organizational and operational changes to increase efficiency) are expected to continue in the future. NARCO and GIT are mutually dependent upon each other for such things as production facilities, product formulations and trade names to continue to support their own sales efforts. A discontinuance of these relationships could have a negative impact on the future operations of each of these Debtors (see Risk Factors in Section IX hereof).

A number of business conditions led to the bankruptcy filing by NARCO and certain of its subsidiaries on January 4, 2002, followed by the bankruptcy filing by GIT and a number of GIT Affiliated-Debtors on or after February 14, 2002. All Debtors had filed for bankruptcy by March 19, 2002. Each of the NARCO and GIT bankruptcy cases were consolidated for administrative purposes only: North American Refractories Company, *et al.* at case no. 02-20198; and Global Industrial Technologies, Inc. *et al.* at case no. 02-21626. For a discussion of the significant factors which led to the Debtors' bankruptcy filings please refer to "Questions and Answers About The Debtors' Chapter 11 Cases" found on page viii of this Disclosure Statement.

B. DESCRIPTION OF ANH

ANH is a Delaware corporation that was formed in 2000 under the name RHI Services, Inc. to provide management services to the NARCO and GIT family of companies. Such services consisted of the management of human resources, legal, finance, accounting services, tax services and other support services. As part of the acquisition of GIT, administrative functions were consolidated from the former NARCO and GIT corporate offices to the Pittsburgh area headquarters to realize synergies and eliminate duplicative functions. RHI Services, Inc. changed its name in 2002 to ANH Refractories Company, and currently has its offices in Moon Township, Pennsylvania.

C. DESCRIPTION OF NARCO AND NARCO-AFFILIATED DEBTORS

1. North American Refractories Company

a. History and Business[3]

NARCO is an Ohio corporation that manufactures and sells refractory products, which are construction-type materials designed for high temperature applications, such as furnace linings or vessels for handling and controlling the flow of molten metals. NARCO's products consist of three categories: bricks, castables (such as dry concrete) and gunning mixes (such as high heat resistant coating or caulk). NARCO was incorporated in 1928 in Delaware. In 1968, NARCO merged with Eltra Corporation. Allied Chemical Corporation, a predecessor to Honeywell International Inc. ("Honeywell"), acquired Eltra Corporation in 1979. In early 1986, Allied Chemical sold the NARCO business to the then NARCO entity. In 1991, that NARCO entity merged with Didier-Taylor Refractories Corporation, and the merged entity changed its name to North American Refractories Company, the Debtor.

Through a series of subsequent transactions, NARCO became, and on the Filing Date was, an indirect wholly-owned Subsidiary of RHI AG. NARCO's current operations focus on servicing the steel and glass industries. NARCO owns two principal manufacturing facilities located in White Cloud, Michigan and South Shore, Kentucky. NARCO has smaller facilities located in Gary, Indiana and West Mifflin, Pennsylvania. NARCO historically had operated a number of additional plants. However, as part of the overall effort to consolidate business operations and to increase operating efficiencies, the company has recently closed a number of its facilities. Pursuant to certain contractual arrangements, some of NARCO's products are manufactured by H-W and APG and by manufacturers located in Canada and Mexico that are non-US Affiliates of RHI Refractories Holding Company ("Holdings").

NARCO is the parent of three Affiliated Debtors: Tri-Star, InterTec and I-Tec, which are described in more detail below. NARCO also currently is the parent of Zircoa, Inc. ("Zircoa"), which is engaged in the manufacture and sale of granular products, engineered ceramics and specialty refractories, such as nozzles for continuous casting. Zircoa did not file a petition for relief under Chapter 11 and continues to operate without Bankruptcy Court protection.

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3 Please refer to Section II.B. herein for an opposing view concerning the NARCO Plan and the statements made herein.

NARCO currently markets refractory products. Customers are provided technological expertise regarding the application and installation of the refractory products sold by sales personnel. The products are used for maintenance at steel mills and glass plants, and to a lesser extent, new construction at steel and glass production facilities. Five customers each represent greater than 5% of NARCO sales and collectively represent 49% of NARCO sales. A smaller portion of sales are through distributors, distribution centers, H-W and RHI Canada. The viability of the NARCO business plan is dependent upon, among other things, the viability of its large steel and glass producer customers and the strength of the steel and glass manufacturing industries in the United States.

Approximately 36% of NARCO's costs of goods sold are from products that NARCO manufactures in its own manufacturing plants, 51% of its costs of good sold are from products that are manufactured at plants owned by H-W and APG and sold to NARCO and 13% of its costs of goods sold are from resale products primarily purchased from plants owned by RHI Canada or other subsidiaries of RHI AG and sold to NARCO pursuant to product purchase and sales agreements with RHI AG and its subsidiaries. Raw materials represent 79% of the total costs of products that NARCO manufactures in its own plants. Nearly 48% of these raw materials are purchased from five critical non-Affiliated vendors.

NARCO operates two significant plants and two smaller facilities. Recent capital expenditures for NARCO have been minimal ($8.3 million in 2001, 2002, 2003, 2004 and 2005 combined) as NARCO faced significant liquidity issues. NARCO plans to incur $2.8 million of capital expenditures in 2006 to catch up certain of the delays in spending for replacement for equipment. After these catch-up expenditures for equipment in 2006, the annual cost of capital improvements for the NARCO plants is expected to be approximately $2.7 million to $7.5 million.

b. History and Business of NARCO-Affiliated Debtors

Tri-Star, InterTec and I-Tec (whose full names are listed at page 1 hereof) are subsidiaries of NARCO and collectively served various functions in NARCO's business.

Tri-Star is a Delaware corporation that was initially formed to manufacture alumina graphite tubes. NARCO owns a 94.14% interest in Tri-Star. Krosaki Harima Corporation owns a 5.86% minority interest in Tri-Star. Tri-Star utilized one plant which it leased from NARCO. NARCO operated that plant under a management agreement utilizing NARCO's employees. Due to the decline in the steel industry in recent years and an inability to achieve sufficient sales volume, NARCO decided to exit the "flow control" business. NARCO was unable to sell the plant and decided to close the plant and liquidate the Tri-Star business. That process was ultimately completed in June of 2002.

InterTec is a Delaware general partnership that was formed to serve as the sales entity for slide-gate related technology and products. Like Tri-Star, InterTec failed to achieve profitability and its operations were terminated by May 31, 2001. I-Tec owns a 75% general partnership interest in InterTec and NARCO owns a 25% general partnership interest in InterTec.

I-Tec is an Ohio corporation and a wholly-owned Subsidiary of NARCO. I-Tec serves as a holding company for InterTec.

c. NARCO Business Assets

The business assets of NARCO include four active refractory products manufacturing facilities, and related accounts receivable, inventory, brand names and intellectual property used in the manufacture, distribution and sale of refractory products to the steel and glass industries and cash accounts at banks.

The primary active manufacturing facilities of NARCO are located in White Cloud, Michigan and South Shore, Kentucky. In addition, NARCO operates two other facilities in Gary, Indiana and West Mifflin, Pennsylvania. NARCO also owns one idled manufacturing facility located in Farber, Missouri. Most of the manufacturing equipment used in the operation of the idled facilities has been sold or transferred to NARCO's active facilities. NARCO also leases one United States sales office.

NARCO's intangible assets include intellectual property, patents, registered and unregistered trademarks and trade secrets related to the refractory products manufactured and/or licensed by NARCO.

NARCO also owns interests in two inactive non-debtor entities: NAR Export Sales, Ltd. and Brickyard Development Partners L.P., which have no significant assets or liabilities. Following the Effective Date of the NARCO Plan, these entities will be liquidated. Other assets of NARCO include its ownership of Zircoa, Inc. Zircoa's operations were described in Section III. C. 1. a. above.

d. NARCO Employees and Employee Benefits

NARCO has 402 employees, of which 121 are employed through two collective bargaining agreements with the USWA union. The collective bargaining agreements are negotiated plant-by-plant and generally have terms of three to five years. One of the collective bargaining agreements will expire in December 2006 and the other will expire in March 2007.

NARCO had ten separate defined benefit pension plans which were merged into two pension plans on December 31, 2001 – the NARCO Pension Plan for Hourly Employees and the NARCO Salaried Employees Pension Plan. As of December 31, 2004, the NARCO Pension Plan for Hourly Employees had 1,521 participants (277 of which are active employees) and the NARCO Salaried Employees Pension Plan had 923 participants (231 of which are active employees). All minimum periodic funding requirements of the NARCO pension plans have been made to date. However, due to declines in the values of the plan assets in 2000 through 2002 and increases in projected pension obligations as the number of plan participants entitled to benefits increased and decreases in discount rates used to compute the projected benefit obligation, the projected benefit obligations of the pension plans grew in excess of plan assets. Therefore, the pension plans became underfunded.

The NARCO Plan contemplates that NARCO and the NARCO-Affiliated Debtors will continue payments to the above-described pension plans in accordance with the minimum funding obligations established pursuant to ERISA. The underfunded liability (projected benefit obligations less fair value of assets) under the NARCO pension plans as of January 1, 2006 is projected to be $29.9 million. The projected minimum annual funding obligations for 2006 through 2011 is $4.3 million, $8.5 million, $5.9 million, $5.0 million, $3.3 million and $1.5 million, respectively. Should NARCO fail to make the minimum funding contributions described in the preceding sentence, or should GIT, H-W and

APG fail to make their minimum funding contributions (as described in sections relating to those entities), the Pension Benefit Guaranty Corporation ("PBGC"), which guarantees private pension plans pursuant to Title IV of ERISA, can move to terminate the pension plans. Should such a termination occur, NARCO, GIT, H-W, APG and others will be jointly and severally liable for the obligations to each of the underfunded, terminated pension plans.

e. NARCO Asbestos Matters

Before approximately 1958, no NARCO Product Line product contained asbestos. Beginning in 1958, certain products had comparatively small amounts of asbestos added to them. No NARCO Product Line product contained more than 9% by volume asbestos and most contained 3% by volume or less asbestos. Additionally, in the 1960's and early 1970's, the NARCO Product Line included two asbestos-containing products, Stazon and Unicote, which were relabeled Eagle-Picher products. No NARCO Product Line product contained asbestos as an intended ingredient after 1980. Attached hereto as Exhibit 16 is a complete list of all current NARCO Product Line products, and a list of all NARCO Product Line products that contained asbestos or vermiculite that may have been contaminated with asbestos.

The first asbestos personal injury suit arising out of the NARCO Product Line was filed in 1983. From 1983 through 1997, the number of asbestos claims against NARCO grew steadily, but in 1998, the number of asbestos claims asserted against NARCO began to explode. A consequent escalation in the litigation and settlement costs for these claims also began in 1998, primarily driven by large average cost increases in specific jurisdictions (e.g., Texas and Illinois). Total costs for defense and resolution of asbestos claims amounted to $15 million in 1998, $40 million on 1999, $100 million in 2000, and $175 million in 2001.

From 1983 through 2001, approximately 290,000 plaintiffs filed asbestos claims arising out of the NARCO Product Line. Of those claims, approximately 75,000 were dismissed, voluntarily or on the merits. Another approximately 100,000 claims were resolved through settlement. However, as of the Petition Date, more than 115,000 asbestos plaintiffs' claims were pending nationwide. Although the automatic stay and the Bankruptcy Court's January 4, 2002 injunctive order, as modified, have prevented the litigation of additional claims, NARCO believes that a significant number of additional claims have accrued or been discovered since that time. Based upon claims filed against other asbestos-related defendants, published reports, representations by plaintiffs' counsel and its own experience, NARCO believes that there may be as many as 250,000 or more existing Asbestos Claims.

NARCO has also been sued for common law and/or contractual indemnity, contribution and subrogation by persons who have been alleged to be liable for asbestos claims (hereinafter defined as "Indirect Asbestos Trust Claims") which may be disallowed pursuant to Section 502(e) of the Bankruptcy Code. NARCO intends to file objections to all such claims on this basis. All NARCO Asbestos Trust Claims and any allowed Indirect Asbestos Trust Claims will be channeled to the NARCO Asbestos Trust under the NARCO Plan.

f. Honeywell Relationship

i. NARCO/Honeywell Purchase Agreement[4]

The January 17, 1986 Purchase Agreement, through which the managers of the unincorporated NARCO division of Allied Chemical Corporation ("Allied Chemical") acquired the NARCO Product Line, contained mutual indemnity obligations running between NARCO and Allied Chemical (now Honeywell). Specifically, NARCO assumed (and agreed to indemnify Allied Chemical/Honeywell for) all of the NARCO Product Line's product liabilities, except those liabilities that arose from "Discontinued Products." Allied Chemical/Honeywell retained (and agreed to indemnify NARCO for) liability for defending and resolving claims arising from "Discontinued Products." The term "Discontinued Products" was defined in the January 17, 1986 Purchase Agreement as products not substantially similar to products manufactured, distributed or sold by NARCO after January 17, 1986. A list of products that the parties believed to be "Discontinued Products" was attached to the January 17, 1986 Purchase Agreement as Exhibit KKK, a copy of which is attached hereto as Exhibit 17.

Almost immediately after the 1986 NARCO-Allied Chemical transaction was consummated, the parties disagreed upon the scope of their respective indemnity obligations. More specifically, the parties disagreed on which products (including products that formerly contained asbestos), were "Discontinued Products" within the meaning of the Purchase Agreement, as well as over which of them was responsible for the costs associated with litigating and resolving cases in which it was not possible to determine the precise NARCO product to which the claimant alleged exposure. To avoid litigation and to address the growing asbestos litigation crisis, Honeywell and NARCO entered into a series of interim cost-sharing arrangements, lasting from 1991 through approximately 2000. The explosion in the number and costs of NARCO Asbestos Trust Claims in the late 1990s made these interim arrangements impossible to continue. NARCO's potential exposure to asbestos liabilities was one of the principal reasons for its Chapter 11 filing.

Both NARCO and Honeywell agree that it is impossible, as a practical matter, to determine which of them is responsible for the existing NARCO Asbestos Trust Claims and for any such future claims. To determine, as between them, who is responsible for a given claim requires answers to two questions: (1) What specific product (including the date and place of manufacture) does the claimant contend he or she was exposed to? (2) Is that product a "Discontinued Product"? Because asbestos claimants rarely, if ever, identify the NARCO product at issue with any specificity, the parties can almost never start the analysis. Moreover, determining which of the NARCO Product Line's 1,800 products is or is not a "Discontinued Product" would be a laborious, time-intensive and extremely contentious effort.

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4 Please refer to Section II.B. herein for an opposing view concerning the NARCO Plan and the statements made herein.

ii. NARCO/Honeywell Pre-Filing Agreements

On January 3, 2002, NARCO entered into a letter agreement with Honeywell (the "NARCO DIP Letter Agreement") which provided, *inter alia*, that NARCO would file a petition for relief under Chapter 11 of the Bankruptcy Code, and seek an injunction under Sections 362 and 105 of the Bankruptcy Code to stay litigation against Honeywell arising out of the NARCO business. NARCO and Honeywell agreed to participate in the negotiation and funding of a plan of reorganization that provided Honeywell and its insurers with a channeling injunction under Section 524(g) of the Bankruptcy Code with respect to all asbestos-related NARCO Actions and Honeywell Actions, as defined in the NARCO DIP Letter Agreement. Subject to certain conditions, Honeywell agreed to provide $20 million of debtor-in-possession financing to NARCO. Upon confirmation and substantial consummation of a plan acceptable to Honeywell in its sole discretion, NARCO's obligations under the debtor-in-possession financing were to be cancelled and forgiven. Pursuant to such NARCO DIP Letter Agreement, a Debtor-In-Possession Credit Agreement dated as of January 4, 2002, was entered into among NARCO, as borrower, Jan 2002 Funding LLC (an affiliate of Honeywell), as lender, and JPMorgan Chase Bank, as Administrative Agent, to provide such debtor-in-possession financing.

On January 3, 2002, RHI Refractories Holding Company ("Holdings"), the parent corporation of GIT, NARCO and ANH, entered into a letter agreement with Honeywell (the "Holdings-Honeywell Letter Agreement") which provided that if NARCO would file a petition for relief under Chapter 11 of the Bankruptcy Code, Honeywell would pay to Holdings the sum of $40 million. In addition, if NARCO complied with its obligations under the NARCO DIP Letter Agreement and sought the injunctions discussed therein, and cooperated with Honeywell in removing certain litigation to the federal courts, then Honeywell agreed upon (1) NARCO's filing of a plan of reorganization that is acceptable to Honeywell in its sole discretion, to pay Holdings $20 million and (2) confirmation and consummation of a plan that is acceptable to Honeywell in its sole discretion, to pay Holdings the additional sum of $40 million.

iii. NARCO/Honeywell Settlement Agreement

As a result of NARCO's indemnity obligations under the 1986 Purchase Agreement, Honeywell has asserted a substantial unsecured claim against NARCO in an unspecified amount. This claim is dealt with in the NARCO/Honeywell Settlement Agreement, which requires it to be withdrawn on the Effective Date of the NARCO Plan. To resolve this claim, to settle Honeywell's future contractual indemnity claims against NARCO, as they arise from NARCO Asbestos Trust Claims, and to resolve all other outstanding issues among them, the NARCO Debtors and Honeywell have entered into the NARCO/Honeywell Settlement Agreement.

Pursuant to the NARCO/Honeywell Settlement Agreement, Honeywell has agreed to fund the NARCO Asbestos Trust, as reflected in the NARCO Asbestos Trust Agreement, in exchange for a § 524(g)(4) and/or § 105(a) injunction, channeling all asbestos personal injury and indirect asbestos claims arising in any way out of the NARCO Product Line to the NARCO Asbestos Trust. The NARCO Plan provides for a Section 524 (g) (4) injunction in Honeywell's favor. The NARCO/Honeywell Settlement Agreement also results in an amendment to the indemnity provisions contained in the 1986 Purchase Agreement by placing a cap on NARCO's future payments to Honeywell under such indemnity for claims for personal injury based upon the claimant's alleged exposure to silica from the NARCO Product Line products. Under the NARCO/Honeywell Settlement Agreement, NARCO and Honeywell have agreed that

the cap on the indemnity for such silica claims will be set at the higher of $3 million per year or 40% of Reorganized ANH's Free Cash Flow (as defined in the NARCO/Honeywell Settlement Agreement) for the preceding fiscal year. The cap includes all payments to Honeywell for costs and expenses related to the defense or indemnity of such silica claims. The NARCO/Honeywell Settlement Agreement provides that NARCO will draw down all amounts available under the NARCO DIP Facility and then for the forgiveness by Honeywell of all amounts outstanding under the NARCO DIP Facility. In the past, NARCO had asserted rights under certain primary and excess liability insurance policies that form a part of Honeywell's liability insurance program. Under the NARCO/Honeywell Settlement Agreement, NARCO has agreed to waive its rights to these insurance policies. A copy of the NARCO/Honeywell Settlement Agreement is attached as Exhibit 4 to this Disclosure Statement.

iv. Honeywell Post-Petition Settlement Agreements

After NARCO commenced its Chapter 11 case, Honeywell engaged in negotiations with various counsel for a significant number of existing and later identified holders of NARCO Asbestos Trust Claims. As a result of those negotiations, Honeywell entered into definitive agreements covering approximately 257,000 such claimants. In Honeywell's 2004 Annual Report, Honeywell estimated that it had entered into settlement agreements covering 90% of the NARCO Asbestos Trust Claims as of the date of that Report. The actual number of accrued Claims is unknown.

g. NARCO/RHI AG Settlement Agreement

The NARCO Debtors and RHI AG Parties (as defined in the NARCO/RHI AG Settlement Agreement) entered into the NARCO/RHI AG Settlement Agreement to resolve all outstanding issues among them. A copy of the NARCO/RHI AG Settlement Agreement, which is incorporated by reference in its entirety, is attached as Exhibit 5 to this Disclosure Statement. The NARCO/RHI AG Settlement Agreement provides, among other things, as follows:

(i) No Objection to NARCO Plan. The RHI AG Parties agree not to object to the NARCO Plan so long as the NARCO Plan is consistent with the NARCO/RHI AG Entity Settlement Agreement.

(ii) Waiver of Claims Against NARCO Debtors. The RHI AG Parties agree to waive approximately $53.8 million in claims currently scheduled as undisputed, liquidated and noncontingent claims by the NARCO Debtors.

(iii) Cancellation of Equity Interests. Holdings agrees not to object to the cancellation of the Equity Interests in the NARCO Debtors upon the Effective Date.

(iv) Letters of Credit. RHI AG agrees to waive any claims against the NARCO Debtors arising from the reimbursement to the issuers of certain letters of credit supporting insurance policies of the NARCO Debtors in the face amount of approximately $9.37 million.

(v) FTC Civil Penalty. RHI AG agrees to pay an aggregate amount of approximately $500,000 in connection with certain civil penalties imposed by the Federal Trade Commission on RHI AG, NARCO and certain affiliates of NARCO.

(vi) Channeling Injunctions in Favor of RHI AG Entities. The RHI AG Entities are to receive the benefit of the permanent channeling injunctions to be issued by the Bankruptcy Court in NARCO Plan under Section 524(g) and/or other sections of the Bankruptcy Code, to the extent such claims derive through any of the NARCO Debtors.

(vii) National Union Guaranty. Reorganized NARCO agrees to indemnify RHI AG in connection with a guaranty issued by RHI AG to National Union Fire Insurance Company of Pittsburgh, PA as set forth in Section 4.4 of the NARCO/RHI AG Entity Settlement Agreement.

(viii) Tax Sharing. RHI AG and its affiliates may use certain tax benefits of the NARCO Debtors prior to the Effective Date of the NARCO Plan.

(ix) Operating Agreements. The NARCO Debtors agree to assume and amend existing operating commercial agreements upon the Effective Date of the NARCO Plan.

(x) Mutual Releases. The Parties will release each other from any and all claims existing as of the date of the NARCO/RHI AG Entity Settlement Agreement and the later consequences thereof, including the release of claims of or behalf of the NARCO Debtors under Sections 502, 506, 544, 547, 548, 549, 550, and 553 of the Bankruptcy Code, except for (i) any claims arising after the Petition Date consisting of ordinary-course trade receivables, arising under ordinary-course contracts, or otherwise arising in the ordinary course of the business of the RHI AG Entities and the NARCO Debtors and (ii) any rights or obligations under the NARCO/RHI AG Entity Settlement Agreement and/or NARCO Plan.

The NARCO Debtors believe that the NARCO/RHI AG Entity Settlement Agreement resolves substantial impediments to the emergence of the NARCO Debtors from bankruptcy. In particular, among other things, the NARCO/RHI AG Entity Settlement Agreement, in conjunction with the GIT/RHI AG Entity Settlement Agreement, resolves significant disputes relating to hundreds of millions of dollars in scheduled claims against the Debtors, as well as claims against the Debtors relating to certain letters of credit and a civil penalty imposed by the Federal Trade Commission. In addition, the NARCO/RHI AG Entity Settlement Agreement provides for an ongoing business relationship between the RHI AG Parties and the NARCO Debtors, a necessary part of the NARCO Debtors' business plan and their emergence from bankruptcy.

Litigation over any one of these issues would be costly and protracted, would likely delay confirmation and distributions to creditors, and would pose risks to the estates in the event that unfavorable results are reached. In particular, an unfavorable result in any litigation concerning the validity and treatment of the RHI AG Entities' claims against the NARCO Debtors would cause a substantial reduction in funds available for distribution to other general unsecured creditors.

D. DESCRIPTION OF GIT AND GIT-AFFILIATED DEBTORS

1. Global Industrial Technologies, Inc.

a. History and Business

In 1992 DII Industries, LLC ("DII") spun-off to its shareholders several businesses and operations, including its Harbison-Walker Refractories Division. In order to accomplish that transaction, DII placed the business units to be spun-off into Dresser Finance Corporation, a wholly-owned Subsidiary of DII. DII later changed the name of Dresser Finance Corporation to Indresco, Inc. and spun-off Indresco, Inc. to the DII shareholders.

In November of 1995, GIT was formed as a publicly traded holding company for Indresco, Inc. and its subsidiaries. Between 1995 and 1998, through a series of acquisitions and divestitures, GIT pursued a strategy of growing and developing its perceived core refractory business while disposing of non-core businesses. GIT's most significant acquisition was of APG in 1998. GIT was acquired by a subsidiary of RHI AG, in 1999, as part of RHI AG's strategy of consolidating the North American refractory industry. GIT's principal business is acting as a holding company for Harbison-Walker Refractories Company ("H-W") and A.P. Green Industries, Inc. ("APG"). Because of its prior ownership of various entities, GIT has approximately 306 active employees and 2,600 retirees in a pension plan that is projected to be underfunded by approximately $16 million at January 1, 2006. Projected minimum annual funding obligations for 2006 through 2011 is $6.6 million, $9.6 million, $6.7 million, $5.7 million; $4.9 million and $1.7 million, respectively.

In contemplation of its Plan of Reorganization, the GIT Debtors entered into a Settlement Agreement with RHI AG, their ultimate parent, to resolve claims of RHI AG and its affiliates and to cancel Holding's Equity Interest in GIT. A description of the GIT/RHI AG Settlement Agreement can be found in Section III.D.3.h hereof.

Set forth below is a description of H-W and APG and their respective assets, liabilities and other business matters.

2. Harbison-Walker Refractories Company

a. History and Business of H-W

The refractory products business of H-W originated with the formation of the Star Fire Brick Company in 1865 in Pittsburgh, Pennsylvania. In 1967, the company was merged into DII and operated as a division of DII until 1992. On July 31, 1992, the assets of the H-W division of DII, along with assets of certain other DII businesses, were spun-off into Indresco, Inc. In October of 1995, Indresco, Inc. reorganized with the H-W business assets remaining in Indresco, Inc. The name was then changed to Harbison-Walker Refractories Company. H-W is a Delaware corporation and is a wholly-owned Subsidiary of GIT.

H-W manufactures and sells refractory products and construction-type materials designed to sustain various high heat processing applications. Core industrial uses of the refractory products include the lining of boilers and furnaces of all types, including reactors and kilns. During the 1990s, H-W's business strategy expanded into markets and geographic areas serving the steel, chemical, energy, environmental, glass, cement/lime and non-ferrous metals industries.

Following the acquisition of APG in 1998 by GIT (as described below), the operations of APG and H-W were reorganized to take advantage of brand names, selling capabilities and market penetration. As a result of this reorganization, APG became a manufacturer of refractory-related products that were marketed exclusively by H-W's sales force.

With the acquisition of GIT by RHI AG in December of 1999, the market focus for H-W was changed to avoid duplication of marketing efforts by NARCO and H-W. NARCO currently concentrates on servicing the steel and glass industries while H-W focuses on the environmental, energy and chemical industries (called EEC), non-ferrous metals industry (called IM), and the cement/lime markets. In addition, H-W continues to manufacture steel-related products for the benefit of NARCO as required under supply or manufacturing contracts between NARCO and H-W.

The manufacturing plants of NARCO, H-W and APG are not differentiated by markets served, but rather are managed as a single operation. Products are manufactured at plants as allowed by scheduling, logistics, and production capabilities, irrespective of which Debtor owns the formulation, trade name or customer relationship. H-W manufactures products for NARCO and RHI Canada, and to a lesser extent, NARCO, APG and RHI Canada manufacture products for H-W, all pursuant to inter-company licensing and purchase and supply agreements. NARCO, H-W and APG are dependent upon each other for such things as production facilities, product formulations and trade names to continue to support their own future sales and business plans. A discontinuance of these relationships could have a negative impact on the future operations of each of these Debtors (see Risk Factors in Section IX hereof).

As part of RHI AG's business strategy to consolidate operations, management and administrative services for NARCO, H-W and APG were transferred to RHI Services, Inc., now known as ANH Refractories Company, which provided such services under a management contract.

H-W is one of the largest refractory product suppliers in the particular markets that it serves. H-W competes with other large refractory product suppliers in the United States and small businesses that operate with very low overhead developing particular niche products. The customers of H-W include privately-owned contractor/installers that serve the EEC and IM industries. These customers are served both directly from the plants and through a network of approximately 25 distribution centers located throughout the United States. H-W also sells directly to several large cement/lime, aluminum, copper and other non-ferrous metal foundry producers.

The customers of H-W are more numerous than NARCO's consisting of large, mid-size and small accounts, consistent with the breadth and depth of the markets served by H-W.

Approximately 44% of H-W's costs of goods sold is from products that H-W manufactures in its own manufacturing plants and 38% is from products that are manufactured at plants owned by NARCO and APG. Approximately 18% of H-W's cost of goods sold is from resale products that are primarily purchased from plants owned by RHI Canada or RHI AG and its non-US Affiliates and sold to H-W pursuant to product purchase and sales agreements or arrangements with RHI AG and its subsidiaries. Raw materials represent approximately 67% of the total cost of products that H-W manufactures in its own manufacturing plants. Nearly 65% of the raw materials purchased is from five critical, non-Affiliated vendors.

H-W has 588 employees, of which 351 are employed through four collective bargaining agreements with the USWA union. The collective bargaining agreements are negotiated plant by plant and generally have terms of three to five years. One of the collective bargaining agreements will expire in 2005, and one will expire in 2007 and one in 2008.

H-W operates three significant plants and one raw materials production facility. Capital expenditures at the production facilities was $6.2 million from 2002 to 2005. H-W plans to incur $2.0 million of capital expenditures in 2005. The annual cost of capital improvements for the H-W plants in the future is expected to be approximately $0.5 million to $4.8 million.

As described more fully below, H-W has been named as a defendant in numerous asbestos cases. During 2000, the number of asbestos cases and related settlement amounts increased dramatically. Furthermore, as the asbestos litigation crisis heightened, H-W witnessed an increase in the number of its insurers that became insolvent, and H-W also became involved in a growing number of insurance coverage disputes regarding its asbestos cases. These trends, along with the time lag insurance companies generally employed in paying asbestos claims settled by H-W, placed tremendous cash flow pressure on H-W's operations. These pressures were further exacerbated by RHI AG's inability in late 2001 to continue to provide working capital financing to H-W. These events culminated in H-W, and certain of its affiliates, filing for bankruptcy protection on February 14, 2002.

b. H-W Business Assets

The business assets of H-W include three active primary refractory products manufacturing facilities and a refractory raw materials production facility. H-W also owns the related accounts receivable, inventory, brand names and intellectual property used in the manufacture, distribution and sales of refractory products to the chemical, energy, environmental, non-ferrous metals and cement/lime markets.

The active manufacturing facilities of H-W are located in Fairfield, Alabama; Windham, Ohio; and Vandalia, Missouri. The refractory raw materials production facility is located in Fulton, Missouri. It consists of excavating equipment and vehicles along with the related mining rights and rights of way.

H-W also owns idled manufacturing facilities located in Ludington, Michigan. Excess manufacturing equipment at the idled facilities have been sold or transferred to active facilities. H-W leases and operates approximately 25 distribution centers through-out the United States.

H-W's accounts receivable consist of amounts due from customers from the sale of refractory products in the ordinary course of business. From the Petition Date to August 2002, H-W paid the trade vendors of APG and established an inter-company receivable from APG. Starting in August 2002, APG maintained its own checking account and is currently paying its third-party vendors.

H-W owns Indresco Jeffrey Industria E Commercio Ltda. ("Jeffrey"), a Brazilian corporation that has no current operations and is of no significant value.

c. H-W Employees and Employee Benefits

Pension Plans. H-W had eight separate defined benefit pension plans, which were merged into a single pension plan with two other pension plans of TMPSC on December 31, 2001 – the Harbison Walker Pension Plan for Hourly Employees. At January 1, 2005, the H-W Pension Plan for Hourly Employees had 2,313 participants (453 of which are active employees). All minimum periodic funding requirements of the H-W pension plan have been made to date. However, due to declines in the values of plan assets in 2000 through 2004 and increases in projected pension obligations as the number of plan participants entitled to benefits increased and decreases in the discount rate used to compute projected benefit obligations, the projected benefit obligations of the pension plan grew in excess of plan assets. Therefore, the pension plans became underfunded.

The GIT Plan contemplates that H-W will continue payments to the above-described pension plan in accordance with the minimum funding obligations established pursuant to ERISA. The underfunded liability (projected benefit obligation in excess of the fair value of plan assets) under the H-W pension plan at January 1, 2006 is projected to be $20 million. The projected minimum funding obligations for 2006 through 2011 is $4.8 million, $5.4 million, $4.2 million, $3.4 million, $2.6 million and $0.8 million, respectively. Should H-W fail to make the minimum funding contributions described in the preceding sentence, or should NARCO, GIT and APG fail to make their minimum funding contributions (as described in sections relating to those entities), the PBGC, which guarantees private pension plans pursuant to Title IV of ERISA, can move to terminate the pension plans. Should such a termination occur, NARCO, GIT, H-W and APG will be jointly and severally liable for the obligations to each of the underfunded, terminated pension plans.

Welfare Benefit Plans Other Than Pension Plans. H-W and the H-W Affiliated Debtors are plan sponsors under a number of welfare and benefit plans for existing employees and retirees. Several of those plans provide for post-employment health and life insurance benefits. The GIT Plan contemplates that these obligations of H-W and the H-W Affiliated Debtors under the welfare and benefit plans will be continued. Reorganized GIT will retain the right to amend, modify or terminate the retiree health and life insurance plans, in accordance with law and the governing documents, following the confirmation of the GIT Plan.

d. H-W Asbestos and Silica Matters

Historically, H-W and its predecessors manufactured and sold refractory products used in lining boilers and furnaces of all types, as well as other construction materials designed to sustain high-heat processing applications. Before the 1980's, several of these refractory products contained asbestos. H-W also relabeled and sold two asbestos-containing products, H-W Mineral Fiber Coating and H-W Roll Board, both of which products were manufactured by others. As a result of its manufacture and sale of asbestos-containing products, H-W has been a named defendant in asbestos-related personal injury lawsuits by over 348,000 plaintiffs in the tort system.

As of December 31, 2001, approximately 160,000 asbestos plaintiffs' claims had been resolved at a cost of approximately $241 million; approximately 94,000 of these claims were settled and paid, and approximately 65,000 of these claims were dismissed without payment for lack of evidence of any actual exposure to an H-W product. An additional 54,000 cases are subject to unpaid settlement agreements. As of December 31, 2001, H-W still faced

approximately 190,000 pending asbestos claims (which include the 54,000 settled but unpaid claims). Approximately 72,000 of those claims were served on defendants in 2001.

In 1997, the total cost to address H-W related asbestos claims, including settlements, judgments and defense costs was less than $20 million. However, by 1999, the number of asbestos cases and the size of settlement demands in such cases had increased dramatically. The total cost incurred in calendar year 2001 to defend and resolve asbestos-related claims exceeded $200 million, including provisional settlements reached but not paid.

Based upon available information, H-W believes that the number of asbestos claims it would face in the future will at least equal, and possibly exceed, the number of asbestos claims that had been asserted against it prior to its Petition Date. As described further in Section III.D.2.f, however, all current and future asbestos-related personal injury claims against H-W shall be treated under the provisions of the DII Plan.

Several of H-W's co-defendants in asbestos personal injury suits have filed Claims against H-W in its Chapter 11 case. H-W has filed objections seeking to have such Claims disallowed pursuant to Section 502(e) of the Bankruptcy Code. To the extent such Claims are not disallowed, they have been channeled to the DII Asbestos Trust.

In addition to these asbestos matters, H-W has been involved in personal injury litigation related to plaintiffs' alleged exposure to silica from the use of H-W products for several years. Plaintiffs generally have raised silica claims in one of three contexts: first, in "silica-only" cases, in which the plaintiff's only claim is that he was exposed to a H-W silica-containing product and thereby developed a silica-related disease; second, in "mixed dust" cases, in which the plaintiff claims that while working with or near a H-W product, he was exposed to dust from that product that contained indistinguishable portions of silica and asbestos, and thereby developed a mixed-dust pneumoconiosis or malignancy; and third, in asbestos-related injury cases in which the plaintiff indicates (often during discovery, rather than in a pleading) that in addition to his exposure to asbestos from a H-W product, he also was exposed to, and injured by, silica contained in the H-W product.

Prior to its Petition Date, H-W was named as a defendant in at least 370 "silica-only" cases in various jurisdictions around the country, including New Jersey, West Virginia, Ohio, Pennsylvania, Michigan, and Texas, where the large majority of these cases were filed. Generally, settlements in these cases ranged from $500 to $10,000, depending in some part on the jurisdiction in which the case was filed; the highest single settlement entered into by H-W was $225,000, for a case filed in Texas that settled in August 2000. H-W's records indicate that it has incurred over $1.3 million in settlement costs related to these cases. In cases in which plaintiffs asserted asbestos-related injuries and subsequently suggested the possibility of separate silica-related injuries, H-W generally has settled the asbestos-related injury claims and obtained releases for all other PI Trust Claims—including silica-related injury claims—from the plaintiffs.

As of its Petition Date, approximately 75 "silica-only" claims were pending against H-W in various jurisdictions. Based upon available information, H-W believes that the number of "silica-only" claims it could face in the future may increase significantly. As described further in Section III.D.2.f, however, all current and future silica-related personal injury claims against H-W shall be treated under the provisions of the DII Plan.

e. H-W Insurance Assets

H-W was insured under certain primary, umbrella and excess liability insurance policies issued to H-W between 1963 and 1967, and issued to DII between 1967 and 1984, which provide coverage for, among other things, asbestos- and silica-related personal injury liabilities (referred to herein as the "H-W Shared Insurance Assets"). As part of the GIT/DII Settlement Agreement, H-W released its rights with respect to the H-W Shared Insurance Assets.

The collective unexhausted product limits of the H-W Shared Insurance Assets are approximately $2.1 billion. Of this pre-petition amount, about $1.2 billion is subject to coverage-in-place agreements entered into by H-W, DII and certain insurers, wherein the signatory insurers agreed not to contest coverage issues with H-W or DII. Nevertheless, various insurers have raised issues regarding the coverage of H-W under certain of the H-W Shared Insurance Assets, and DII also has made competing claims to the H-W Shared Insurance Assets.

Under the GIT/DII Settlement Agreement, H-W released and/or assigned to DII its interests under the H-W Shared Insurance Assets and the related coverage-in-place agreements upon the effective date of the DII Plan, and in consideration for (among other things) the satisfaction of the following conditions:

- Inclusion of HW and the H-W Protected Parties (as defined in the GIT/DII Settlement Agreement) as beneficiaries of the channeling injunctions, for asbestos- and silica-related personal injury claims issued in the DII Chapter 11 Case; and
- Indemnification by the DII Asbestos Trust and the DII Silica Trust, respectively, for any H-W Asbestos Trust Claim or H-W Silica Trust Claim asserted against any of the H-W Entities (as defined in the GIT/DII Settlement Agreement).

DII filed a prepackaged Plan of Reorganization on December 16, 2003, captioned as In re Mid-Valley Inc., et al., 03-35592 (Bankr. W.D. Pa.) which was confirmed by an Order of the Bankruptcy Court dated July 16, 2004. As confirmed, the DII Plan satisfied all of the conditions contained in the GIT/DII Settlement Agreement for H-W's release and/or assignment of its rights under the H-W Shared Insurance Assets and the related coverage-in-place agreements. H-W, consistent with the terms of the GIT/DII Settlement Agreement, relinquished its rights under the H-W Shared Insurance Assets and the related coverage-in-place agreements upon the effective date of the DII Plan. DII subsequently reached finalized settlement agreements with the insurance companies that issued the H-W Shared Insurance Assets, which resolved both DII's and H-W's claims for coverage for, among other things, H-W Asbestos Trust Claims and H-W Silica Trust Claims.

f. GIT/DII Settlement Agreement

On August 28, 2003, the GIT Debtors, Halliburton and DII entered into the GIT/DII Settlement Agreement, attached as Exhibit 6 to this Disclosure Statement, to resolve all of the outstanding issues among them. Under this settlement:

- H-W and the H-W Protected Parties (as defined in the GIT/DII Settlement Agreement) were made beneficiaries of the channeling injunctions to be issued in the DII Chapter 11 Case;
- The H-W Entities (as defined in the GIT/DII Settlement Agreement) have been indemnified by the DII Asbestos Trust and DII Silica Trust for any H-W Asbestos Trust Claim or H-W Silica Trust Claim brought against any of the H-W Entities;
- H-W and various of its Affiliates has relinquished and/or assigned to DII all rights to the H-W Shared Insurance Assets on the effective date of the DII Plan;
- On December 31, 2003, DII purchased H-W's outstanding insurance receivable for $50.1 million;
- DII fully funded and forgave all outstanding amounts due under the H-W DIP Facility on the effective date of the DII Plan; and
- DII and the H-W Entities have allocated among themselves the liability associated with various non-asbestos/non-silica product-liability claims.

The GIT/DII Settlement Agreement was implemented as of January 20, 2005, the effective date of the DII Plan.

3. A.P. Green Industries, Inc. and Certain Affiliates

a. History and Business of APG

APG (formerly known as A.P. Green Refractories Company) was initially incorporated in 1915 as a Missouri corporation operating under the name of A.P. Green Fire Brick Company. APG operated independently until its merger with U.S. Gypsum Corporation ("U.S. Gypsum") in 1967 when it became a wholly-owned Subsidiary of U.S. Gypsum. As part of a U.S. Gypsum plan of reorganization approved in 1987, the stock of APG was distributed to stockholders of U.S. Gypsum. APG operated as a publicly-owned company until it was acquired by GIT in 1998. APG is a wholly-owned Subsidiary of GIT and serves as a holding company for various subsidiaries, including the following Debtors: APG Services, APG Development, APG Refractories, Detrick, APG International and AP Green Refractories. In addition, APG owns 100% of the stock of H-W Refractories Limited (England) (the full name of each of these Debtors is listed on page 1 of this Disclosure Statement). U.S. Gypsum and its current Subsidiaries and Affiliates are not GIT Protected Parties in the GIT Plan.

Prior to the GIT Acquisition in 1998, APG was engaged in certain refractory manufacturing operations. APG transferred these refractory manufacturing operations to AP Green Refractories, and does not currently conduct any operations. However, certain plant assets are still held in the name of APG.

In 1985, APG sold the stock of Bigelow-Liptak of Canada, Ltd. ("BLC") to John Williams, and in 1989 APG and APG Services sold rights to the name "Bigelow-Liptak Corporation" to John Williams, who then incorporated a Michigan company under that name. Under the agreement by which rights to the name were sold, APG and APG Services agreed to indemnify the purchaser with respect to all claims asserted against the purchaser which related to the pre-sale

activities of APG and APG Services under the "Bigelow-Liptak" name. The Stebbins Engineering and Manufacturing Company ("Stebbins") is currently the direct or ultimate parent of Bigelow-Liptak Corporation ("Bigelow-Liptak") and BLC.

Numerous lawsuits have been filed against Stebbins asserting claims for personal injuries allegedly arising from the use of asbestos-containing products by APG Services. As a result of those claims, Stebbins and Bigelow-Liptak have asserted a proof of claim against APG Services arising out of their indemnity agreement in connection with the sale of the Bigelow-Liptak name. Further, in response to a motion by APG and APG Services for approval of settlements reached with certain of their insurers, Bigelow-Liptak requested that it receive the benefit of the injunctions to be issued by the Bankruptcy Court under Section 524(g) of the Bankruptcy Code.

On July 25, 2003, APG and APG Services, Stebbins, Bigelow-Liptak and BLC entered into an agreement titled The Agreement Between the A.P. Green Companies and Stebbins Engineering and Manufacturing Company (the "Stebbins Agreement") to address Bigelow-Liptak's request for Section 524(g) injunctive relief and Stebbin's proof of claim and to satisfy the need of APG and APG Services to secure the release of BLC's rights in certain insurance policies issued by Mission Insurance Company to APG (formerly known as A.P. Green Refractories Company) in which BLC was identified as an additional named insured (the "Mission Policies"). The release of BLC's rights facilitated payment of proceeds from the Mission Policies.

Under the Stebbins Agreement, in exchange for BLC's release and assignment to APG, APG Services and the other Debtors (as identified in the Stebbins Agreement) of all of BLC's rights in the Mission Policies, all Asbestos-Related Liability Claims (as defined in the Stebbins Agreement - which relate solely to the activities of APG, APG Services and such other Debtors under the "Bigelow-Liptak" name prior to February 1, 1989 involving asbestos or asbestos-related products) against Stebbins and Bigelow-Liptak will be channeled to the APG Asbestos Trust. In addition, Stebbins will withdraw its claim against APG Services.

Should the Confirmation Order(s) entered by the Bankruptcy Court not provide for the channeling of claims as described above, the Stebbins Agreement provides that in the alternative Stebbins will be paid, in consideration for the release of BLC's rights in the Mission Policies, an amount equal to BLC's proportionate share of any amount paid or to be paid to the APG Debtors under the Mission Policies, based on BLC's proportionate rights in the Mission Policies.

b. History and Business of APG Services

The predecessor of APG Services was incorporated in 1926 under the name Bigelow Arch Company. In 1985 the company changed its name from Bigelow-Liptak Corporation to APG Services. APG Services is a Michigan corporation and a wholly-owned subsidiary of APG. APG Services engaged primarily in the installation and engineering of refractory products, including those manufactured by APG. APG Services has not conducted any operations since June 1, 1991. APG Services is named as a defendant in numerous asbestos litigation claims as a result of certain products that it installed which contained asbestos. See the preceding Section a. for a history of the relationship of APG Services with Stebbins, Bigelow-Liptak and BLC.

c. History and Business of A.P Green Refractories, Inc. ("AP Green Refractories")

AP Green Refractories is a Delaware corporation and a wholly-owned Subsidiary of APG. AP Green Refractories was formed in 1994 and is a manufacturer of refractory products for H-W and NARCO, serving primarily the steel and non-ferrous metals markets. AP Green Refractories was formed for the purpose of acquiring the assets of General Refractories Company ("General Refractories"). The acquisition transaction closed on August 1, 1994. As a result of the transaction and the subsequent course of dealing between the parties, AP Green Refractories assumed an indemnification obligation to General Refractories for silica related claims asserted against it, net of any insurance proceeds recovered by General Refractories for such claims.

The company operates six plants nationwide and manufactures products using H-W, NARCO and AP Green Refractories brand names and proprietary formulas. Prior to its acquisition by GIT in 1998, AP Green Refractories was a manufacturer, seller and distributor of refractory products worldwide. As part of a business restructuring implemented subsequent to the GIT acquisition, the sales and marketing arm of AP Green Refractories was transferred to H-W to promote a unified sales structure and culture within the combined organization.

Raw materials represent approximately 72% of the costs of products that AP Green Refractories manufactures in its own production facilities. Nearly 62% of the raw materials purchased is from four critical, non-Affiliated vendors.

AP Green Refractories has 315 employees, of which 226 are employed through four collective bargaining agreements with the USWA union. The collective bargaining agreements are negotiated plant by plant and generally have terms of three to five years. All four of the collective bargaining agreements will expire in 2006.

Recent capital expenditures at the AP Green Refractories plants and facilities have been minimal ($9.4 million from 2002 to 2005) as APG faced significant liquidity issues. AP Green Refractories plans to incur $3.4 million of capital expenditures in 2006. The annual cost of capital improvements for the AP Green Refractories plants thereafter is expected to be approximately $2 million.

General Refractories has asserted a claim against APG and AP Green Refractories, alleging that APG and AP Green Refractories are fully responsible for any silica-related claims against General Refractories. The APG Debtors have objected to this claim on the basis that it is unliquidated and contingent. Should the Bankruptcy Court deny the objection, the indemnification claims of General Refractories will be channeled to the APG Silica Trust in the same manner as other APG Silica Trust Claims. Any Silica Personal Injury Claim brought against the APG Debtors on the basis of exposure to a product manufactured, sold or distributed by General Refractories will similarly be channeled to the APG Silica Trust.

d. Business Assets of APG, APG Services and AP Green Refractories

The business assets of APG consist of cash, its ownership interest in APG Services, AP Green Refractories and other subsidiaries and other miscellaneous assets.

The assets of APG Services consist of ownership of a parcel of land and a building in Lakeland, FL. In addition, APG Services has insurance coverage under the APG Policies (as described below).

The business assets of AP Green Refractories include three active refractory products manufacturing facilities and three ancillary refractory products manufacturing facilities. AP Green Refractories also owns the related inventory, brand names and intellectual property from the manufacture of AP Green Refractories labeled refractory products.

The three active manufacturing facilities of AP Green Refractories consist of plants in Oak Hill, Ohio and Sproul, Pennsylvania, and Fulton, Missouri. AP Green Refractories also has three ancillary manufacturing facilities consisting of a fiber refractory manufacturing facility in Pryor, Oklahoma, an insulating facility in Minerva, Ohio and a pre-cast shape facility in Thomasville, Georgia.

AP Green Refractories also owns idled manufacturing facilities located in Mexico, Missouri; Little Rock, Arkansas; and Middletown, Pennsylvania. Excess manufacturing equipment at the idled facilities has been sold or transferred to active facilities. The Debtor has filed a motion to sell the facility in Mexico, Missouri. The expected net proceeds from the sale is $1.0 million and the expected reduction of holding costs of idled facilities is $1.0 million per year. AP Green Refractories owns 3 distribution centers throughout the United States which it leases to H-W.

Accounts receivable of AP Green Refractories consist of amounts due from inter-company sales of refractory products.

AP Green Refractories has ownership interests in five Affiliates. Those ownership interests include a 4% ownership interest in P.T. AP Green, a refractory business in Indonesia; a 51% ownership interest in A.P. Green de Mexico S.A. de C.V., a refractory manufacturer and distributor in Mexico; a 49% ownership interest in Empresa de Refractories Colombianos, S.A., owner of a refractory plant located in Columbia; a 49% ownership interest in Materials Industrials, S.A., owner of a refractory plant located in Columbia; and a 72% ownership interest in Lanxide ThermoComposite, Inc., an inactive Delaware corporation that formerly manufactured slide-gate products for use in the steel industry. Of the companies listed above in which AP Green Refractories has an ownership interest, only Lanxide has filed for bankruptcy protection (see below).

Other assets of AP Green Refractories include prepaid expenses, various intangible assets, and cash accounts at banking institutions.

e. APG Employees and Employee Benefits

APG Pension Plans. APG had eight separate defined benefit pension plans, which were merged into a single pension plan on December 31, 2001 – the APG Pension Plan for Hourly Employees. At January 1, 2005, the APG Pension Plan for Hourly Employees had 2,263 participants 232 of which are active employees). All minimum periodic funding requirements of the APG pension plan have been made to date. However, due to declines in the values of plan assets in 2000 through 2003, increases in projected pension obligations as the number of plan participants entitled to benefits increased, and decreases in discount rates used to compute the projected benefit obligations, the projected benefit obligations of the pension plan grew in excess of plan assets. Therefore, the pension plans became underfunded.

The APG Plan contemplates that APG will continue payments to the above-described pension plan in accordance with the minimum funding obligations established pursuant to ERISA. The underfunded liability (projected benefit obligation in excess of the fair value of plan assets) under the APG pension plan at January 1, 2006 is projected to be $21.6 million. The projected minimum funding obligations for 2006 to 2011 is $7.0 million, $7.2 million, $5.3 million, $3.7 million, $2.6 million and $0.8 million, respectively. Should APG fail to make the minimum funding contributions described in the preceding sentence, or should NARCO, GIT and H-W fail to make their minimum funding contributions (as described in sections relating to those entities), the PBGC, which guarantees private pension plans pursuant to Title IV of ERISA, can move to terminate the pension plans. Should such a termination occur, NARCO, GIT, H-W and APG will be jointly and severally liable for the obligations to each of the underfunded, terminated pension plans.

Welfare Benefit Plans Other Than Pension Plans. APG and the APG Affiliated Debtors are plan sponsors under a number of welfare and benefit plans for existing employees and retirees. Several of those plans provide for post-employment health and life insurance benefits. The GIT Plan contemplates that these obligations of APG and the APG Affiliated Debtors under the welfare and benefit plans will be continued. Reorganized GIT will retain the right to amend, modify or terminate the retiree health and life insurance plans, in accordance with law and the governing documents, following the confirmation of the GIT Plan.

f. APG and APG Services Asbestos and Silica Matters

Historically, APG has manufactured and distributed refractory materials for industrial companies such as steel manufacturers, shipbuilders and refineries. Some of the products that were manufactured and/or supplied by APG formerly contained asbestos. APG Services, as a Subsidiary of APG, was involved in the installation of refractory products, including those manufactured by APG. Only 22 of approximately 1,200 APG products and mix variations contained asbestos. By 1973, asbestos was removed from all products manufactured or sold by APG with the exception of one relabeled product, Green PC, which was produced until 1976.

Since the 1980s, APG and APG Services have been named as defendants in thousands of asbestos-related personal injury lawsuits. Plaintiffs in these suits generally would assert that they developed diseases caused by exposures to asbestos and/or asbestos-containing products manufactured and/or sold by APG, or installed by APG Services. Over the years, APG and APG Services entered into thousands of settlements with asbestos-related personal injury plaintiffs in an attempt to minimize their losses arising from asbestos-related claims; APG and APG Services also have litigated some cases in which settlements could not be reached or which appeared vulnerable to defense.

Prior to the Petition Date, APG had resolved approximately 203,000 asbestos-related claims, and in doing so expended approximately $448 million in indemnity costs. APG also obtained dismissal without payment of more than 34,000 of asbestos-related claims. Additionally, APG settled or had judgment entered against it in approximately 49,500 asbestos-related claims, in the aggregate amount of $491 million, which amount was unpaid as of the Petition Date. APG Services had expended approximately $5.2 million in indemnity and defense costs in resolving approximately 8,015 asbestos-related claims, and had resolved approximately 10,112 additional asbestos-related claims through dismissals without payments to plaintiffs prior to its bankruptcy filing.

As of the Petition Date, 235,757 asbestos-related claims (including the 49,500 described in the preceding paragraph as having been reduced to a dollar amount owing but remained unpaid) remained pending against APG, and 58,899 asbestos-related claims remained pending against APG Services. APG believes that thousands of additional asbestos-related claims have accrued since the Petition Date, and based upon its knowledge and experience as well as currently available literature, APG estimates that several hundred thousand additional asbestos-related claims will be asserted against it and/or APG Services in the future.

Several of APG's co-defendants in asbestos personal injury suits have filed Claims against APG in its Chapter 11 case. APG has filed objections seeking to have such claims disallowed pursuant to Section 502(e) of the Bankruptcy Code. To the extent such Claims are not disallowed, they will be channeled to the APG Asbestos Trust.

As of the Petition Date, APG was a defendant in approximately 169 "silica-only" claims (claims alleging only silica-related personal injury caused by exposure to an APG product) in state trial court in Texas. None of these claims had been resolved or settled by APG prior to the Petition Date. APG believes that thousands of additional silica-related claims have accrued against it and APG Services since the Petition Date and, based on available information, APG estimates that a significant number of additional silica-related claims will be asserted against it and/or APG Services in the future.

In those cases where a plaintiff's only claim is that he was exposed either to an APG silica-containing product or to a silica-containing product installed by APG Services, the case will be channeled under the GIT Plan as a Silica Trust Claim to the APG Silica Trust. In a "mixed dust" case, in which the plaintiff claims that while working with or near an APG product, he was exposed to dust from that product that contained indistinguishable portions of silica and asbestos, and thereby developed a mixed-dust pneumoconiosis or malignancy, the case will be channeled under the GIT Plan as an Asbestos Trust Claim to the APG Asbestos Trust, and not as a Silica Trust Claim to the APG Silica Trust. A claimant may recover under both the APG Asbestos Trust and APG Silica Trust, provided that he can satisfy the applicable medical and exposure criteria for both an Asbestos Trust Claim and a Silica Trust Claim.

g. APG and APG Services Insurance Assets

APG and APG Services have insurance coverage under several primary comprehensive general liability insurance policies (the "APG Services Policies") that were issued from the 1960s until 1986. These policies were issued to APG Services while APG Services was a wholly-owned Subsidiary of APG. APG itself was named as an additional insured on several of these policies, including certain policies issued by Continental Insurance Company, Great American Insurance Company, Federal Insurance Company, and Royal Insurance Company of America.

The carriers who issued the APG Services Policies disputed their obligations toward APG and APG Services, and have raised questions regarding, among other things, APG's right to coverage under the policies against which APG has made claims. In light of these disputes, both APG and APG Services have filed declaratory judgment actions against their insurance carriers, seeking declarations of their coverage rights and the obligations of the carriers to provide coverage for the asbestos-related operations or products liabilities of APG and APG Services. The cases are entitled A.P. Green Industries, Inc. & A.P. Green Services, Inc. v. Great American Insurance Company, et al., Bankruptcy

Case No. 02-21639, Adversary Proceeding No. 02-2152, and A.P. Green Industries, Inc. & A.P. Green Services, Inc. v. Great American Insurance Company, et al., Bankruptcy Case No. 02-21640, Adversary Proceeding No. 02-2153. Both cases are currently pending in the Bankruptcy Court.

Following the filing of the aforementioned adversary proceedings, the Bankruptcy Court ordered the parties to the cases into mediation. As a result, APG and APG Services reached settlement agreements with each of the carriers for the APG Services Policies (Continental Insurance Company, Great American Insurance Company, Federal Insurance Company and Royal Indemnity Company, successor in interest to Royal Insurance Company of America ("Royal Indemnity"), and The American Insurance Company, a subsidiary of Fireman's Fund Insurance Company ("Fireman's Fund")), which would result in approximately $355 million in payments over time, to be made to the APG Asbestos Trust and/or the APG Silica Trust following the confirmation of the GIT Plan ($12.4 million of this total is pursuant to the settlement with Fireman's Fund which remains subject to approval by the Bankruptcy Court). The exact timing of such payments varies according to the settlement agreements reached with each insurer. For example, the settlement agreement with Great American Insurance Company provides for the payment of (i) $12.3 million in either cash or the stock of its parent company, American Financial Group, as of the Effective Date, and (ii) approximately $173 million over a period of twenty years (in the alternative to the stream of payments, Great American can at its option make a single payment for $110 million, the present value of the installment payments as of the Effective Date). The agreement with Continental Insurance Company provides for the payment of $120 million over a period of ten years, while the agreement with Federal Insurance Company provides for the payment of $26 million over two years and the agreement with Royal Indemnity provides for payment of $11.4 million immediately following the effective date of the GIT Plan. The agreement with Fireman's Fund provides for three annual payments, to be completed by December 15, 2008. In addition, APG reached a settlement agreement with KWELM Management Services Limited which will result in approximately $1 million being shared by the APG Asbestos Trust and the APG Silica Trust. With the exception of the Fireman's Fund settlement, each of these settlement agreements have been approved by the Bankruptcy Court. Pursuant to the settlements reached between APG, APG Services and the APG Services Settled Insurers (and provided that the settlement with Fireman's Fund is approved by the Bankruptcy Court), all claims, counterclaims, cross-claims and third-party claims asserted in the aforementioned adversary proceedings or in the related litigation between APG, APG Services and the APG Services Settled Insurers regarding the APG Services Settled Policies which is pending in the United States District Court for the Southern District of Ohio and is currently stayed, shall be dismissed.

Pursuant to the agreements between APG, APG Services and the APG Services Settled Insurers, those insurers received a full release with respect to all Claims under the APG Services Settled Policies, whether known or unknown, including for silica-related liability Claims, whether or not such claims constitute APG Silica Trust Claims and are subject to the APG Silica Channeling Injunction. Consistent with the releases granted the APG Services Settled Insurers the APG Debtors have agreed to indemnify and hold harmless each of the APG Services Settled Insurers for any "Silica-Related Liability Claim" (as defined in the Royal settlement agreement) asserted against them that is not subject to the APG Silica Channeling Injunction because such claim is allegedly caused by, related to or arising out of silica exposure beginning on or after July 1, 2000, and to further indemnify and hold harmless Royal with respect to any other

"Silica-Related Liability Claim" (as defined in the Royal settlement agreement) asserted against it that is not subject to the APG Silica Channeling Injunction.

Between 1949 and 1999, APG and/or certain of its Subsidiaries obtained insurance coverage under several primary, umbrella and excess liability insurance policies which provide general liability insurance coverage, including coverage for silica-related liabilities, to APG (formerly known as A.P. Green Refractories Company), and/or other APG Debtors. These policies, along with certain policies issued to GIT prior to June 30, 2000, are defined in Exhibit 1 hereto as the "APG Silica Trust Policies." The APG Silica Trust Policies either contain asbestos exclusions or have been exhausted with respect to coverage for asbestos-related liabilities.

The APG Silica Trust Policies can be separated into five general groups. First, for the period from 1949 to 1985, APG's primary insurance policies were issued by Travelers Indemnity Company ("Travelers") or United States Fidelity and Guarantee Insurance Company ("USF&G") while its umbrella coverage and excess coverage was issued by a variety of carriers. The rights associated with these policies include rights for coverage of silica-related liabilities. The stated limits for these APG Silica Trust Policies for a single occurrence based on operations liabilities (exclusive of any insolvent policies, policies where limits for operations claims have been exhausted, and policies which exclude coverage for APG Services) are in excess of $140 million. Second, for the period 1985 to 1993, APG's primary insurance policies were issued by Travelers, and its umbrella and excess coverage was issued by a variety of carriers. The stated limits for these APG Silica Trust Policies for a single occurrence based on products or completed operations liabilities (exclusive of any insolvent policies or policies providing coverage in excess of underlying insolvent policies) is approximately $111.75 million. Third, for the period 1993 to 1999, APG's primary insurance policies were issued by Lumberman's Mutual Casualty Company ("Lumberman's") and its umbrella and excess coverage was issued by a variety of carriers. The stated limits for these APG Silica Trust Policies for a single occurrence, based on products or completed operations liabilities (exclusive of any insolvent policies or policies providing coverage in excess of underlying insolvent policies), is approximately $121 million. Fourth, for the period 1997 to 2000, GIT's primary insurance policies were issued by National Union Fire Insurance Company of Pittsburgh, PA ("National Union") and the American Home Assurance Company. For the policy period beginning in 1999, GIT's umbrella coverage was issued by Lumberman's and its excess coverage was issued by National Union. The stated limits for these APG Silica Trust Policies for a single occurrence, based on products or completed operations liabilities, is approximately $109 million. Fifth, Investors Insurance of America issued primary policies to Lanxide ThermoComposites, Inc. in 1996 and 1997 and to Intogreen Co. in 1996, 1997 and 1998. The stated limits for these APG Silica Trust Policies for a single occurrence, based on products or completed operations liabilities, is approximately $5 million. Several of the APG Silica Trust Policies are subject to self-insured retentions, deductibles, and/or retrospective premiums, the aggregate of which, on a single occurrence basis, is not expected to exceed $7 million.

Since the Petition Date, APG has not collected or received any proceeds from any of the APG Silica Trust Policies for any silica-related liabilities. APG has, however, placed the insurers that issued many of these policies on notice of the silica-related litigation filed against APG prior to the Petition Date. Moreover, A.P. Green has reached a settlement with Fireman's Fund, which remains subject to approval by the Bankruptcy Court, with respect to an excess

liability policy issued by Fireman's Fund's subsidiary, National Surety Company, for the 1985-1986 policy period. This policy, which is defined in Exhibit 1 hereto as the "APG Settled Policy", would have been one of the APG Silica Trust Policies but for the settlement. If approved, the settlement with Fireman's Fund relating to this policy will result in $1.4 million in payments being made to the APG Silica Trust.

Additionally, APG and APG Services hold rights under certain liability insurance policies issued to A.P. Green Refractories Company (now known as APG) between 1977 and 1985 by domestic insurers that are currently insolvent. Prior to their bankruptcy filings, APG and APG Services assigned all of their claims against these insolvent insurance carriers to National Indemnity Company (a Berkshire-Hathaway Corp. company) in exchange for (in part) a share of any future collections received by National Indemnity Company from these insolvent carriers. Included within these policies are the Mission Policies described in Section III.D.3.a hereof. Since the Petition Date, APG has received approximately $8.1 million from National Indemnity Company as a result of its prosecution of the assigned claims.

h. GIT/RHI AG Settlement Agreement

The GIT Debtors and RHI AG Parties (as defined in the GIT/RHI AG Settlement Agreement) entered into the GIT/RHI AG Settlement Agreement to resolve all outstanding issues among them. A copy of the GIT/RHI AG Settlement Agreement, which is incorporated by reference in its entirety, is attached as Exhibit 7 to this Disclosure Statement. The GIT/RHI AG Settlement Agreement provides, among other things, as follows:

- No Objection to GIT Plan. The RHI AG Parties agree not to object to the GIT Plan so long as the GIT Plan is consistent with the GIT/RHI AG Entity Settlement Agreement.
- Waiver of Claims Against GIT Debtors. The RHI AG Parties agree to waive approximately $542.9 million in claims currently scheduled as undisputed claims by the GIT Debtors.
- Cancellation of Equity Interests. Holdings agrees not to object to the cancellation of the Equity Interests in the GIT Debtors upon the Effective Date.
- Letters of Credit. The proof of claim filed by ABN AMRO Bank N.V. ("ABN") in connection with GIT's insurance program will be allowed in full. To the extent a letter of credit issued by ABN is drawn as of the first distribution date, GIT will pay the claim at same recovery rate as paid to other unsecured creditors. To the extent an ABN letter of credit is not drawn as of the first distribution date, GIT will cash collateralize the obligation at the same recovery rate paid to other unsecured creditors. RHI AG will pay ABN the difference between the amount paid by GIT and the amount of its proof of claim.
- Channeling Injunctions in Favor of RHI AG Entities. The RHI AG Entities are to receive the benefit of the permanent channeling injunctions to be issued by the Bankruptcy Court in GIT Plan under Sections 524(g) and 105 and/or other sections of the Bankruptcy Code, to the extent such claims derive through any of the GIT Debtors.

- National Union Guaranty. Reorganized GIT agrees to indemnify RHI AG in connection with a guaranty issued by RHI AG to National Union Fire Insurance Company of Pittsburgh, PA as set forth in Section 4.4 of the GIT/RHI AG Settlement Agreement.

- Tax Sharing. RHI AG and its affiliates may use certain tax benefits of the GIT Debtors prior to the Effective Date of the GIT Plan.

- Operating Agreements. The GIT Debtors agree to assume and amend existing operating commercial agreements upon the Effective Date of the GIT Plan.

- Mutual Releases. The Parties will release each other from any and all claims existing as of the date of the GIT/RHI AG Entity Settlement Agreement and the later consequences thereof, including the release of claims of or behalf of the GIT Debtors under Sections 502, 506, 544, 547, 548, 549, 550, and 553 of the Bankruptcy Code, except for (i) any claims arising after the Petition Date consisting of ordinary-course trade receivables, arising under ordinary-course contracts, or otherwise arising in the ordinary course of the business of the RHI AG Entities and the GIT Debtors and (ii) any rights or obligations under the GIT/RHI AG Entity Settlement Agreement and/or GIT Plan.

The GIT Debtors believe that the GIT/RHI AG Entity Settlement Agreement resolves substantial impediments to the emergence of the GIT Debtors from bankruptcy. In particular, among other things, the GIT/RHI AG Entity Settlement Agreement, in conjunction with the NARCO/RHI AG Entity Settlement Agreement, resolves significant disputes relating to hundreds of millions of dollars in scheduled claims against the Debtors, as well as claims against the Debtors relating to certain letters of credit and a civil penalty imposed by the Federal Trade Commission. In addition, the GIT/RHI AG Entity Settlement Agreement provides for an ongoing business relationship between the RHI AG Parties and the GIT Debtors, a necessary part of the GIT Debtors' business plan and their emergence from bankruptcy.

Litigation over any one of these issues would be costly and protracted, would likely delay confirmation and distributions to creditors, and would pose risks to the estates in the event that unfavorable results are reached. In particular, an unfavorable result in any litigation concerning the validity and treatment of the RHI AG Entities' claims against the GIT Debtors would cause a substantial reduction in funds available for distribution to other general unsecured creditors.

E. COMMERCIAL AGREEMENTS WITH AFFILIATES OF RHI AG

NARCO, H-W, APG and ANH (collectively "ANH") have several commercial agreements with affiliates of RHI AG (collectively "RHI"). RHI manufactures and sells refractory products on a global basis.

These agreements primarily include:

- An agreement pursuant to which ANH produces and sells product to an affiliate of RHI for resale in the U.S.A. to Mittal Steel, the world's largest steel producer. On June 6, 2005, NARCO filed a motion seeking approval of the Mittal Agreement. The NARCO and GIT Creditors Committee

objected. Following notice, significant discovery and an evidentiary hearing, the Bankruptcy Court approved the Mittal Agreement in an Order dated July 7, 2005.

- An agreement whereby ANH produces and sells products to RHI for resale in Canada.
- An agreement whereby RHI toll manufactures products in Canada for ANH to sell in the U.S.A.
- Certain IP agreements.

IV. THE CHAPTER 11 CASES

The following is a general description of the most significant events that have transpired since the Chapter 11 Cases were filed by NARCO and GIT. The Bankruptcy Court docket sets forth a complete list of the pleadings filed in the NARCO and GIT cases. Copies of pleadings may be obtained from or reviewed at the Bankruptcy Court.

A. COMMITTEES AND PROFESSIONALS

1. Debtor Professionals

The Bankruptcy Court authorized the retention of Reed Smith LLP as counsel for the Debtors under a general retainer, and Kroll Zolfo Cooper LLC as bankruptcy consultants and special financial advisors for the Debtors. Since the inception of these bankruptcy cases, the Court has also authorized the retention of additional professionals for the Debtors, including the following: (a) Ernst & Young LLP (tax professionals and accounting advisors); (b) Marcus, Santoro, Kozak & Melvin, PC (special counsel); (c) Mark Kusner Co., LPA (special counsel); (d) Heintzman, Warren, Wise & Fornella (special counsel); (e) Lynn Luker & Associates (special counsel); (f) Dickstein, Shapiro, Morin & Oshinsky, LLP (special insurance coverage counsel); (g) Logan & Company, Inc. (claims, noticing & balloting agent); (h) Connecticut Valley Claims Service Company (special asbestos litigation consultant); (i) Commonwealth Claims Management Associates, Inc. (special asbestos litigation consultant); (j) Roland Berger (operational consultant); (k) Brooks Group (operational consultant); (l) Harry Davis & Company (auctioneer); (m) Supply Chain Alliance (supply chain consultant); (n) Towers, Perrin, Forster & Crosby, Inc. (actuarial consultants), (o) Property Assessment Advisors, Inc. (property tax consultants) and (p) John T. Boyd Company (consultant and expert witness).

2. NARCO Committees and Professionals

The United States Trustee appointed the NARCO Creditors Committee on January 28, 2002. Its members are the following creditors: Towns Brothers Construction Co., Inc.; C.E. Minerals, Inc.; Dynea USA Inc./Neste Resins Corp.; Alcoa, Inc.; Toshiba; Possehl, Inc.; United Steelworkers of America; Amerada Hess Corporation; and Continental Mineral Processing Corp. The Bankruptcy Court authorized the retention of McGuire Woods, LLP, as counsel to the NARCO Creditors Committee and KPMG, LLP, as its financial advisor.

The United States Trustee appointed the NARCO Asbestos Claimants Committee on January 28, 2002. Its members are: Lawson Bergeron, c/o Steven T. Baron, Esq., Silber Pearlman, LLP; Sandra Gay Harper, c/o Alan Rich, Esq., Baron & Budd; The Estate of David Barnett, c/o Thomas Wilson, Esq., Kelley & Ferraro, L.L.P.; James A. Price, Jr. c/o Guy G. Fisher, Esq., Provost Umphrey, L.L.P.; William Benford, c/o Glenn W. Morgan, Esq., Reaud, Morgan &

Quinn; William Weaver, c/o Alan Kellman, Esq., The Jaques Admiralty Law Firm, P.C.; Helen Wycoff, c/o Mark Meyer, Esq., Goldberg, Persky, Jennings & White, P.C.; Clarence Pruitt, c/o Joseph F. Rice, Esq., Motley Rice LLC; Vincent DePalma, c/o Anthony Marshall, Esq., Kaeske-Reeves LLP; Janet Plantin, c/o Lisa N. Busch, Esq., Weitz & Luxemberg, P.C.; and Diana Lynne Harden, c/o Steven Kazan, Esq., Kazan, McClain, Edises Abrams Fernandez Lyons & Farrise.

The Bankruptcy Court authorized the retention of the following professionals by the NARCO Asbestos Claimants Committee: (a) Caplin & Drysdale, Chartered (legal counsel); (b) Campbell & Levine, LLC (legal counsel); (c) L. Tersigni Consulting, PC (financial advisor); (d) Legal Analysis Systems, Inc. (asbestos-related bodily injury consultant); and (e) Professor Elizabeth Warren (consultant to Caplin & Drysdale).

3. NARCO Futures Claimants Representative

In order to confirm a plan of reorganization implementing a channeling injunction under Section 524(g) of the Bankruptcy Code, it is necessary to appoint a legal representative of persons who may have asbestos-related demands against the NARCO Debtors arising in the future. The Bankruptcy Court appointed Lawrence Fitzpatrick as the legal representative for the future holders of Asbestos Trust Claims against the NARCO Debtors. The Bankruptcy Court has further authorized Mr. Fitzpatrick to retain the following professionals: (a) Young Conaway Stargatt & Taylor LLP (legal counsel); (b) Meyer, Unkovic & Scott LLP (legal counsel); (c) Analysis Research Planning Corp. (claims evaluation consultant); and (d) Bederson & Company, LLP (special financial advisors).

4. GIT Committees and Professionals

The United States Trustee appointed the GIT Creditors Committee on March 27, 2002. Its members are Toyal America, Inc.; Elkem Materials, Inc.; DAMREC; CE Minerals, Inc.; John A. Castilano; Heidelberger Calcium Aluminates, Inc.; Winthrop Management LLC; JP Morgan Trust Company, National Association, Institutional Trust Services; and Anthony Baggetta. The Bankruptcy Court authorized the retention of McGuire Woods, LLP, as counsel to the GIT Creditors Committee and KPMG, LLP, as its financial advisor.

The United States Trustee appointed the GIT Asbestos Claimants Committee on March 15, 2002. Its members are: Lawson Bergeron, c/o Steven T. Baron Esq., Silber Pearlman, LLP; Elmer Hill, c/o Bergman, Senn, Pagaler & Frock; The Estate of David Barnett, c/o Thomas Wilson, Esq., Kelley & Ferraro, L.L.P.; Janet Plantin, c/o Lisa N. Busch, Esq., Weitz & Luxemberg, P.C.; Herbert Smith, c/o Williams Bailey Law Firm L.L.P.; Debbie Baar, Special Administrator of the Estate of Walter Baar, III, c/o Cooney and Conway; Helen Wycoff c/o Mark Meyer, Esq., Goldberg, Persky, Jennings & White, P.C.; Clarence Pruitt, c/o Joseph F. Rice, Esq., Motley Rice LLC; Charlie A. Bishop, c/o Law Offices of Robert Pritchard; Diana Lynne Harden, c/o Steven Kazan, Esq., Kazan McClain Edises Abrams Fernandez; and Antonio Colella, c/o Law Offices of Peter G. Angelos.

The Bankruptcy Court authorized the retention of the following professionals by the GIT Asbestos Claimants Committee: (a) Caplin & Drysdale, Chartered (legal counsel); (b) Campbell & Levine, LLC (local counsel); (c) L. Tersigni Consulting, PC (financial advisor); (d) Legal Analysis Systems, Inc. (asbestos-related bodily injury consultant); (e) Professor Elizabeth Warren (consultant to Caplin & Drysdale); and (f) Anderson Kill & Olick, P.C. (special insurance coverage counsel).

5. APG Asbestos and Silica Future Claimants Representatives

Asbestos. In order to confirm a plan of reorganization implementing a channeling injunction under Section 524(g) of the Bankruptcy Code, it is necessary to appoint a legal representative for the purpose of protecting the rights of persons who might in the future assert asbestos-related demands. The Bankruptcy Court appointed Lawrence Fitzpatrick as the legal representative of persons who may have asbestos-related demands against GIT and the APG Debtors. The Bankruptcy Court has further authorized Mr. Fitzpatrick to retain the following professionals: (a) Young Conaway Stargatt & Taylor LLP (legal counsel); (b) Meyer, Unkovic & Scott LLP (legal counsel); (c) Analysis Research & Planning Corp. (claims evaluation consultant); and (d) Bederson & Company, LLP (special financial advisors).

Silica. The Bankruptcy Court appointed Philip A. Pahigian as the legal representative of persons who may have silica-related demands against GIT and the APG Debtors. The Bankruptcy Court has further authorized Mr. Pahigian's retention of the following professionals to assist in this case: (a) Sherrard German & Kelly P.C. (legal counsel); (b) Kenneth E. Lehrer (statistical consultant); and (c) Meyer, Unkovic & Scott LLP (special insurance coverage counsel).

B. INJUNCTIONS PREVENTING ACTIONS AGAINST DII AND HONEYWELL

Simultaneous with the filing of their respective bankruptcy cases, the Debtors filed in both the NARCO and GIT cases a Complaint for Declaratory and Injunctive Relief and a Motion for Temporary Restraining Order and for Preliminary Injunction, wherein they sought a declaration by the Bankruptcy Court that pursuant to Sections 362(a)(1) and (a)(3) of the Bankruptcy Code, the automatic stay should be extended to prevent the initiation and continued prosecution of asbestos cases, related to products manufactured and sold by the Debtors, and their predecessors, against Honeywell and DII (the "Pending Actions") during the pendency of the Chapter 11 Cases. As an alternative theory, the Debtors sought to enjoin prosecution of the Pending Actions pursuant to Section 105 of the Bankruptcy Code.

The Bankruptcy Court entered a temporary restraining order enjoining the continuation or commencement of Pending Actions (specifically including asbestos) against Honeywell on January 4, 2002. A similar order was entered in favor of DII on February 14, 2002. The order has been extended by the Bankruptcy Court with the consent of the parties and remain in full force and effect. On the Effective Date, that injunction will be dismissed.

The Bankruptcy Court also entered a temporary restraining order enjoining the continuation or commencement of Pending Actions (specifically including asbestos) against DII on February 14, 2002. The order was extended by the Bankruptcy Court with the consent of the parties until September 30, 2003. In light of the confirmation of the DII Plan (and the issuance of Section 105(a) and 524(g) Channeling Injunctions in favor of DII), H-W filed a motion to dismiss the Complaint for Declaratory and Injunctive Relief as moot on March 9, 2005. The Bankruptcy Court entered an order granting that motion on April 7, 2005.

C. SIGNIFICANT ORDERS ENTERED DURING THE PENDENCY OF THE CASES

1. First Day Orders

On their respective Petition Dates, the Debtors filed several motions seeking relief from the Bankruptcy Court to ensure a seamless transition between the Debtors' prepetition and postpetition business operations. In essence,

these motions sought Bankruptcy Court approval for normal business conduct that may not be specifically authorized under the Bankruptcy Code, or as to which the Bankruptcy Code requires prior approval. After conducting a hearing, the Bankruptcy Court entered several "first-day" orders in the NARCO cases on January 9, 2002 and related orders were entered in the GIT cases on February 20 and March 22, 2002 (except as otherwise provided below). This included the following orders which authorized, among other things:

Joint Administration. To promote efficiency and eliminate confusion, the Bankruptcy Court entered an order to jointly administer the Debtors' bankruptcy cases. Because of these orders, the pleadings for each of the NARCO Debtors can be found under the docket for Case No. 02-20198, while Case No. 02-21626 contains the filings for all matters related to the GIT Debtors. The joint administration orders consolidated the cases for procedural purposes only, and do not constitute a substantive consolidation of the Debtors' estates.

DIP Financing. By interim order dated January 9, 2002 and a final order entered February 13, 2002, NARCO was authorized to execute a credit agreement for a revolving credit facility in the aggregate principal amount of $20 million facility with Jan 2002 Funding, LLC, an affiliate of Honeywell (i.e., the NARCO DIP Facility). Certain GIT Debtors were also authorized to enter into a revolving credit facility with DII in the aggregate principal amount of $35 million (i.e., the DII DIP Facility). The DII DIP Facility was approved by an interim order dated February 22, 2002 and a final order dated June 4, 2002. In both instances, the DIP lender was granted a superpriority claim pursuant to 11 U.S.C. §364(c)(1) and postpetition liens in, among other things, the Debtors' cash collateral, inventory, and accounts receivable pursuant to 11 U.S.C. §364(c)(2). As described in the NARCO/Honeywell Settlement Agreement and GIT/DII Settlement Agreements, such agreements provide for the forgiveness of repayment of principal, interest and fees if certain conditions are satisfied. The obligations of the GIT Debtors under the DII DIP Facility have been forgiven pursuant to the GIT/DII Settlement Agreement.

Cash Management. The Debtors were authorized to maintain their existing bank accounts and to operate their cash management system substantially as it existed prior to the Petition Date.

Employee Wages. The Debtors were authorized to pay prepetition employee wages, salaries, benefits and other obligations in the ordinary course of business. Pursuant to such authorization, the Debtors have paid all Priority Claims for wages, salaries, benefits and other obligations. Accordingly, there are currently no such Priority Claims outstanding.

Utility Order. The Court established procedures to ensure that utilities could not terminate service to the Debtors on account of unpaid prepetition invoices. The procedures also address requests for additional adequate assurance by utility companies during the pendency of the Chapter 11 Case.

2. General Operating Orders

Through the course of the Debtors' bankruptcy proceedings, additional authorization from the Bankruptcy Court was necessary to facilitate the operation of the Debtors' businesses. The relief provided in these orders has been wide ranging, and includes, among other things, the following:

Shutdown of Manufacturing Facilities. In the course of its reorganization analysis, the Debtors determined that certain production facilities were no longer profitable and therefore made the decision to close those facilities. Before operations could be terminated, however, it was necessary for the Debtors to engage in negotiations with certain labor unions to terminate their collective bargaining agreements for each closed facility. The Bankruptcy Court authorized the execution of Shutdown Agreements for the Tri-Star facility in Cincinnati, Ohio on April 26, 2002, the NARCO facilities in Ione/Indian Hill, California on June 4, 2002, and the APG facility in Mexico, Missouri on June 4, 2002.

Intercompany Transactions. Prior to the Petition Date, the Debtors frequently engaged in intercompany transactions with affiliates and related parties through the ordinary course of their businesses. Specifically, the management of the Debtors' three main operating companies was consolidated into one entity, RHI Services, Inc. (a/k/a ANH Refractories Company), which would provide administrative services in exchange for management fees. Through orders of the Bankruptcy Court dated March 5, 2002 and April 11, 2002, the NARCO debtors were authorized to continue ordinary course transactions with their affiliates provided that, among other things, the Debtors produce monthly reports of such transactions and a quarterly budget of all anticipated payments to ANH. A similar order was entered on behalf of the GIT debtors on June 4, 2002 and requires monthly consolidated operating reports for the NARCO and GIT cases, as well as a separate monthly operating report for ANH. Subsequent orders have extended the time by which the Debtors can engage in such intercompany transactions.

Name Change to ANH Refractories Company. As noted above, RHI Services, Inc. provided certain administrative and management support services for the Debtors' operating companies. In an effort to capitalize on the strength of the APG, NARCO, and H-W brand names, the Debtors filed a motion seeking authorization to change the name of RHI Services, Inc. to ANH Refractories Company. The Bankruptcy Court granted this request through an order dated August 20, 2002.

Rejection of Certain Unexpired Nonresidential Real Property Leases and Executory Contracts. Through several orders entered in these cases, the Debtors have occasionally obtained Bankruptcy Court authorization to reject certain unexpired leases of nonresidential real property and to reject certain executory contracts. In every instance, the Debtors determined that such leases and contracts were no longer beneficial to the bankruptcy estate.

3. Disposition of Assets

Since the Petition Date, the Debtors have generated $12.0 million to $13.3 million (depending on collection of future payments) from the sale of certain operations, real property and equipment and machinery which are no longer necessary in the operation of their businesses. Each sale of the following real property, and in certain instances, related assets, was separately authorized by the Court after a hearing in which prospective purchasers were given an opportunity to submit higher and better offers: (i) Calloway County, Missouri ($0.1 million for H-W); (ii) Mexico, Missouri – guest house only ($1.3 million for APG); (iii) Bessemer, Alabama ($0.1 million for APG); (iv) New Savage, Maryland ($1.0 million for H-W); (v) Calhoun, Georgia ($0.5 million for H-W); (vi) Sulphur Springs, Texas ($0.25 million for APG); (vii) Gary, Indiana ($0.23 million for APG Refractories); (viii) Ellisville, Mississippi ($0.212 million for Detrick); (ix) Mexico, Missouri ($0.08 million for APG Development); (x) Bartow, Florida ($0.4 million for APG

Services); (xi) Cincinnati, Ohio ($1.6 million for NARCO); (xii) Marion, Ohio ($0.023 million for TMPSC); Hile, Maryland ($1.9 million for H-W); and Womelsdorf, Pennsylvania ($225 thousand for NARCO).

By order dated April 26, 2002, the Court established procedures by which the Debtors could conduct sales of certain de minimis items and other assets. In a separate order, the Bankruptcy Court also authorized the retention of Harry Davis & Company LP ("Harry Davis") as auctioneer for the Debtors. In collaboration with Harry Davis, the Debtors conducted four separate auctions of personal property and equipment at their facilities in Middletown, Pennsylvania (net proceeds of $0.1 million after expenses and fees for APG); Ione/Indian Hill, California ($0.2 million for NARCO); Cincinnati, Ohio ($0.4 million for NARCO and Tri-Star); and Womelsdorf, Pennsylvania ($0.8 million for NARCO). The Debtors have also periodically sold equipment through private sale when warranted by the circumstances.

By order dated January 21, 2004 (the "CTI Order"), the Court established procedures by which the GIT Debtors could conduct an auction for the sale of the CTI Business (as defined in the CTI Order). After soliciting purchase offers from interested parties, two entities, CTI Acquisition LLC ("CTI Acquisition") and Ancor N.A., Inc. ("Ancor") were qualified to participate in the auction. The GIT Debtors conducted the auction at the offices of Reed Smith, LLP. After the auction process, CTI Acquisition was determined to have the successful bid, with cash to be paid at closing of $1.8 million, plus potential deferred payments of $1.95 million over a 5 year period (subject to various credits against certain deferred payments), and security for various payments $500,000 in letters of credit, $1.45 million personal guaranty of one of the principals of CTI Acquisition, and a pledge of the shares and interest of CTI Acquisition and the acquired shares). The closing occurred as of March 31, 2004 and a report of sale was made to the Bankruptcy Court.

4. Recovery of Insurance Assets

Prior to their bankruptcy filings, both NARCO and H-W counted proceeds from certain insurance policies as among their largest assets, especially with respect to their asbestos-related liabilities. Through its bankruptcy cases, however, NARCO has crafted a resolution of its asbestos-related liabilities with the cooperation of Honeywell, whereby Honeywell will principally fund NARCO's asbestos-related liabilities and NARCO will forgo any attempt to recover insurance proceeds for these liabilities. Similarly, H-W has agreed to release and/or assign its interests in insurance coverage for its historic asbestos- and silica-related liabilities to DII, in exchange for DII's agreement to channel H-W's asbestos- and silica-related liabilities into the asbestos and silica trusts created in the DII Plan.

Proceeds from certain insurance policies remain some of the largest assets available to APG's bankruptcy estate. APG has pursued these assets throughout its bankruptcy proceeding, and has engaged in mediation sessions with most of the insurance carriers that issued APG Services policies providing coverage for asbestos- and silica-related liabilities in an effort to resolve disputes and generate funding for the APG Asbestos Trust and APG Silica Trust. To date, APG and APG Services have been successful in reaching settlements with a number of insurers. In particular, the Bankruptcy Court approved a $26 million settlement agreement with Federal Insurance Company on December 2, 2002, and a $1 million settlement with KWELM Management Service Limited was authorized on February 12, 2003. Both settlements involved policies insuring APG and APG Services. On August 18, 2003, the Bankruptcy Court also approved settlement agreements between APG and APG Services and Continental Insurance Company and Great American Insurance Company, which agreements will result in payments of approximately $305 million over time to the APG

Asbestos Trust and the APG Silica Trust. On April 15, 2005, the Bankruptcy Court approved a settlement agreement with Royal Indemnity which will result in payment of an additional $11.4 million to the APG Asbestos Trust and the APG Silica Trust. A settlement has also been reached with Fireman's Fund relating to a policy issued to APG and a policy issued to APG Services. Pursuant to the settlement, which remains subject to approval by the Bankruptcy Court, $13.8 million will be paid to the APG Asbestos Trust and APG Silica Trust. Negotiations with various other insurance carriers are ongoing. It is possible that insurance carriers could dispute or deny coverage with respect to silica related claims.

Pacific Employers Insurance Company ("PEIC") provided workers compensation coverage to the Debtors under a policy in effect from June 2000 to June 2002. PEIC has contended that this policy is an executory contract that must be assumed in order to preserve coverage. The Debtors have disputed that contention. The issue will be submitted to the Bankruptcy Court, and if the Bankruptcy Court determines that the policy is an executory contract the Debtors will assume it. The estimated additional cost to the Debtors of assuming the policy would be about $40,000, which would not have a material effect on the Debtors or their estates.

5. Extensions of Exclusivity

Pursuant to Section 1121(b) of the Bankruptcy Code, only the debtor may file a plan during the first 120 days of a Chapter 11 case. This is sometimes referred to as the "exclusivity period." A bankruptcy court may extend the exclusivity period for cause. In a series of orders, the Bankruptcy Court has extended the Debtor's exclusivity period for both the NARCO Debtors and the GIT Debtors and the Debtors' exclusive right to solicit acceptance of each Plan.

6. Claims Bar Date

On October 11 and 18, 2002, the Bankruptcy Court entered Bar Date Orders establishing the general deadline for filing proofs of claim against the Debtors (the "Bar Date"). The deadline established by the Bankruptcy Court in both cases was February 28, 2003. The Bar Date does not apply to asbestos claims, silica claims, or certain claims related to the rejection of certain executory contracts. Notice of the Bar Date was served on all creditors listed on the Debtors' matrices and schedules, all persons requesting notice, and all known asbestos co-defendants. Notice of the Bar Date was also posted on the Debtors' website, www.rhireorg.com, and was published twice during the week of November 11, 2002 in the Wall Street Journal, the New York Times, and USA Today.

V. SUMMARY OF TREATMENT OF LIABILITIES AND CLAIMS AGAINST THE DEBTORS

A description of asbestos-related claims and silica-related claims against the Debtors is contained in Section III of this Disclosure Statement. A summary of certain other claims is set forth in this Section V.

A. LIABILITIES OF AND CLAIMS AGAINST THE NARCO DEBTORS

Administrative Expense Claims. The Administrative Expense Claims against the NARCO Debtors consist of trade payables and accrued expenses incurred after the Petition Date in the normal course of operations. Trade payable obligations and certain accrued expenses arise from raw material purchases, manufacturing facility operations and maintenance costs, employee compensation and benefits, etc. The NARCO Debtors will pay these obligations pursuant to their original terms, in the normal course of operations. Administrative Expense Claims against the NARCO Debtors also

include unpaid professional fees incurred in the reorganization and bankruptcy process after the Petition Date. Allowed NARCO Administrative Expense Claims for professional fees will be paid in full in Cash in an amount equal to the unpaid portion of the Allowed Amount of such claim (i) on the Effective Date or (ii) upon such other terms as may be agreed upon by the holder of such Allowed NARCO Administrative Expense Claim for professional fees.

Priority Claims. The NARCO Debtors believes that substantially all employee wage and benefit claims entitled to priority pursuant to Sections 507(a)(3) and (4) of the Bankruptcy Code have been paid pursuant to a first day order of the Bankruptcy Court. Any such Claims remaining will be paid in full on, or as soon as practical after, the Effective Date. The NARCO Debtors' Priority Claims consist primarily of unpaid property, sales, income and franchise taxes entitled to priority under Section 507(a) and (c) in the estimated amount of $0.8 million. All Allowed Priority Claims will be paid in full on the Effective Date or in defined payments as permitted by the Bankruptcy Code.

General Unsecured Claims. The NARCO Plan incorporates the substantive consolidation of NARCO and the NARCO-Affiliated Debtors' assets and liabilities with respect to the treatment of General Unsecured Claims. See Section VI.A. below. General Unsecured Claims against NARCO and the NARCO-Affiliated Debtors consist of all unsecured claims not included in any other described category or Class of claims, including but not limited to (i) trade payables and accrued expenses incurred prior to the Petition Date; (ii) damages from the rejection of prepetition executory contracts and leases; (iii) damages from non-mass tort litigation; and (iv) other prepetition obligations including customer warranties and deposits, outstanding checks and commissions. The NARCO General Unsecured Claims also include a claim that has been asserted by Honeywell. NARCO disputes such Claim. Honeywell's claim will be resolved pursuant to the NARCO/Honeywell Settlement Agreement, which requires it to be withdrawn on the Effective Date of the NARCO Plan. The Allowed General Unsecured Claims against NARCO and the NARCO-Affiliated Debtors is estimated by NARCO and the NARCO-Affiliated Debtors to be in the amount of $20-22 million and will be treated as provided in Part C of this Section V.

Secured Claims. Honeywell provided NARCO a $20 million debtor-in-possession credit facility secured by liens on the accounts receivable and inventory of NARCO at its Petition Date (the "NARCO DIP Facility"). Draws to date under the NARCO DIP Facility total $2.7 million. As part of the NARCO Plan, NARCO will draw the remaining $17.3 million available under the NARCO DIP Facility, and in partial consideration for the NARCO Channeling Injunction Honeywell will waive any rights to repayment of principal or interest evidenced by such facility. Other than the NARCO DIP facility, NARCO has no other significant Secured Claims or financing-type lease agreements.

B. LIABILITIES OF AND CLAIMS AGAINST THE GIT DEBTORS.

Administrative Expense Claims. The Administrative Expense Claims against the GIT Debtors consist of trade payables and accrued expenses incurred after the Petition Date in the normal course of operations. Trade payable obligations and certain accrued expenses arose from raw material purchases, manufacturing facility operating and maintenance costs, employee compensation and benefits, etc. The GIT Debtors will pay these obligations pursuant to their original terms, in the normal course of operations.

Administrative Expense Claims against the GIT Debtors also include unpaid professional fees incurred in the reorganization and bankruptcy process after the Petition Date. Allowed Administrative Expense Claims against the GIT Debtors for professional fees will be paid in full in Cash in an amount equal to the unpaid portion of the Allowed Amount of such claim (i) on the Effective Date or (ii) upon such other terms as may be agreed upon by the holder of such Allowed Administrative Expense Claim for professional fees. The estimated percentage recovery for these Claims is 100% of the Allowed Amount.

Priority Claims. The GIT Debtors believe that substantially all employee wage and benefit claims entitled to priority pursuant to Sections 507(a)(3) and (4) of the Bankruptcy Code have been paid pursuant to a first day order of the Bankruptcy Court. Priority Claims against the GIT Debtors consist primarily of unpaid taxes entitled to priority under Section 507(a) and (c) of the Bankruptcy Code. Such Claims, in the anticipated amount of $1.8 million, will be paid in full on the Effective Date or in deferred payments as permitted by the Bankruptcy Code.

General Unsecured Claims. The GIT Plan incorporates the substantive consolidation of GIT and the GIT-Affiliated Debtors' assets and liabilities with respect to the treatment of General Unsecured Claims. See Section VI.A. below. General Unsecured Claims against GIT and the GIT-Affiliated Debtors consist of all unsecured claims not included in any other described category or Class of Claims, including but not limited to (i) trade payables and accrued expenses incurred prior to the Petition Date; (ii) damages from the rejection of prepetition executory contracts and leases; (iii) damages from non-mass tort litigation; (iv) other prepetition obligations including customer warranties and deposits, outstanding checks and commissions, and (iv) unsecured claims under non-IRS qualified supplemental pension plans. The Allowed General Unsecured Claims against GIT and the GIT-Affiliated Debtors is estimated by GIT and the GIT-Affiliated Debtors to be in the amount of $35-57 million and will be treated as provided in Part C of this Section V.

C. SETTLEMENT REGARDING TREATMENT OF GENERAL UNSECURED CLAIMS AGAINST THE NARCO AND GIT DEBTORS.

NARCO and the NARCO-Affiliated Debtors and the Creditors Committees have agreed in the NARCO Plan: 1.) for the cash payment by NARCO and the NARCO-Affiliated Debtors on the Effective Date to each holder of a Class 3-A Claim of an amount equal to 90% of the Allowed Amount of such Class 3-A Claim against NARCO and/or the NARCO-Affiliated Debtors in consideration for 2.) the Creditors Committees' support of the NARCO Plan. GIT and the GIT-Affiliated Debtors and the Creditors Committees have agreed in the GIT Plan: 1.) for the cash payment by GIT and the GIT-Affiliated Debtors on the Effective Date to each holder of a Class 3-A Claim of an amount equal to 90% of the Allowed Amount of such Class 3-A Claim against GIT and/or the GIT-Affiliated Debtors in consideration for 2.) the Creditors Committees' support of the GIT Plan. In making such agreement NARCO and the NARCO-Affiliated Debtors have estimated that the total amount of Class 3-A Claims against the NARCO and the NARCO-Affiliated Debtors do not exceed $22 million and GIT and the GIT-Affiliated Debtors have estimated that the total amount of Class 3-A Claims against GIT and the GIT-Affiliated Debtors do not exceed $57 million. To the extent that the Allowed Amounts of Class 3-A Claims against NARCO and the NARCO-Affiliated Debtors and GIT and the GIT-Affiliated Debtors exceed such estimates, NARCO and the NARCO-Affiliated Debtors and GIT and the GIT-Affiliated Debtors will not be able to make cash payments equal to 90% of the Allowed Amounts of Class 3-A Claims under the NARCO Plan and/or the GIT Plan

and this could result in the NARCO Plan and the GIT Plan not being confirmed. Further, to the extent the Confirmation Order is not entered by May 30, 2006, this 90% treatment of Class 3-A Claims by NARCO and the NARCO-Affiliated Debtors and GIT and the GIT-Affiliated Debtors and the Creditors Committees' support of the NARCO Plan and the GIT Plan shall be deemed withdrawn. Further, this 90% treatment shall not be modified under Article 8 by NARCO and the NARCO-Affiliated Debtors and/or by GIT and the GIT-Affiliated Debtors prior to the entry of the Confirmation Order without the consent of the Creditors Committees which shall not be unreasonably withheld. In addition to other conditions set forth in Article 9 and other provisions of the NARCO Plan and the GIT Plan, including the consummation of the NARCO/Honeywell Settlement Agreement and the funding and forgiveness by Honeywell of, *inter alia*, the NARCO-DIP Facility, the 90% treatment of Class 3-A Claims by NARCO and the NARCO-Affiliated Debtors and by GIT and the GIT-Affiliated Debtors is further conditioned upon finalizing of a $75 million exit financing facility on or before the Confirmation Date.

VI. METHODS FOR TREATMENT UNDER BOTH PLANS

A. PARTIAL SUBSTANTIVE CONSOLIDATION

The NARCO Plan incorporates the substantive consolidation of the NARCO Debtors' assets and liabilities with respect to the treatment of General Unsecured Claims. Likewise, the GIT Plan incorporates the substantive consolidation of the GIT Debtors' assets and liabilities with respect to the treatment of General Unsecured Claims. Substantive consolidation means that the assets and liabilities of the NARCO Debtors under the NARCO Plan and the GIT Debtors under the GIT Plan will be pooled in the respective Plans and all of the holders of General Unsecured Claims against the NARCO Debtors or GIT Debtors, as the case may be, will share in the common pool created under the NARCO Plan or GIT Plan. If the respective Debtors' estates were not substantively consolidated, it would be necessary to have separate plans of reorganization for each NARCO Debtor and each GIT Debtor with respect to the treatment of General Unsecured Claims, with each holder of a General Unsecured Claim receiving a distribution from the Debtor with which the particular creditor did business. Substantive consolidation of the NARCO Debtors' estates is necessary with respect to the treatment of General Unsecured Claims because the NARCO Debtors have operated and continue to operate as a single business enterprise and have no reliable or reasonable means of separating their assets and liabilities by individual Debtor in order to formulate individual plans of reorganization to handle the treatment of General Unsecured Claims in their case. Similarly, the GIT Debtors have operated and continue to operate as a single business enterprise and have no reliable or reasonable means of separating their assets and liabilities by individual Debtor in order to formulate individual plans of reorganization to handle the treatment of General Unsecured Claims in their case. Moreover, a substantial majority of each Debtor's general unsecured creditors would similarly be unable to identify the particular Debtors with which they did business. Substantive consolidation is an equitable remedy that must be approved by the Bankruptcy Court. Accordingly, the Plans constitute each Debtor's motion for the substantive consolidation of their estates with respect to General Unsecured Claims.

The Debtors' Plans will not be substantively consolidated for any purpose other than the treatment of General Unsecured Claims in each Plan. For instance, the Debtors will not be substantively consolidated with respect to the treatment of Asbestos Claims or Silica Claims. Such claims are uniquely related to certain Debtors in time and place

and will be treated under the NARCO Asbestos Trust, APG Asbestos Trust, APG Silica Trust, DII Asbestos Trust or DII Silica Trust, as applicable, in accordance with the trust agreements and trust distribution procedures related to each trust. As such, the Debtors may be considered to be "partially substantively consolidated" under the Plans.

Substantive consolidation is an equitable remedy that courts will employ under certain circumstances to promote fairness to all creditors as a group. The substantive consolidation of two or more entities typically affects the rights of creditors as they relate to individual debtors and debtor groups. For instance, substantively consolidating a debtor having substantial assets with a debtor having little or no assets will substantially benefit creditors of the latter entity, but at the expense of the creditors of the former entity. Another potential impact on creditors from the substantive consolidation of affiliated entities is the likely elimination of any intercompany obligations or liabilities among the consolidated entities. Similarly, a creditor holding a guaranty claim against an entity that is substantively consolidated with the primary obligor on the guaranteed debt would likely lose the guaranty claim in favor of a single claim against the consolidated entity.

The Debtors believe that substantive consolidation of their assets and liabilities with respect to General Unsecured Claims is critical to the successful conclusion of these Bankruptcy Cases. The Debtors would have to spend considerable time and expense and employ innumerable speculative assumptions in order to attempt a complete separation of their business relationships and operations with each other and with individual creditors, unnecessarily consuming Debtors' employees' time and energies. Perhaps more importantly, substantive consolidation is also necessary to remain consistent with the expectations of Debtors' creditors, who largely dealt with Debtors as a single economic enterprise and not as a fractured affiliation of multiple separate companies. Substantive consolidation is necessary to treat fairly the creditors in a plan of reorganization by acknowledging the economic reality with which they did business.

Substantive consolidation of the Debtors' estates is critical to the Debtors' successful reorganization and effectiveness of the Plans. The NARCO Debtors have historically operated as a single economic enterprise and few creditors even dealt with the NARCO Debtors in any other way. Likewise, the GIT Debtors have historically operated as a single economic enterprise and few creditors even dealt with the GIT Debtors in any other way. The NARCO Debtors' and GIT Debtors' respective financial management, organizational structure, and corporate governance procedures described above fit easily within the multitude of criteria cited by courts for decades to justify substantive consolidation. No prejudice will result from substantively consolidating the NARCO Debtors' or GIT Debtors' estates, since few creditors relied on the individual assets of a particular Debtor in extending credit or doing regular business. Because the Debtors' creditors knowingly dealt with the unified business enterprise, creditors will receive exactly what they expect – payment from the consolidated NARCO Debtors or GIT Debtors under the applicable Plan. Even if prejudice were to result with regard to a particular creditor, the costs to all other creditors, the greater harm to the estates arising from the Debtors' inability to propose viable plans of reorganization, would clearly outweigh such prejudice.

As a result of the substantive consolidation of all NARCO Debtors under the NARCO Plan and GIT Debtors under the GIT Plan with respect to General Unsecured Claims, (a) each NARCO bankruptcy case will be deemed to be one consolidated case for purposes of the treatment of General Unsecured Claims in the NARCO Plan and each GIT bankruptcy case will be deemed to be one consolidated case for purposes of the treatment of General Unsecured Claims in

the GIT Plan; (b) all property of any of the NARCO Debtors will be deemed to be property of a consolidated entity consisting of all NARCO Debtors and all property of any of the GIT Debtors will be deemed to be property of a consolidated entity consisting of all GIT Debtors; (c) all General Unsecured Claims against any NARCO Debtor will be deemed to be a Claim against a consolidated entity consisting of all NARCO Debtors, and any proof of claim filed against one or more of the NARCO Debtors will be deemed to have been filed against the consolidated entity unless otherwise provided in the NARCO Plan and all General Unsecured Claims against any GIT Debtor will be deemed to be a Claim against a consolidated entity consisting of all GIT Debtors, and any proof of claim filed against one or more of the GIT Debtors will be deemed to have been filed against the consolidated entity unless otherwise provided in the GIT Plan; (d) all Equity Interests in any Debtor will be ignored, other than the equity interests in Reorganized GIT (which will be cancelled and issued to Reorganized ANH), the equity interests in Reorganized NARCO (which will be cancelled and issued to Reorganized ANH), the equity interests in Reorganized ANH (which will be cancelled and issued to the NARCO Asbestos Trust and APG Asbestos Trust) and all Equity Interests in any Debtor held by any RHI AG Entity (which will be cancelled under the Plans); (e) all intercompany Claims by and among Debtors will be ignored; (f) all guarantees, if any, by one Debtor in favor of any other Debtors will be eliminated; and (g) for purposes of determining the availability of the right of setoff under Section 553 of the Bankruptcy Code, the NARCO Debtors will be treated as one entity and the GIT Debtors will be treated as one entity so that, subject to the provisions of Section 553, debts due to any NARCO Debtor from any other NARCO Debtor may be set off against the debts of such NARCO Debtor due to any other NARCO Debtors and debts due to any GIT Debtor from any other GIT Debtor may be set off against the debts of such GIT Debtor due to any other GIT Debtor. Substantive consolidation will not merge or otherwise affect the separate legal existence of each Debtor for licensing, regulatory or other purposes, other than with respect to distribution rights under this Plan. Moreover, substantive consolidation will have no effect on valid, enforceable and unavoidable Liens, except for Liens that secure a Claim that is eliminated by virtue of substantive consolidation and Liens against collateral that ceases to exist by virtue of substantive consolidation. Furthermore, substantive consolidation will not create a Claim in a Class different from the Class in which a Claim would have been placed in the absence of substantive consolidation.

Accordingly, the Plan Proponents will ask that the Bankruptcy Court approve substantive consolidation as a condition to confirmation of each Plan.

B. RESTRUCTURING TRANSACTIONS

The Plans contemplate that all Equity Interests of any Debtor in any other Debtor will continue to exist and will not be modified on the Effective Date of the Plans, other than the equity interests in Reorganized GIT (which will be cancelled and issued to Reorganized ANH), the equity interests in Reorganized NARCO (which will be cancelled and issued to Reorganized ANH), the equity interests in Reorganized ANH (which will be cancelled and issued to the NARCO Asbestos Trust and APG Asbestos Trust) and all Equity Interests in any Debtor held by any RHI AG Entity (which will be cancelled under the Plans).

On or after the Effective Date and so long as Reorganized ANH owns 100% of the value of the resulting entity and following approval of the applicable boards of directors of the Reorganized Debtors, the applicable Reorganized Debtors may enter into such transactions and may take such actions as may be necessary or appropriate to effect a

corporate restructuring of their respective businesses, to otherwise simplify the overall corporate structure of the Reorganized Debtors, or to reincorporate certain Subsidiary Debtors under the laws of jurisdictions other than the laws of which the applicable Subsidiary Debtors are presently incorporated. Such restructuring may include one or more mergers, consolidations, restructures, dispositions, liquidations, or dissolutions, as may be determined by the Debtors or the Reorganized Debtors to be necessary or appropriate (collectively, the "Restructuring Transactions"). The actions to effect the Restructuring Transactions may include: (a) the execution and delivery of appropriate agreements or other documents of merger, consolidation, restructuring, disposition, liquidation, or dissolution containing terms that are consistent with the terms of this Plan and that satisfy the applicable requirements of applicable state law and such other terms to which the applicable entities may agree; (b) the execution and delivery of appropriate instruments of transfer, assignment, assumption, or delegation of any asset, property, right, liability, duty, or obligation on terms consistent with the terms of this Plan and having such other terms to which the applicable entities may agree; (c) the filing of appropriate certificates or articles of merger, consolidation, or dissolution pursuant to applicable state law; and (d) all other actions that the applicable entities determine to be necessary or appropriate, including making filings or recordings that may be required by applicable state law in connection with such transactions.

In order to begin to facilitate the Debtors' restructuring, the Plans provide that all Claims of any NARCO Debtor against any other NARCO Debtor and all Claims of any GIT Debtor against any other GIT Debtor will be cancelled on the Effective Date of the Plans.

C. VOTING PROCEDURES

TO BE COUNTED, YOUR BALLOT MUST BE RECEIVED AT THE FOLLOWING ADDRESS NO LATER THAN 5:00 P.M. ET, ON MARCH 31, 2006.

Logan & Company, Inc.
546 Valley Road
Upper Montclair, NJ 07043

BALLOTS RECEIVED AFTER THAT TIME WILL NOT BE COUNTED.

If you did not receive a Ballot, it may be because the Debtors believe that you are not entitled to vote on a Plan. Pursuant to an order of the Bankruptcy Court, in most cases, notice to holders of PI Trust Claims is being provided to counsel only.

The following are NOT entitled to vote on the NARCO Plan and, therefore, have not received Ballots with this Disclosure Statement:

- NARCO Administrative Expense Claims - ordinary course liabilities
- NARCO Administrative Expense Claims - professional fees
- NARCO Priority Claims of governmental units
- NARCO Class 1-A Allowed Secured Claims secured by a letter of credit, bond, other financial instrument or Cash

- NARCO Class 1-B Secured Claims under Capitalized Leases and Secured Financing Agreements other than those in NARCO Class 1-A and NARCO Class 2
- NARCO Class 3-B GIT and NARCO Entity Claims
- NARCO Class 4-B NARCO Silica Claims

The following are NOT entitled to vote on the GIT Plan and, therefore, have not received Ballots with this Disclosure Statement:

- GIT Administrative Expense Claims - ordinary course liabilities
- GIT Administrative Expense Claims - professional fees
- GIT Priority Claims of governmental units
- GIT Class 1-A Allowed Claims secured by a letter of credit, bond, other financial instrument or Cash
- GIT Class 1-B Allowed Secured Claims under Capitalized Leases and Secured Financing Agreements other than those in GIT Class 1-A
- GIT Class 3-B NARCO and GIT Entity Claims

In lieu of a ballot, holders of Claims in the above classes will receive a Notification of Non-Voting Status for each applicable Plan. If you are not listed above and you did not receive a Ballot, received a damaged Ballot, or lost your Ballot, please contact Logan & Company at www.loganandco.com or at 973-509-3190.

D. DEFINITION OF IMPAIRMENT

Under Section 1124 of the Bankruptcy Code, a class of claims or interests is impaired under a plan of reorganization unless, with respect to each claim or interest of such class, the plan:

1. leaves unaltered the legal, equitable, and contractual rights of the holder of such claim or interest; or

2. notwithstanding any contractual provision or applicable law that entitles the holder of a claim or interest to receive accelerated payment of such claim or interest after the occurrence of a default:

a. cures any such default that occurred before or after the commencement of the case under the Bankruptcy Code, other than a default of a kind specified in Section 365(b)(2) of the Bankruptcy Code;

b. reinstates the maturity of such claim or interest for damages incurred as a result of reasonable reliance on such contractual provision or applicable law;

c. compensates the holder of such claim or interest for damages incurred as a result of reasonable reliance on such contractual provision or applicable law; and

d. does not otherwise alter the legal, equitable, or contractual rights to which such claim or equity interest entitles the holder of such claims or interest.

E. VOTE REQUIRED FOR CLASS ACCEPTANCE

As a condition to confirmation, the Bankruptcy Code requires acceptance of a plan of reorganization by all impaired classes (except as discussed below). The Bankruptcy Code defines acceptance of a plan by a class of claims against a debtor as acceptance by holders of two-thirds in dollar amount and one-half in number of the claims against the debtor of that class that actually cast ballots for acceptance or rejection of the plan; i.e., acceptance takes place only if two-thirds in amount and a majority in number of the holders of claims in a given class of claims against the debtor actually voting cast their ballots in favor of acceptance. Notwithstanding the requirement of class acceptance, a plan may be confirmed even if one or more impaired classes do not accept the plan, if at least one impaired class of non-insider claims has accepted the plan and the court determines that the plan does not unfairly discriminate, and is fair and equitable, with respect to each class that is impaired and has not accepted the plan. This is sometimes referred to as "Cramdown". See Section VIII-C below.

Additionally, because the NARCO Asbestos Trust Claims and APG Asbestos Trust Claims will be addressed by a trust established in part pursuant to Section 524(g) of the Bankruptcy Code, acceptance of the NARCO Plan or GIT Plan by such a Class requires that 75% of those voting vote to accept the applicable Plan.

If a Plan is confirmed, all holders of Claims and Equity Interests, whether voting or non-voting, and if voting, whether accepting or rejecting such Plan, will be bound by the terms of the confirmed Plan.

On January 30, 2006 the Bankruptcy Court entered Orders approving for each of the Plans: (i) a confirmation hearing notice and the contents and manner of service of the solicitation package, (ii) the procedures for voting and tabulation of votes, (iii) the forms of Ballots, and (iv) the Voting Procedures Order. A copy of the Voting Procedures Order is enclosed in the package with this Disclosure Statement.

Temporary Allowance of Claims for Voting Purposes. Generally, only the holder of an Allowed Claim may vote to accept or reject a Plan. Holders of Claims that are listed on the Debtors' schedules of liabilities as contingent, unliquidated or disputed, or claims which are the subject of a pending objection are not eligible to vote. If you are the holder of a Claim in a Class that is entitled to vote to accept or reject the Plan and there is a pending objection to your Claim, and you wish to vote, you must file a motion with the Bankruptcy Court seeking temporary allowance of your Claim in an amount which the Court deems proper solely for the purpose of casting a vote to accept or reject the Plan ("Allowance Motion"). All Allowance Motions must be filed so as to be heard on or before the Confirmation Hearing.

Allowance of Individual Asbestos Trust Claims for Voting Purposes: NARCO and APG estimate that there are in excess of 485,000 individual Asbestos Trust Claims in these cases. For instance, NARCO estimates that it faces over 250,000 NARCO Asbestos Trust Claims, and APG estimates that it faces over 235,000 individual APG Asbestos Trust Claims. Most are unliquidated. In order to provide for participation of the claimants with NARCO and

APG Asbestos Trust Claims in the voting process, the Voting Procedures Order allows these Asbestos Trust Claims solely for voting purposes.

The Voting Procedures Order provides that each claimant with a NARCO Asbestos Trust Claim under the Plan shall receive one vote with respect to each such Claim, and that the ballot will require the claimant to designate one of seven specified disease categories, each of which will be assigned a dollar amount for purposes of voting only. The categories and amounts are as follows: Mesothelioma, $75,000; Lung Cancer 1, $18,000; Lung Cancer 2, $15,000 Other Cancer, $9,000; Severe Asbestosis, $18,000; Asbestosis/Pleural Disease, $7,500; Other Asbestos Disease, $1,200.

The Voting Procedures Order also provides that each claimant with an APG Asbestos Trust Claim under the Plan shall receive one vote with respect to each such Claim, and that the ballot will require the claimant to designate one of seven specified disease categories, each of which will be assigned a dollar amount for purposes of voting only. The categories and amounts are as follows: Mesothelioma, $130,000; Lung Cancer 1, $47,000; Lung Cancer 2, $15,000; Other Cancer, $22,000; Severe Asbestosis, $22,000; Asbestosis/Pleural Disease (Disease Level II), $8,300; Asbestosis/Pleural Disease (Disease Level I), $2,750.

The characterization of the disease applicable to an Asbestos Trust Claim for voting purposes shall not constitute either a determination of (a) the disease, if any, for which such Asbestos Trust Claim would qualify under the Claims Resolution Procedures or (b) the amount at which such Asbestos Trust Claim would be Allowed under the applicable trust distribution procedures. If an individual asbestos claimant fails to designate a disease category for a NARCO Asbestos Trust Claim, the Claim voted by such claimant will be deemed to be, for purposes of voting, one for Other Asbestos Disease. If an individual asbestos claimant fails to designate a disease category for an APG Asbestos Trust Claim, the Claim voted by such claimant will be deemed to be, for purposes of voting, one for Asbestosis/Pleural Disease (Disease Level I).

Allowance of Individual Silica Trust Claims for Voting Purposes. APG believes that there may be a significant number of individual APG Silica Trust Claims pending against it, based upon its knowledge and experience as well as currently available literature and statistics regarding the general state of silica bodily injury litigation. All of these claims are unliquidated at this time. In order to provide for participation of the claimants with APG Silica Trust Claims in the voting process, the Voting Procedures Order allows these APG Silica Trust Claims for voting purposes.

The Voting Procedures Order provides that each claimant with an APG Silica Trust Claim under the Plan shall receive one vote with respect to each such Claim, and that the ballot will require the claimant to designate one of five specified disease categories, each of which will be assigned a dollar amount for purposes of voting only. The categories and amounts are as follows: Complex Silicosis, $92,000; Lung Cancer, $45,000; Severe Silicosis, $10,550; Silicosis, $7,400; Simple Silicosis, $1,850; Convenience Class, $1,000.

The characterization of the disease applicable to an APG Silica Trust Claim for voting purposes shall not constitute either a determination of (a) the disease, if any, for which such APG Silica Trust Claim would qualify under the APG Silica TDP or (b) the amount at which such APG Silica Trust Claim would be Allowed under the APG Silica TDP.

If an individual silica claimant fails to designate a disease category, the APG Silica Trust Claim voted by such claimant will be deemed to be, for purposes of voting, a Simple Silicosis claim.

Master Ballots. Virtually all of the individual claimants with Asbestos Trust Claims are represented by counsel. If a law firm has been authorized to vote on behalf of a client, the Voting Procedures Order authorizes counsel to submit a master Ballot setting forth the acceptances and rejections of the various clients represented by that law firm. Where a client has not authorized the law firm to vote on his or her behalf, counsel must forward copies of such asbestos claimants solicitation package to the client, or provide the Debtors with the names and address of such clients and request that the Debtors forward solicitation packages directly to such clients. Counsel filing master Ballots may submit the master Ballots electronically using the Logan & Company web site, located at www.loganandco.com.

You may be contacted by representatives of the Debtors with regard to your vote on a Plan. If any Ballot received by the Debtors is not discernible as to the Class of the Claim or the name of the holder thereof, such Ballot will be disregarded and not counted. If you have any questions regarding the procedures for voting on the Plans, please contact your legal counsel for advice.

VII. CONFIRMATION AND EFFECTIVENESS OF THE PLANS

Under the Bankruptcy Code, the following steps must be taken to confirm the Plans:

A. CONFIRMATION HEARING

Section 1128(a) of the Bankruptcy Code requires the Bankruptcy Court, after notice, to hold a hearing to determine whether all requirements for confirmation of each Plan have been satisfied. Section 524(g)(3)(A) of the Bankruptcy Code provides that a plan containing an injunction issued under Section 524(g) must be confirmed or affirmed by the District Court. By order of the Bankruptcy Court dated January 30, 2006 a Confirmation Hearing has been scheduled for June 5, 2006 commencing at 9:00 a.m. Eastern Time at the United States Bankruptcy Court, Western District of Pennsylvania, 54th Floor USX Tower, 600 Grant Street, Pittsburgh, Pennsylvania 15219. The Confirmation Hearing may be adjourned from time to time by the Bankruptcy Court without further notice, except for an announcement made at the Confirmation Hearing or any adjournment thereof.

Section 1128(b) of the Bankruptcy Code provides that any party in interest may object to confirmation of a Plan. Any objection to confirmation must be made in writing and filed with the Bankruptcy Court, together with proof of service, and served upon the respective Debtors' counsel, counsel for the Creditors Committees, counsel for the Asbestos Creditors Committee, counsel for the Future Claimants Representatives, the United States Trustee, and those persons included on the Official Service List, on or before May 12, 2006 at 5:00 p.m., Eastern Time. The NARCO Official Service List and the GIT Official Service List are attached to this Disclosure Statement as Exhibits 14 and 15, respectively. Unless an objection to confirmation is timely served upon each of the above parties and filed with the Bankruptcy Court, the District Court and the Bankruptcy Court may not consider the objection.

Section 524(g)(3)(A) of the Bankruptcy Code provides that a plan containing an injunction issued under Section 524(g) must be confirmed or affirmed by the District Court. Following entry of an order confirming the plan by the Bankruptcy Court, the Plan Proponents will immediately seek to have that order affirmed by the District Court.

B. REQUIREMENTS FOR CONFIRMATION OF THE PLANS

At the Confirmation Hearing, the District Court and the Bankruptcy Court will determine whether the confirmation requirements of Section 1129 of the Bankruptcy Code have been satisfied with respect to each Plan, in which event they shall enter an order confirming each Plan. The applicable requirements for confirmation of each Plan are as follows:

- The Plans comply with the applicable provisions of the Bankruptcy Code.
- The Plan Proponents have complied with the applicable provisions of the Bankruptcy Code.
- The Plans have been proposed in good faith and not by any means forbidden by law.
- Any payment made or promised by a Debtor or by a person acquiring property under a Plan for services or for costs and expenses in or in connection with the Chapter 11 Cases, or in connection with the Plans, has been disclosed to the Bankruptcy Court, and any such payment made before the confirmation of such Plan is reasonable, or if such payment is to be fixed after confirmation of such Plan, such payment is subject to the approval of the Bankruptcy Court as reasonable.
- The Plan Proponents have disclosed the identity and affiliations of any individuals proposed to serve, after confirmation of the Plans, as a director, officer, or voting trustee of Reorganized ANH, an Affiliate of a Debtor participating in a Plan with Reorganized ANH, or a successor to Reorganized ANH under the Plans, and the appointment to, or continuance in, such office of such individual, is consistent with the interests of holders of Claims and Equity Interests, and with public policy, and each Debtor has disclosed the identity of any insider that will be employed or retained by Reorganized ANH, and the nature of any compensation for such insider.
- With respect to each Class of impaired Claims or Equity Interests, either each holder of a Claim or Equity Interest of such class has accepted the Plan, or will receive or retain under the Plan on account of such Claim or Equity Interest property of a value, as of the Effective Date of the Plan, that is not less than the amount that such holder would receive or retain if the applicable Debtor were liquidated on such date under Chapter 7 of the Bankruptcy Code. If Section 1111(b)(2) of the Bankruptcy Code applies to the Claims of such Class, each holder of a Claim will receive or retain under the applicable Plan on account of such Claim, property of a value, as of the Effective Date of such Plan, that is not less than the value of such holder's interest in the applicable Debtor's estate's interest in the property that secures such Claims.
- Each Class of Claims or Equity Interests in the Debtors have either accepted the Plan upon which they are entitled to vote or are not impaired under such Plan, except as set forth in the Plans.

- Except to the extent that the holder of a particular Claim has agreed to a different treatment of such Claim, the Plans provide that Allowed Administrative Expense Claims and Allowed Priority Claims will be paid in full on the Effective Date, or with respect to Allowed Priority Claims such Claims will be paid in full in deferred cash payments over a period not to exceed six years after the date of assessment of such Claims, of a value, as of the Effective Date, equal to the Allowed amount of such Priority Tax Claim.
- At least one Class of impaired Claims has accepted each Plan, determined without including any acceptance of such Plan by an insider holding a Claim of such Class.
- Confirmation of each Plan is not likely to be followed by the liquidation, or the need for further financial reorganization of a Debtor or any successor of such Debtor under a Plan, unless such liquidation or financial reorganization is proposed in such Plan.
- All fees payable pursuant to 28 U.S.C. § 1930 have been paid or will be paid on the Effective Date of the Plans.

The Plan Proponents believe that each Plan satisfies all of the statutory requirements of Chapter 11 of the Bankruptcy Code, that they have complied or will have complied with all of the requirements of Chapter 11, and that the proposed Plans are made in good faith.

C. CONFIRMATION WITHOUT ACCEPTANCE BY ALL IMPAIRED CLASSES

Pursuant to Section 1129(a), in order for a plan to be confirmed, it must be approved by all classes of impaired claims and equity interests. However, a bankruptcy court may confirm a plan that has not been accepted by all impaired classes, providing at least one impaired class accepts the plan, and the Bankruptcy Court finds that the plan "does not discriminate unfairly" and is "fair and equitable" with respect to each class that is impaired and has not accepted the plan. These so-called "cramdown" provisions are set forth in Section 1129(b) of the Bankruptcy Code. A plan of reorganization does not discriminate unfairly within the meaning of the Bankruptcy Code if each dissenting class is treated equally with other classes of equal rank.

With respect to an unsecured claim, "fair and equitable" means either (i) each impaired unsecured creditor receives or retains property of a value equal to the Allowed Amount of such unsecured claim or (ii) the holders of claims and interests that are junior to the claims of the dissenting class will not receive or retain on account of such junior claim or interest any property under the plan. With respect to equity interests, "fair and equitable" means each impaired equity interest receives or retains on account of such interest property of a value equal to the greater of the Allowed Amount of any fixed liquidation preference to which such holder is entitled, any fixed redemption price to which such holder is entitled, or the value of such interest.

Provided that at least one impaired Class under the NARCO Plan and GIT Plan, as applicable, accepts the Plan upon which it is entitled to vote, if votes to accept such Plan(s) are cast by 75% of holders of the respective NARCO Class 4 or GIT Class 4-A Claims who cast votes, the NARCO Plan Proponents and GIT Plan Proponents, as

applicable, reserve the right to request that the District Court and the Bankruptcy Court confirm such Plan(s) pursuant to the cramdown provisions of Section 1129(b) of the Bankruptcy Code.

D. CHANNELING INJUNCTIONS AS A CONDITION TO CONFIRMATION OF THE PLANS

1. Generally

In conjunction with the confirmation of each Plan, the Plan Proponents will seek an order in accordance with and pursuant to Sections 105 (for APG Silica Trust Claims or Demands) or 524(g) (for NARCO Asbestos Trust Claims and Demands and APG Asbestos Trust Claims or Demands) of the Bankruptcy Code pursuant to which all Entities which have held or asserted, which hold or assert, or which may in the future hold or assert any PI Trust Claim, Asbestos Demand or APG Silica Demand (or any claim or right to payment for any Trust Expense of the PI Trusts) against the Protected Parties in the NARCO and GIT Chapter 11 Cases, respectively, or any of them, whenever and wherever arising or asserted, shall be permanently stayed, restrained and enjoined from taking any action for the purpose of directly or indirectly collecting, recovering, or receiving payments, satisfaction, or recovery with respect to any such Claim, Demand, or Trust Expense, including, but not limited to:

- **commencing or continuing in any manner any action or other proceeding of any kind with respect to any such Claim, Demand, or Trust Expense, against any of the Protected Parties in the NARCO and GIT Chapter 11 Cases, respectively, or against the property of any Protected Party in the NARCO and GIT Chapter 11 Cases, respectively, with respect to any such Claim, Demand, or Trust Expense;**

- **enforcing, attaching, collecting or recovering, by any manner or means, any judgment, award, decree or order against any of the Protected Parties in the NARCO and GIT Chapter 11 Cases, respectively, or against the property of any Protected Party in the NARCO and GIT Chapter 11 Cases, respectively, with respect to any such Claim, Demand, or Trust Expense;**

- **creating, perfecting or enforcing any Lien of any kind against any Protected Party in the NARCO and GIT Chapter 11 Cases, respectively, or the property of any Protected Party in the NARCO and GIT Chapter 11 Cases, respectively, with respect to any such Claim, Demand, or Trust Expense;**

- **asserting or accomplishing any setoff, right of subrogation, indemnity, contribution or recoupment of any kind against any obligation due any Protected Party in the NARCO and GIT Chapter 11 Cases, respectively, or against the property of any Protected Party in the NARCO and GIT Chapter 11 Cases, respectively, with respect to any such Claim, Demand, or Trust Expense; and**

- **taking any action, in any manner, in any place whatsoever, that does not conform to, or comply with, the provisions of the Plan Documents, with respect to such Claim, Demand, or Trust Expense.**

In order to grant an injunction under Section 524(g), a bankruptcy court must find (1) that the injunction is being implemented in connection with a trust that assumes the liabilities of the debtor, (2) at the time of the entry of the order for relief the debtor had been named as a defendant in personal injury, wrongful death, or property damage actions seeking recovery for damage allegedly caused by the presence of or exposure to asbestos, or asbestos-containing products, (3) that the trust is to be funded in whole or in part by the securities of the debtor and by the obligation of the debtor to make future payments, including Dividends, and (4) that the trust owns, or by the rights granted under the plan would be entitled to own, if a specified contingency occurs, a majority of the voting shares of the debtor. The trust must also use its assets or income to pay asbestos-related claims and demands. Subject to certain restrictions, in entering such an injunctive order, the court must determine (a) that the debtor is likely to be subject to substantial demands for payment arising out of the same or similar asbestos-related conduct or events, (b) the actual amounts, numbers, and timing of such demands cannot be determined, and (c) pursuit of such demands outside of the procedures prescribed by the plan is likely to threaten the plan's purposes to deal equitably with claims and demands.

In order to grant the injunction with regard to Honeywell and the other NARCO Protected Parties, the Bankruptcy Court must find that the statutory conditions set forth in Section 524(g), including Section 524(g)(4)(A)(ii),[5] have been met. The Debtors believe that with respect to claims arising from exposure to the

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5 A NARCO Protected Party will receive the protections of the NARCO Channeling Injunction only to the extent permitted by Section 524(g), including 524(g)(4)(A)(ii), which states as follows:

> (ii) Notwithstanding the provisions of section 524(e), such an injunction may bar any action directed against a third party who is identifiable from the terms of such injunction (by name or as part of an identifiable group) and is alleged to be directly or indirectly liable for the conduct of, claims against, or demands on the debtor to the extent such alleged liability of such third party arises by reason of –
>
> (I) the third party's ownership of a financial interest in the debtor, a past or present affiliate of the debtor, or a predecessor in interest of the debtor;
>
> (II) the third party's involvement in the management of the debtor or a predecessor in interest of the debtor, or service as an officer, director or employee of the debtor or a related party;
>
> (III) the third party's provision of insurance to the debtor or a related party; or
>
> (IV) the third party's involvement in a transaction changing the corporate structure, or in a loan or other financial transaction affecting the financial condition, of the debtor or a related party, including but not limited to –
>
> (aa) involvement in providing financing (debt or equity), or advice to an entity involved in such a transaction; or
>
> (bb) acquiring or selling a financial interest in an entity as part of such a transaction.
>
> (iii) As used in this subparagraph, the term "related party" means –

Continued on following page

NARCO Product Line, these statutory conditions are satisfied. The objectors disagree. See Section II.B. If the NARCO Channeling Injunction does not channel all NARCO Asbestos Trust Claims and NARCO Asbestos Trust Demands against Honeywell arising from exposure to NARCO Product Line products, Honeywell has the right to terminate its commitment to fund the NARCO Asbestos Trust.

In order to confirm a Plan in accordance with Section 524(g), the District Court and the Bankruptcy Court must determine (1) that a separate Class or Classes of Claims whose Claims are to be addressed by the NARCO Asbestos Trust and APG Asbestos Trust, respectively, have voted to accept a Plan by at least 75% of those voting, and (2) that the NARCO Asbestos Trust and APG Asbestos Trust, respectively, will operate through mechanisms such as structured, periodic or supplemental payments, *pro rata* distributions, matrices, or periodic review of estimates of the numbers and values of NARCO Asbestos Trust Claims and NARCO Asbestos Demands and APG Asbestos Trust Claims and APG Asbestos Trust Demands, or comparable mechanisms that provide reasonable assurance that the NARCO Asbestos Trust and APG Asbestos Trust will value and be in a financial position to pay NARCO Asbestos Trust Claims and NARCO Asbestos Demands in substantially the same manner, and to pay APG Asbestos Trust Claims and APG Asbestos Demands in substantially the same manner.

With respect to certain aspects of the GIT Channeling Injunction, as it applies to APG Silica Trust Claims and APG Silica Demands, the Debtors may rely on other sections of the Bankruptcy Code, including Section 105, and the Bankruptcy Court's and the District Court's inherent authority, which do not have express conditions similar to those set forth in Section 524(g).

2. Conditions Precedent to NARCO Plan Confirmation related to the NARCO Channeling Injunction

The Confirmation Order with respect to the NARCO Plan shall be entered or affirmed by the District Court, and shall be, in form and substance, reasonably acceptable to NARCO, the NARCO Asbestos Claimants Committee, the NARCO Asbestos Future Claimants Representative, and Honeywell. The NARCO Debtors have determined that, as a condition precedent to confirmation of the NARCO Plan, certain additional findings of fact or conclusions of law, principally related to the issuance of the NARCO Channeling Injunction, must be contained in the Confirmation Order to be signed or affirmed by the District Court. Such findings and conclusions are in Section 9.1 of the NARCO Plan.

Continued from previous page

(I) a past or present affiliate of the debtor;

(II) a predecessor in interest of the debtor; or

(III) any entity that owned a financial interest in –

(aa) the debtor;

(bb) a past or present affiliate of the debtor; or

(cc) a predecessor in interest of the debtor.

3. Conditions Precedent to GIT Plan Confirmation related to the GIT Channeling Injunction

The Confirmation Order with respect to the GIT Plan must be entered or affirmed by the District Court, and shall be, in form and substance, reasonably acceptable to the GIT Debtors, the GIT Asbestos Claimants Committee, the APG Asbestos Future Claimants Representative, and the APG Silica Future Claimants Representative. The Plan Proponents have determined that, as a condition precedent to confirmation of the GIT Plan, certain additional findings of fact or conclusions of law, principally related to the issuance of the APG Asbestos Channeling Injunction and the APG Silica Channeling Injunction, must be contained in the Confirmation Order to be signed or affirmed by the District Court. Such findings and conclusions are set forth in Section 9.1 of the GIT Plan.

E. CONDITIONS PRECEDENT TO THE EFFECTIVE DATE OF THE NARCO PLAN

1. Conditions Precedent to the Effective Date

With respect to the NARCO Plan, the "substantial consummation," as used in Section 1101 of the Bankruptcy Code, shall not occur, and the NARCO Plan shall be of no force and effect, until the Effective Date. The occurrence of the Effective Date is subject to satisfaction of the conditions precedent set forth in Section 9.2 of the NARCO Plan, which include conditions necessary to satisfy the requirements of the NARCO/Honeywell Settlement Agreement and the NARCO/RHI AG Settlement Agreement on the Effective Date.

2. Simultaneous Actions

Except as otherwise specified to occur in a specific order, all actions required to be taken on the Effective Date of the NARCO Plan, to the extent such actions have actually been taken, shall be deemed to have occurred simultaneously. In no event shall any action be deemed to have occurred unless the action in fact occurred.

3. Effect of Failure of Conditions

In the event that one or more of the conditions specified in Sections 9.1 or 9.2 of the NARCO Plan cannot be satisfied and the occurrence of such condition is not waived by the NARCO Debtors, then the NARCO Debtors shall file a notice of the failure of the Effective Date with the Bankruptcy Court and the District Court, at which time the NARCO Plan and the NARCO Confirmation Order, if the conditions precedent to the Confirmation of the NARCO Plan shall have been satisfied, shall be deemed null and void. If the Effective Date does not occur, then (a) the NARCO Confirmation Order, if the conditions precedent to Confirmation of the NARCO Plan shall have been satisfied, shall be vacated, (b) no Distributions under the NARCO Plan shall be made, (c) the NARCO Debtors and all holders of NARCO Claims and Equity Interests shall be restored to the *status quo ante*, including any injunction and automatic stays issued in these Chapter 11 Cases, as of the day immediately preceding the NARCO Confirmation Date, if the conditions precedent to Confirmation of the NARCO Plan shall have been satisfied, as though the NARCO Confirmation Order had never been entered and the NARCO Confirmation Date never occurred, and (d) the NARCO Debtors' obligations with respect to all of the Claims and Equity Interests shall remain unchanged, and nothing contained herein shall constitute or be deemed a waiver or release of any Claims or Equity Interests by or against the NARCO Debtors or any other Entity or to prejudice in any manner the rights of the NARCO Debtors or any Entity in any further proceedings involving the NARCO Debtors,

including, without limitation, the RHI AG Entities, Honeywell, the NARCO Asbestos Claimants Committee and the NARCO Asbestos Future Claimants Representative.

4. Waiver of Conditions Precedent to the Effective Date

The NARCO Debtors reserve the right to waive the occurrence of any of the conditions specified in Sections 9.1 or 9.2 of the NARCO Plan pursuant to Section 9.5 of the NARCO Plan or to modify any of such conditions precedent. Except as set forth in the NARCO Plan, any such waiver of a condition precedent may be effected at any time, without notice, without leave or order of the Bankruptcy Court, and without any formal action other than the filing of a stipulation and proceeding to consummate the NARCO Plan; provided, however, without the written consent of Honeywell, the NARCO Asbestos Claimants Committee or the NARCO Asbestos Future Claimants Representative, as applicable, which consent may not be unreasonably withheld (except with respect to Honeywell), the NARCO Debtors may not waive any of the conditions specified in Sections 9.1 or 9.2 of the NARCO Plan pursuant to Section 9.5 of the NARCO Plan if such waiver would materially adversely affect Honeywell, the NARCO Asbestos Claimants Committee's constituent parties or the NARCO Asbestos Future Claimants Representative's constituent parties, as applicable; provided, however, that nothing in the NARCO Plan shall permit the NARCO Debtors to waive any conditions set forth in Section 6 of the NARCO/RHI AG Settlement Agreement.

F. CONDITIONS PRECEDENT TO THE EFFECTIVE DATE OF THE GIT PLAN

1. Conditions Precedent to the Effective Date

With respect to the GIT Plan, the "substantial consummation" as used in Section 1101 of the Bankruptcy Code, shall not occur, and the GIT Plan shall be of no force and effect, until the Effective Date. The occurrence of the Effective Date is subject to satisfaction of the conditions precedent set forth in Section 9.2 of the GIT Plan, which include conditions necessary to satisfy the requirements of the GIT/DII Settlement Agreement and the GIT/RHI AG Settlement Agreement on the Effective Date.

2. Simultaneous Actions

Except as otherwise specified to occur in a specific order, all actions required to be taken on the Effective Date of the GIT Plan, to the extent such actions have actually been taken, shall be deemed to have occurred simultaneously. In no event shall any action be deemed to have occurred unless the action in fact occurred.

3. Effect of Failure of Conditions

In the event that one or more of the conditions specified in Sections 9.1 or 9.2 of the GIT Plan cannot be satisfied and the occurrence of such condition is not waived by the GIT Debtors, then the GIT Debtors shall file a notice of the failure of the Effective Date with the Bankruptcy Court and the District Court, at which time the GIT Plan and the Confirmation Order, if the conditions precedent to the Confirmation have been satisfied, shall be deemed null and void. If the Effective Date does not occur, then (a) the Confirmation Order, if the conditions precedent to Confirmation have been satisfied, shall be vacated, (b) no distributions under the GIT Plan shall be made, (c) the GIT Debtors and all holders of GIT Claims, and Equity Interests shall be restored to the *status quo ante*, including any injunctions and automatic stays

issued in these Chapter 11 Cases, as of the day immediately preceding the Confirmation Date, if the conditions precedent to Confirmation shall have been made, as though the Confirmation Order had never been entered and the Confirmation Date never occurred, and (d) the GIT Debtors' obligations with respect to all of the Claims and Equity Interests shall remain unchanged, and nothing contained herein shall constitute or be deemed a waiver or release of any Claims or Equity Interests by or against the GIT Debtors or any other Entity or to prejudice in any manner the rights of the GIT Debtors or any Entity in any further proceedings involving the GIT Debtors including, without limitation, the RHI AG Entities, the GIT Asbestos Claimants Committee, the APG Asbestos Future Claimants Representative and the APG Silica Future Claimants Representative.

4. Waiver of Conditions Precedent to the Effective Date

The GIT Debtors reserve the right to waive the occurrence of any of the conditions specified in Sections 9.1 or 9.2 of the GIT Plan pursuant to Section 9.5 of the GIT Plan or to modify any of such conditions precedent. Except as set forth in the GIT Plan, any such waiver of a condition precedent may be effected at any time, without notice, without leave or order of the Bankruptcy Court, and without any formal action other than the filing of a stipulation and proceeding to consummate the GIT Plan; provided, however, without the written consent of the GIT Asbestos Claimants Committee, APG Asbestos Future Claimants Representative or APG Silica Future Claimants Representative, as applicable, which consent may not be unreasonably withheld, the GIT Debtors may not waive any of the conditions specified in Sections 9.1 or 9.2 of the GIT Plan pursuant to Section 9.5 of the GIT Plan if such waiver would materially adversely affect such GIT Asbestos Claimants Committee's constituent parties or the APG Asbestos Future Claimants Representative's or APG Silica Future Claimants Representative's constituent parties; provided, however, that nothing in the GIT Plan shall permit the GIT Debtors to waive any conditions set forth in Section 6 of the GIT/RHI AG Settlement Agreement.

G. MODIFICATION, REVOCATION OR WITHDRAWAL OF PLANS

1. Modification of a Plan

The Debtors, unless otherwise provided in a Plan or the Plan Documents, may (i) amend, modify or supplement the NARCO Plan, the GIT Plan and the NARCO and GIT Plan Documents under Section 1127(a) of the Bankruptcy Code at any time prior to the Confirmation Date so long as the NARCO Plan, the GIT Plan and the NARCO and GIT Plan Documents, as modified, meet the requirements of Sections 1122 and 1123 of the Bankruptcy Code, (ii) after the Confirmation Date and prior to the Effective Date, alter, amend, or modify the NARCO Plan, the GIT Plan and the NARCO and GIT Plan Documents in accordance with Section 1127(b) of the Bankruptcy Code; and (iii) after the Effective Date, amend, modify or supplement the NARCO Plan, the GIT Plan and the NARCO and GIT Plan Documents in accordance with the terms of such Plan and related Plan Documents, provided, however, in any such case, without the written consent of the RHI AG Parties, the applicable Asbestos Claimants Committee(s) or the applicable Future Claimants Representative(s) (with respect to both the NARCO and GIT Plans) and Honeywell (with respect to the NARCO Plan only), which consent may not be unreasonably withheld (except with respect to Honeywell), there shall be no alteration, amendment, or modification of the NARCO Plan, the GIT Plan or the NARCO or GIT Plan Documents that

would materially adversely affect the RHI AG Entities, such Asbestos Claimants Committee(s) constituent parties, such Future Claimants Representative's constituent parties or Honeywell, as applicable.

2. Revocation or Withdrawal

The NARCO Debtors or GIT Debtors, as applicable, may revoke or withdraw the NARCO Plan or the GIT Plan prior to the Confirmation Date. The NARCO Debtors or GIT Debtors, as applicable, may revoke or withdraw the NARCO Plan or the GIT Plan at any time after the Confirmation Date, provided, however, that in the case of the GIT Plan, any such revocation or withdrawal shall not effect the terms and conditions of the GIT/DII Settlement Agreement, provided, further, that the NARCO Debtors or GIT Debtors, as applicable, may not revoke or withdraw their applicable Plan after the Confirmation Date without the written consent of the Asbestos Claimants Committee, the Future Claimants Representative(s) and, in the case of the NARCO Plan, Honeywell, which consent may not be unreasonably withheld (except with respect to Honeywell).

VIII. IMPLEMENTATION OF THE PLANS

A. THE PI TRUSTS AND THE CHANNELING INJUNCTIONS

1. The NARCO Asbestos Trust

a. Purpose and Structure

NARCO will seek to confirm the NARCO Plan pursuant to Section 524(g), which authorizes the Bankruptcy Court to enter a "channeling injunction" pursuant to which the NARCO Asbestos Trust Claims and NARCO Asbestos Demands and similar claims against NARCO Protected Parties are channeled to the NARCO Asbestos Trust for payment out of the NARCO Asbestos Trust. Following confirmation of the NARCO Plan, holders of NARCO Asbestos Trust Claims and NARCO Asbestos Demands (referred to collectively in this section as "NARCO Asbestos Trust Claims") will be permanently enjoined from seeking satisfaction of their Claims and Demands against the NARCO Debtors, Reorganized NARCO, the other Reorganized Debtors, Honeywell, any Participating Insurers, Reorganized ANH or any other NARCO Protected Party or their respective assets and their respective successors.

i. Creation of the NARCO Asbestos Trust

The NARCO Plan seeks to provide a method of payment of the NARCO Asbestos Trust Claims and NARCO Asbestos Demands. Most significantly, the NARCO Plan provides for the establishment and funding of the NARCO Asbestos Trust for this purpose. On the Effective date, the NARCO Asbestos Trust Agreement will become effective, and the NARCO Asbestos Trust will be created. The NARCO Plan Proponents estimate that the NARCO Plan will provide Cash and other assets sufficient to pay 100% of the value of NARCO Asbestos Trust Claims established pursuant to the NARCO Asbestos TDP for payment of all NARCO Asbestos Trust Claims. The NARCO Asbestos Trust will comply in all respects with the terms of section 524(g)(2)(B) of the Bankruptcy Code, the NARCO Plan, the NARCO Asbestos Trust Agreement and the NARCO Asbestos TDP. (Copies of the NARCO Asbestos Trust Agreement and the NARCO Asbestos TDP are attached as Exhibits NARCO A and NARCO B to the NARCO Plan, which is attached hereto as Exhibit 2.)

The NARCO Asbestos Trust will assume all liability and responsibility for all NARCO Asbestos Trust Claims and Trust Expenses of the NARCO Asbestos Trust. Except as otherwise provided in the NARCO Asbestos Trust Agreement, the NARCO Asbestos Trust will have all defenses, cross-claims, offsets and recoupments, as well as rights of indemnification, contribution, subrogation and similar rights, regarding NARCO Asbestos Trust Claims that NARCO, its affiliated debtors, Honeywell or any Honeywell Affiliate has under applicable law.

ii. Funding and Nature of the NARCO Asbestos Trust

The NARCO Asbestos Trust Agreement provides for the creation of two claims funds: first, a Pre-Established Claims Fund, which will provide payment for all NARCO Asbestos Trust Claims that are "Pre-Established Claims" (as defined in Section 4.2 of the NARCO Asbestos TDP), and second, the Annual Contribution Claims Fund, which will provide payment for all NARCO Asbestos Trust Claims and NARCO Asbestos Demands that are not Pre-Established Claims. The NARCO Plan provides that Honeywell will make contributions to these funds on an evergreen basis, subject (except in the case of NARCO Pre-Established Asbestos Claims) to certain annual funding caps described below. Additionally, on the Effective Date, 79% of the common stock of Reorganized ANH is being contributed to the NARCO Asbestos Trust, free and clear of any liens or other claims, to be held by the NARCO Asbestos Trust to pay NARCO Asbestos Claims liquidated pursuant to the NARCO Asbestos TDP. A Trust Expense Fund also will be established to pay all Trust Expenses of the NARCO Asbestos Trust, and will be funded with contributions by Honeywell as described in Section 2.3(b) of the NARCO Asbestos Trust Agreement.

There will be no caps or limitations on Honeywell's obligations to contribute on a quarterly basis to the Pre-Established Claims Fund all amounts necessary to pay for all Pre-Established Claims approved for payment during a given quarter. With respect to all other NARCO Asbestos Claims, on a quarterly basis Honeywell will transfer to the NARCO Asbestos Trust's Annual Contribution Claims Fund an amount of Cash equal to the amount of NARCO Asbestos Trust Claims approved for payment, minus any amounts received by the NARCO Asbestos Trust during that quarter from any of its holdings (including from its sale of any of its Reorganized ANH stock). However, in no event will the amount Honeywell contributes to the Annual Contribution Claims Fund to pay NARCO Asbestos Trust Claims other than Pre-Established Claims exceed the following caps or limitations for each year, beginning with the Effective Date:

2006	$100,000,000
2007	$125,000,000
2008	$150,000,000
2009	$150,000,000
2010	$150,000,000
2011	$150,000,000
2012	$150,000,000
2013	$150,000,000
2014	$140,000,000
2015	$140,000,000
2016	$140,000,000
2017	$140,000,000
2018	$140,000,000
2019	$145,000,000
2020	$145,000,000
2021	$145,000,000

In 2022 and thereafter, Honeywell's contribution to the Annual Contribution Claims Fund during the course of any single year will not exceed $145,000,000. In the event of the enactment of federal legislation that would require or permit Honeywell to contribute to a governmentally created or authorized fund for the compensation of asbestos personal injury claimants, including some or all holders of NARCO Asbestos Trust Claims and NARCO Asbestos Demands, then as of such enactment, Honeywell will have the right to terminate its obligations to make any future payments to the NARCO Asbestos Trust, subject to the provisions of Section 2.3(d) of the NARCO Asbestos Trust Agreement.

To the extent that Honeywell exercises its right to terminate, in their entirety, its obligations to make future payments to the NARCO Asbestos Trust due to the enactment of such federal legislation, Honeywell will provide written notice of its intent to exercise that right to the NARCO Asbestos Trustees. Upon the effective date of that notice of termination, the NARCO Channeling Injunction in favor of Honeywell will be vacated and will be of no further force and effect with respect to any claims other than NARCO Asbestos Trust Claims (a) that already have been paid by the NARCO Asbestos Trust, (b) that already have been approved for payment and moved into one of the NARCO Asbestos Trust's payment queues, or (c) that are eligible to be treated as though they had been placed into the Pre-Established Claims Fund Payment Queue.

The NARCO Asbestos Trust is intended to be treated for U.S. federal income tax purposes as a "qualified settlement fund" as described in section 1.468B-1 of the Treasury Regulations, as more specifically provided for under the NARCO Asbestos Trust Agreement. The NARCO Asbestos Trustees will be the "administrator" (as defined in section 1.468B-2(k) of the Treasury Regulations) of the NARCO Asbestos Trust, and will be required to satisfy all obligations in relation thereto as identified in the NARCO Asbestos Trust Agreement and the applicable provisions of the Internal Revenue Code and the Treasury Regulations.

iii. The NARCO Asbestos Trustees, the NARCO Asbestos TAC and the NARCO Asbestos Future Claimants Representative

The NARCO Asbestos Trustees (referred to in the NARCO Asbestos Trust Agreement and NARCO Asbestos TDP as the "Trustees") will be, and will act as, the fiduciaries to the NARCO Asbestos Trust, in accordance with the provisions of the NARCO Asbestos Trust Agreement, and will administer the NARCO Asbestos TDP in consultation with the NARCO Asbestos TAC, the NARCO Asbestos Future Claimants Representative, and Honeywell. Subject to the NARCO Asbestos Trust Agreement and the NARCO Plan, the NARCO Asbestos Trustees will have the power to take any and all actions that they may consider necessary, appropriate or desirable to fulfill the purpose of the NARCO Asbestos Trust, including receiving and holding the assets of the NARCO Asbestos Trust and exercising all rights and powers with respect thereto. The proposed initial NARCO Asbestos Trustees will be disclosed in advance of the Bankruptcy Court's confirmation hearings, and all NARCO Asbestos Trustees will serve according to the provisions set forth in the NARCO Asbestos Trust Agreement and the NARCO Asbestos TDP.

The members of the NARCO Asbestos TAC will serve in a fiduciary capacity, representing the holders of present NARCO Asbestos Trust Claims for the purpose of protecting the rights of such persons. The NARCO Asbestos Trustees may consult with the NARCO Asbestos TAC on the general implementation and administration of the NARCO Asbestos Trust and the NARCO Asbestos TDP. The NARCO Asbestos Trustees also will be required to obtain the consent of the

NARCO Asbestos TAC prior to taking certain actions as described more fully in the NARCO Asbestos Trust Agreement and the NARCO Asbestos TDP. The proposed initial members of the NARCO Asbestos TAC will be disclosed in advance of the Bankruptcy Court's confirmation hearings, and all members of the NARCO Asbestos TAC will serve according to the provisions set forth in the NARCO Asbestos Trust Agreement and the NARCO Asbestos TDP.

An individual will serve in a fiduciary capacity, representing the interests of the holders of NARCO Asbestos Trust Claims yet to accrue for the purpose of protecting the rights of such persons. The NARCO Asbestos Trustees will be required to consult with the NARCO Asbestos Future Claimants Representative on the matters described in the NARCO Asbestos Trust Agreement. Additionally, the NARCO Asbestos Trustees will be required to obtain the consent of the NARCO Asbestos Future Claimants Representative prior to taking certain actions, as described in the NARCO Asbestos Trust Agreement. The initial NARCO Asbestos Future Claimants Representative will be Lawrence Fitzpatrick. The NARCO Asbestos Future Claimants Representative will serve according to the provisions set forth in the NARCO Asbestos Trust Agreement and the NARCO Asbestos TDP.

iv. Termination of the NARCO Asbestos Trust

The NARCO Asbestos Trust is irrevocable, but generally will terminate on the date which is 90 days after the first to occur of the following events:

- The date on which the NARCO Asbestos Trustees determine to terminate the NARCO Asbestos Trust because (a) the NARCO Asbestos Trustees deem it unlikely that any new NARCO Asbestos Trust Claims will be filed against the NARCO Asbestos Trust, and (b) all NARCO Asbestos Trust Claims duly filed with the NARCO Asbestos Trust have been liquidated and satisfied and 12 consecutive months have elapsed during which no new valid NARCO Asbestos Trust Claims have been filed with the NARCO Asbestos Trust;
- If the NARCO Asbestos Trustees have procured and have in place irrevocable insurance policies and have established claims handling agreements and other necessary arrangements with suitable third parties adequate to discharge all expected remaining obligations and expenses of the NARCO Asbestos Trust in a manner consistent with the NARCO Asbestos Trust Agreement and the NARCO Asbestos TDP, the date on which the Bankruptcy Court enters and order approving such insurance and other arrangements, and such order becomes a Final Order; or
- If in the judgment of two-thirds of the NARCO Asbestos Trustees, with the consent of Honeywell and the NARCO Asbestos TAC (which consent in either case will not be unreasonably withheld), the continued administration of the NARCO Asbestos Trust is uneconomic or inimical to the best interests of the persons holding NARCO Asbestos Trust Claims, and the termination of the NARCO Asbestos Trust will not expose or subject Reorganized NARCO (or its reorganized affiliates), Honeywell or any Honeywell Affiliate or any of their successors in interest to any increased or undue risk of having any NARCO Asbestos Trust Claims asserted against it or them or in any way jeopardize the validity or enforceability of the NARCO Channeling Injunction.

b. The NARCO Asbestos TDP

i. NARCO Asbestos Trust and NARCO Asbestos TDP Goals

The NARCO Asbestos Trustees will implement and administer the NARCO Asbestos TDP, which is attached to the NARCO Plan as Exhibit NARCO B. The goal of the NARCO Asbestos Trust is to treat all claimants similarly and equitably, in accordance with the requirements of Section 524(g) of the Bankruptcy Code. The NARCO Asbestos TDP furthers that goal by setting forth procedures for processing and paying claims generally on an impartial, first-in, first-out ("FIFO") basis, with the intention of paying all claimants over time based on historical values for substantially similar claims in the tort system.

The NARCO Asbestos TDP establishes a schedule of seven asbestos-related diseases ("Disease Levels"), six of which have presumptive medical and exposure requirements ("Medical/Exposure Criteria") and specific values ("Schedule Values"). Claims involving Disease Levels III-VII have anticipated average values ("Average Values") and caps on their liquidated values ("Maximum Values"). The Disease Levels, Medical/Exposure Criteria, Scheduled Values, Average Values and Maximum Values which are set forth in Sections 4.3 of the NARCO Asbestos TDP, have been selected and derived with the intention of achieving a fair allocation of the NARCO Asbestos Trust funds among claimants suffering from different diseases that is congruent with the settlement history of claims against NARCO.

ii. Disease Levels Under the NARCO Asbestos TDP

The NARCO Asbestos TDP establishes seven initial Disease Levels, each of which has its own presumptive medical and exposure criteria. These Disease Levels are, in descending order of seriousness:

Level VII	Mesothelioma
Level VI	Lung Cancer 1
Level V	Lung Cancer 2
Level IV	Other Cancer
Level III	Severe Asbestosis
Level II	Asbestosis/Pleural Disease
Level I	Other Asbestos Disease

The presumptive Medical/Exposure Criteria for each Disease Level are set forth in the NARCO Asbestos TDP.

iii. Claims Liquidation Procedures

Upon filing of a valid proof of claim form with the required supporting documentation, all claims will be placed in one of two FIFO processing queues (the "FIFO Processing Queues") to be established pursuant to the NARCO Asbestos TDP: one such queue will be used for NARCO Asbestos Trust Claims that are Pre-Established Claims, while the other will be used for all other NARCO Asbestos Claims. For each claim submitted, the NARCO Asbestos Trust will determine whether the claim is or is not a Pre-Established Claim by reviewing the claims data required to be supplied by Honeywell and/or NARCO pursuant to Section 4.2 of the NARCO Asbestos TDP, as well as the information required to be supplied by the holder of the claim pursuant to Section 5.1 of the NARCO Asbestos TDP.

Thereafter, the claimant will be placed in the appropriate FIFO Processing Queue in accordance with the ordering criteria described in the NARCO Asbestos TDP. Except as otherwise provided in the NARCO Asbestos TDP, the

NARCO Asbestos Trust will liquidate all NARCO Asbestos Trust Claims (other than Pre-Established Claims) that meet the presumptive Medical/Exposure Criteria of Disease Levels I-IV, VI and VII under the Expedited Review Process described in Section 5.3(a) of the NARCO Asbestos TDP. Pre-Established Claims will be liquidated pursuant to Section 4.2(a) of the NARCO Asbestos TDP.

The NARCO Asbestos Trust's Expedited Review Process is designed primarily to provide an expeditious, efficient and inexpensive method for liquidating all NARCO Asbestos Trust Claims (except claims qualifying for treatment under Disease Level V, Foreign Claims, Extraordinary Claims, Exigent Claims and Secondary Exposure Claims). Claims that undergo the Expedited Review Process and meet the presumptive Medical/Exposure Criteria will be paid the following Scheduled Values for the relevant Disease Level, subject to the applicable Payment Percentage (if any), the Maximum Annual Payment, and the Claims Payment Ratio:

Disease Level	Disease Description	Scheduled Value
Level VII	Mesothelioma	$75,000
Level VI	Lung Cancer 1	$18,000
Level IV	Other Cancer	$9,000
Level III	Severe Asbestosis	$18,000
Level II	Asbestosis/Pleural Disease	$7,500
Level I	Other Asbestos Disease	$1,200

Claimants holding claims qualifying for treatment under Disease Level V, as well as Foreign Claims and Extraordinary Claims, are required to seek the Individual Review Process to obtain the value of their claims. The Individual Review Process also is required to determine whether an NARCO Asbestos Trust Claim is eligible to be treated as an Exigent Hardship Claim and/or a Secondary Exposure Claim. The Individual Review Process further provides a claimant with an opportunity for individual consideration and evaluation of (a) a NARCO Asbestos Trust Claim that fails to meet the presumptive Medical/Exposure Criteria for Disease Level I-IV, VI and VII claims, or (b) a NARCO Asbestos Trust Claim that meets the presumptive Medical/Criteria for Disease Levels II-IV and VI-VII where the claimant has extenuating circumstances that he or she believes warrant a value above the applicable scheduled value. Finally, claimants who seek to recover for a Secondary Exposure disease (as defined in Section 4.5 of the NARCO Asbestos TDP) must seek the Individual Review Process for their claims.

The Individual Review Process is intended to result in payments equal to the full value for each qualifying claim. However, the value of any NARCO Asbestos Trust Claim that undergoes the Individual Review Process may be determined to be less than the Scheduled Value the claimant would have received under the Expedited Review Process, to the extent applicable. Moreover, the value determined through the Individual Review Process for a claim involving

Disease Levels III-VII will not exceed the applicable Maximum Value for the relevant Disease Level (as shown below), and the NARCO Asbestos Trustees will use their best efforts such that the amounts offered through the Individual Review Process for each Disease Level will annually arithmetically average the following Average Values for each Disease Level.

Scheduled Disease	Scheduled Value	Average Value	Maximum Value
Mesothelioma (Level VI	$75,000	$200,000	$1,000,000
Lung Cancer 1 (Level V	$18,000	$50,000	$200,000
Lung Cancer 2 (Level V)	None	$15,000	$50,000
Other Cancer (Level IV)	$9,000	$25,000	$100,000
Severe Asbestosis (Level I	$18,000	$50,000	$100,000
Asbestosis/Pleural Diseas (Level II)	$7,500	None	None
Other Asbestos Disease (Le	$1,200	None	None

The procedures for the liquidation of claims through the Expedited Review Process and the Individual Review Process, including the evidentiary requirements to be used therein, are defined and described more fully in the NARCO Asbestos TDP.

The NARCO Asbestos Trust, with the consent of the NARCO Asbestos TAC, the NARCO Asbestos Future Claimants Representative and Honeywell, will institute binding and non-binding arbitration procedures in accordance with Section 4.10 of the NARCO Asbestos TDP, for resolving certain disputes regarding the liquidation of NARCO Asbestos Trust Claims, as well as certain additional disputes, as identified in Section 4.10(a) of the NARCO Asbestos TDP. Certain claimants who pursue non-binding arbitration and reject their arbitral award may have a right to pursue a recovery against the NARCO Asbestos Trust in the tort system, as more fully described in Sections 4.11, 6.6 and 6.7 of the NARCO Asbestos TDP. However, a claimant will be eligible for payment of a judgment for monetary damages obtained in the tort system from the NARCO Asbestos Trust's available cash only as provided in Section 6.7 of the NARCO Asbestos TDP.

iv. Payment of Claims by the NARCO Asbestos Trust

Upon final liquidation, all Pre-Established Claims will be placed in a Pre-Established Claims Fund Payment Queue, and all other NARCO Asbestos Trust Claims will be placed in a separate Annual Contribution Claims Fund Payment Queue; both such queues will be established pursuant to the terms of the NARCO Asbestos TDP. The claims in each such queue will then be paid solely from either the Pre-Established Claims Fund or the Annual Contribution Claims Fund, as provided in Section 2.3(c)(i) of the NARCO Asbestos Trust Agreement.

In each year, the NARCO Asbestos Trust will determine and pay out a total of no more than an amount equal to or less than the sum of (i) the proceeds from any sale of any asset held by the NARCO Asbestos Trust, and (ii) the contribution owed by Honeywell to the NARCO Asbestos Trust for this purpose in that year as established by the NARCO Plan and Section 2.3(c)(i) of the NARCO Asbestos Trust Agreement (i.e. the "Maximum Annual Payment). However, Pre-Established Claims will not be subject to the Maximum Annual Payment.

Based upon the NARCO Entities' claims settlement history and analysis of present and future claims, a Claims Payment Ratio has been determined which, as of the Effective Date, has been set at 60% for Disease Level III-VII claims ("Category A" claims), and 40% for Disease Level I-II claims ("Category B" claims). The Claims Payment Ratio will not apply to any Pre-Established Claims. In each year, based upon the Maximum Annual Payment, 60% of that amount will be available to pay Category A claims and 40% will be available to pay Category B claims. Provisions governing the application, determination and modification of the Claims Payment Ratio are listed in Section 2.4 of the NARCO Asbestos TDP.

The NARCO Asbestos Trust will periodically estimate or model the amount of cash flow anticipated to be necessary over its entire life to ensure that funds will be available to satisfy all NARCO Asbestos Trust Claims in a substantially similar manner. The NARCO Asbestos Trustees, with the consent of the NARCO Asbestos TAC, the NARCO Asbestos Future Claimants Representative and Honeywell, may develop and institute a process for reducing the payment of the value of NARCO Asbestos Trust Claims, whereby a claimant will receive a pro-rata share of the value of its NARCO Asbestos Trust Claim (the "Payment Percentage") after such claim is liquidated pursuant to the terms of the NARCO Asbestos TDP. To the extent the NARCO Asbestos Trust implements a Payment Percentage, no holder of a NARCO Asbestos Trust Claim will receive a payment for a NARCO Asbestos Trust Claim that exceeds the Payment Percentage multiplied by the value of the claim, except that in no event will the Payment Percentage apply to any Pre-Established Claims. Provisions governing the development and implementation of the Payment Percentage are listed in Section 2.5 of the NARCO Asbestos TDP.

2. Transfer of H-W Asbestos Trust Claims to DII Asbestos Trust

The H-W Asbestos Trust Claims were channeled to the DII Asbestos Trust on the effective date of the DII Plan in accordance with the GIT/DII Settlement Agreement and the DII Plan. H-W Asbestos Trust Claims will be paid in accordance with the terms of the DII Asbestos TDP. For more information regarding the treatment of H-W Asbestos Trust Claims under the DII Plan, please refer to the confirmation order for the DII Plan.

3. Transfer of H-W Silica Trust Claims to DII Silica Trust

The H-W Silica Trust Claims were channeled to the DII Silica Trust on the effective date of the DII Plan in accordance with the GIT/DII Settlement Agreement and the DII Plan. H-W Silica Trust Claims will be paid in accordance with the terms of the DII Silica TDP. For more information regarding the treatment of H-W Silica Trust Claims under the DII Plan, please refer to the confirmation order for the DII Plan.

4. The APG Asbestos Trust

a. Purpose and Structure

GIT will seek to confirm the GIT Plan pursuant to Section 105, Section 524(g), and/or other sections of the Bankruptcy Code, which authorize the Bankruptcy Court to enter a "channeling injunction" pursuant to which the APG Asbestos Trust Claims and APG Asbestos Demands and similar claims against GIT Protected Parties are channeled to the APG Asbestos Trust for payment out of the APG Asbestos Trust. Following confirmation of the GIT Plan, holders of APG Asbestos Trust Claims and APG Asbestos Demands (referred to collectively in this section and the following section as "APG Asbestos Trust Claims") will be permanently enjoined from seeking satisfaction of their Claims and Demands against the GIT Debtors, Reorganized GIT, the other Reorganized Debtors, the Participating Insurers, Reorganized ANH or any other GIT Protected Party or their respective assets, and their respective successors.

i. Creation of the APG Asbestos Trust

The GIT Plan seeks to provide a method of payment of the APG Asbestos Trust Claims. Most significantly, the GIT Plan provides for the establishment and funding of the APG Asbestos Trust for this purpose. On the Effective date, the APG Asbestos Trust Agreement will become effective, and the APG Asbestos Trust will be created. The GIT Plan Proponents estimate that the GIT Plan will provide Cash and other assets sufficient to pay a percentage (such percentage to be established pursuant to the APG Asbestos TDP) of the amount established pursuant to the APG Asbestos TDP for payment of all APG Asbestos Trust Claims. The APG Asbestos Trust shall operate comply in all respects with the terms of section 524(g)(2)(b) of the Bankruptcy Code, the GIT Plan, the APG Asbestos Trust Agreement and the APG Asbestos TDP. (Copies of the APG Asbestos Trust Agreement and the APG Asbestos TDP are attached as Exhibits GIT A and GIT B to the GIT Plan, which is attached hereto as Exhibit 3.)

The APG Asbestos Trust will assume all liability and responsibility for all APG Asbestos Trust Claims and Administrative Expenses of the APG Asbestos Trust. Except as otherwise provided in the APG Asbestos Trust Agreement, the APG Asbestos Trust shall have all defenses, cross-claims, offsets and recoupments, as well as rights of indemnification, contribution, subrogation and similar rights, regarding APG Asbestos Trust Claims that the APG Entities or any Reorganized Debtor has under applicable law.

ii. Funding and Nature of the APG Asbestos Trust

The APG Asbestos Trust will be funded primarily by cash contributions deriving from APG's settlement of comprehensive general liability insurance policies issued to APG Services from the 1960's to 1986 that provided coverage for, inter alia, asbestos-related liabilities. These policies were issued to APG Services while APG Services was a wholly-owned Subsidiary of APG; several of these policies, including policies issued by Continental Insurance Company ("Continental"), Great American Insurance Company ("Great American"), Federal Insurance Company ("Federal") and Royal Insurance Company of America("Royal"), also provide coverage to APG as an additional insured (Royal disputes that APG had additional insured status). To date, APG has reached settlement agreements on the policies issued by Continental, Great American, Federal and Royal. APG has also reached a settlement with Fireman's Fund, which remains subject to approval by the Bankruptcy Court. APG has also reached settlements with KWELM Management Services

Limited ("KWELM") and certain domestic insolvent insurers. The aggregate nominal value of these settlements is approximately $365.6 million; of this amount, approximately $31.5 million will be used to fund the APG Silica Trust.

Continental, Great American, Federal and Royal all have agreed to make contributions to the APG Asbestos Trust according to varying schedules. Under the settlement agreements reached with each insurer, Continental will make ten annual installment payments to the APG Asbestos Trust; Great American will make an initial contribution in the form of either stock or cash, and will then elect to make either twenty annual installment payments to the APG Asbestos Trust over a twenty year period or a lump-sum payment to the APG Asbestos Trust for the full amount of the present-value of the installment payments, no later than the Effective Date; and Federal will make two annual installment payments to the APG Asbestos Trust. Royal will make its entire contribution at the time of the Confirmation Date of the GIT Plan. Under each agreement, the payment periods begin to run from approximately the Confirmation Date of the GIT Plan and the entire amounts of all of these settlements will ultimately be paid to the APG Asbestos Trust. The settlements with Continental, Great American and Royal also contemplate funding for the APG Silica Trust. Under the settlement with Fireman's Fund, three annual installment payments will be made, with such payments being completed as of December 2008.

To the extent that proceeds are received, APG and APG Services also will contribute to the APG Asbestos Trust monies to which APG or APG Services, as the case may be, are entitled as a result of settlements of the APG Insolvent Policies. Prior to their bankruptcy filings, APG and APG Services assigned all of their claims against these policies to National Indemnity Company (a Berkshire-Hathaway Corp. company) in exchange for (in part) a share of any future collections received by National Indemnity Company from these insolvent carriers. Approximately $8.1 million already has been received pursuant to the terms of the National Indemnity Company agreement from payments made as a result of such claims, and that sum is included in the $365.5 million identified above. The rights to any additional payments under said agreement will be assigned to the APG Asbestos Trust and APG Silica Trust at a ratio of 94% and 6%.

Additionally, on the Effective Date, 21% of the common stock of Reorganized ANH is being contributed to the APG Asbestos Trust for the benefit of the APG Asbestos Trust, free and clear of any liens or other claims. The APG Asbestos Trust has the right to exchange its shares in Reorganized ANH for 100% of the equity interest of Reorganized APG. Any money held in separate accounts pursuant to a court order in respect of an insurance settlement will be transferred by APG to the APG Asbestos Trust.

The GIT Debtors make no representation or warranty as to the value or collectability of or the amount of proceeds that will be realized over time by the APG Asbestos Trust from any of the settlement agreements reached with the various insurers or representatives thereof, or from the rights to insurance policies or insurance proceeds to be assigned to the APG Asbestos Trust.

The APG Asbestos Trust is intended to be treated for U.S. federal income tax purposes as a "qualified settlement fund" as described in section 1.468B-1 of the Treasury Regulations, as more specifically provided for under the APG Asbestos Trust Agreement. The APG Asbestos Trustees will be the "administrator" (as defined in section 1.468B-2(k) of the Treasury Regulations) of the APG Asbestos Trust, and will be required to satisfy all obligations in relation thereto as

identified in the APG Asbestos Trust Agreement and the applicable provisions of the Internal Revenue Code and the Treasury Regulations.

iii. The APG Asbestos Trustees, the APG Asbestos TAC and the APG Asbestos Future Claimants Representative

The APG Asbestos Trustees will be, and will act as, the fiduciaries to the APG Asbestos Trust, in accordance with the provisions of the APG Asbestos Trust Agreement. Subject to the APG Asbestos Trust Agreement and the GIT Plan, the APG Asbestos Trustees will have the power to take any and all actions that they may consider necessary, appropriate or desirable to fulfill the purpose of the APG Asbestos Trust, including receiving and holding the assets of the APG Asbestos Trust and exercising all rights and powers with respect thereto. The initial APG Asbestos Trustees are identified in the APG Asbestos Trust Agreement, and all APG Asbestos Trustees will serve according to the provisions set forth in the APG Asbestos Trust Agreement and the APG Asbestos TDP.

The members of the APG Asbestos TAC will serve in a fiduciary capacity, representing the holders of present APG Asbestos Trust Claims for the purpose of protecting the rights of such persons. The APG Asbestos Trustees will be required to consult with the APG Asbestos TAC on the general implementation and administration of the APG Asbestos Trust and the APG Asbestos TDP. The APG Asbestos Trustees also will be required to obtain the consent of the APG Asbestos TAC prior to taking certain actions as described more fully in the APG Asbestos Trust Agreement and the APG Asbestos TDP. The initial members of the APG Asbestos TAC are identified in the APG Asbestos Trust Agreement, and all members of the APG Asbestos TAC will serve according to the provisions set forth in the APG Asbestos Trust Agreement and the APG Asbestos TDP.

An individual will serve in a fiduciary capacity, representing the interests of the holders of future APG Asbestos Trust Claims for the purpose of protecting the rights of such persons. The APG Asbestos Trustees will be required to consult with the APG Asbestos Future Claimants Representative on the general implementation and administration of the APG Asbestos Trust and the APG Asbestos TDP. Additionally, the APG Asbestos Trustees will be required to obtain the consent of the APG Asbestos Future Claimants Representative prior to taking certain actions, as described in the APG Asbestos Trust Agreement. The initial APG Asbestos Future Claimants Representative will be Lawrence Fitzpatrick. The APG Asbestos Future Claimants Representative will serve according to the provisions set forth in the APG Asbestos Trust Agreement and the APG Asbestos TDP.

iv. Termination of the APG Asbestos Trust

The APG Asbestos Trust is irrevocable, but generally will terminate on the date which is 90 days after the first to occur of:

- The date on which the APG Asbestos Trustees determine to terminate the APG Asbestos Trust because (a) the APG Asbestos Trustees deem it unlikely that any new APG Asbestos Trust Claims will be filed against the APG Asbestos Trust, (b) all APG Asbestos Trust Claims duly filed with the APG Asbestos Trust have been liquidated and paid to the extent provided in the APG Asbestos Trust Agreement and the APG Asbestos TDP or disallowed by a final, non-appealable order, and (c) 12 consecutive months

have elapsed during which no new APG Asbestos Trust Claims have been filed with the APG Asbestos Trust; or

- If the APG Asbestos Trustees have procured and have in place irrevocable insurance policies and have established claims handling agreements and other necessary arrangements with suitable third parties adequate to discharge all expected remaining obligations and expenses of the APG Asbestos Trust in a manner consistent with the APG Asbestos Trust Agreement and the APG Asbestos TDP, the date on which the Bankruptcy Court enters and order approving such insurance and other arrangements, and such order becomes a Final Order.

b. The APG Asbestos TDP

i. APG Asbestos Trust and APG Asbestos TDP Goals

The APG Asbestos Trustees will implement and administer the APG Asbestos TDP, which is attached to the GIT Plan as Exhibit GIT B. The goal of the APG Asbestos Trust is to treat all claimants similarly and equitably, in accordance with the requirements of Section 524(g) of the Bankruptcy Code. The APG Asbestos TDP furthers that goal by setting forth procedures for processing and paying the APG Entities' several shares of the unpaid portion of the value of APG Asbestos Trust Claims generally on an impartial, first-in, first-out ("FIFO") basis, with the intention of paying all claimants over time as equivalent a share as possible of the value of their claims, based on historical values for substantially similar claims in the tort system.

The APG Asbestos TDP establishes a schedule of seven asbestos-related diseases ("Disease Levels"), six of which have presumptive medical and exposure requirements ("Medical/Exposure Criteria") and specific values ("Schedule Values"). The Disease Levels, Medical/Exposure Criteria, and Scheduled Values, which are set forth in Sections 5.3 and 5.4 of the APG Asbestos TDP, have been selected and derived with the intention of achieving a fair allocation of the APG Asbestos Trust funds among claimants suffering from different disease processes in light of the best available information, considering the settlement history of the APG Entities and the rights claimants would have had in the tort system absent the bankruptcy.

ii. Disease Levels Under the APG Asbestos TDP

The APG Asbestos TDP establishes seven initial Disease Levels, each of which has its own presumptive medical and exposure criteria. These Disease Levels are, in descending order of seriousness:

Level VII	Mesothelioma
Level VI	Lung Cancer 1
Level V	Lung Cancer 2
Level IV	Other Cancer
Level III	Severe Asbestosis
Level II	Asbestosis/Pleural Disease
Level I	Asbestosis/Pleural Disease

The presumptive Medical/Exposure Criteria for each Disease Level are set forth in the APG Asbestos TDP.

iii. Claims Liquidation Procedures

APG Asbestos Trust Claims will be processed based on their place in a FIFO processing queue (the "FIFO Processing Queue") to be established pursuant to the APG Asbestos TDP. Upon filing of a valid proof of claim form with the required supporting documentation, the claimant will be placed in the FIFO Processing Queue in accordance with the ordering criteria described in the APG Asbestos TDP. Except as otherwise provided in the APG Asbestos TDP, the APG Asbestos Trust shall liquidate all APG Asbestos Trust Claims that meet the presumptive Medical/Exposure Criteria of Disease Levels I-IV, VI and VII under the Expedited Review Process described in Section 5.3(a) of the APG Asbestos TDP.

The APG Asbestos Trust's Expedited Review Process is designed primarily to provide an expeditious, efficient and inexpensive method for liquidating all APG Asbestos Trust Claims (except claims qualifying for treatment under Disease Level V, Foreign Claims, Extraordinary Claims, Exigent Hardship Claims and Secondary Exposure Claims). Claims that undergo the Expedited Review Process and meet the presumptive Medical/Exposure Criteria shall be paid the following Scheduled Values for the relevant Disease Level, subject to the applicable Payment Percentage, the Maximum Annual Payment, and the Claims Payment Ratio:

Disease Level	Disease Description	Scheduled Value
Level VII	Mesothelioma	$130,000
Level VI	Lung Cancer 1	$47,000
Level VI	Other Cancer	$22,000
Level III	Severe Asbestosis	$22,000
Level II	Asbestosis/Pleural Disease	$8,300
Level I	Asbestosis/Pleural Disease	$2,750

Claimants holding claims qualifying for treatment under Disease Level V, as well as Foreign Claims and Extraordinary Claims, are required to seek the Individual Review Process to obtain the value of their claims. The Individual Review Process also is required to determine whether an APG Asbestos Trust Claim is eligible to be treated as an Exigent Hardship Claim and/or a Secondary Exposure Claim. The Individual Review Process further provides a claimant with an opportunity for individual consideration and evaluation of an APG Asbestos Trust Claim that fails to meet the presumptive Medical/Exposure Criteria for Disease Level I-IV, VI and VII claims. Finally, claimants who seek to recover for a Secondary Exposure disease (as defined in Section 5.5 of the APG Asbestos TDP) may seek the Individual Review Process for their claims.

The Individual Review Process is intended to result in payments equal to the full value for each claim processed thereby, multiplied by the Payment Percentage. However, the value of any APG Asbestos Trust Claim that undergoes the Individual Review Process may be determined to be less than the Scheduled Value the claimant would have received

under the Expedited Review Process, to the extent applicable. The procedures for the liquidation of claims through the Expedited Review Process and the Individual Review Process, including the evidentiary requirements to be used therein, are defined and described more fully in the APG Asbestos TDP.

The APG Asbestos Trust, with the consent of the APG Asbestos TAC and the APG Asbestos Future Claimants Representative, shall institute binding and non-binding arbitration procedures in accordance with Section 5.10 of the APG Asbestos TDP, for resolving certain disputes regarding the liquidation of APG Asbestos Trust Claims, as well as certain additional disputes, as identified in Section 5.10(a) of the APG Asbestos TDP. Certain claimants who pursue non-binding arbitration and reject their arbitral award may have a right to pursue a recovery against the APG Asbestos Trust in the tort system, as more fully described in Sections 5.11, 7.6 and 7.7 of the APG Asbestos TDP. However, a claimant shall be eligible for payment of a judgment for monetary damages obtained in the tort system from the APG Asbestos Trust's available cash only as provided in Section 7.7 of the APG Asbestos TDP.

The value of Pre-Petition Liquidated APG Asbestos Trust Claims (as defined below) shall not be determined through the Expedited Review Process or the Individual Review Process, but rather through the provisions described in Section 5.2(a) of the APG Asbestos TDP.

iv. Payment of Claims by the APG Asbestos Trust

After the value of any APG Asbestos Trust Claim is determined pursuant to the terms of the APG Asbestos TDP, the claimant will ultimately receive a pro rata share of that value based on the Payment Percentage. The Payment Percentage will also apply to all Pre-Petition Liquidated APG Asbestos Trust Claims (as described more fully below). The initial Payment Percentage to be used by the APG Asbestos Trust will be set and adjusted according to the provisions of the APG Asbestos TDP. Because there is uncertainty in the prediction of both the number and severity of future APG Asbestos Trust Claims and the amount of the APG Asbestos Trust Assets, no guarantee can be made of any Payment Percentage of an APG Asbestos Trust Claim's value.

In each year the APG Asbestos Trust will be empowered to pay out all of the interest it earns during each year, together with a portion of its principal, calculated so that the application of APG Asbestos Trust funds over its life will correspond with the needs created by the anticipated flow of claims (i.e. the Maximum Annual Payment). In the event there are insufficient funds in any year to pay the total number of outstanding Pre-Petition Liquidated APG Asbestos Trust Claims and/or APG Asbestos Trust Claims liquidated under the terms of the APG Asbestos TDP, the available funds allocated to such claims shall be paid to the maximum extent to claimants in the group based on their place in their FIFO Payment Queue, with unpaid claims being carried over to the next year and placed at the head of their FIFO Payment Queue.

Based upon the APG Entities' claims settlement history and analysis of present and future claims, a Claims Payment Ratio has been determined which, as of the Effective Date, has been set at 60% for Disease Level III-VII claims ("Category A" claims), and 40% for Disease Level I-II claims ("Category B" claims). The Claims Payment Ratio shall not apply to any Pre-Petition Liquidated APG Asbestos Trust Claims. In each year, after determination of the Maximum Annual Payment, 60% of that amount shall be available to pay Category A claims and 40% shall be available to pay

Category B claims. Provisions governing the application, determination and modification of the Claims Payment Ratio are listed in Section 2.5 of the APG Asbestos TDP.

As soon as practicable after the Effective Date, the APG Asbestos Trust shall pay, upon submission of the relevant materials (described in Section 5.2 of the APG Asbestos TDP), all APG Asbestos Trust Claims that were liquidated by (a) a binding settlement agreement for the particular claim entered into prior to the Petition Date that is judicially enforceable by the claimant, (b) a jury verdict or non-final judgment in the tort system obtained prior to the Petition Date, or (c) by a judgment that became final and non-appealable prior to the Petition Date (collectively "Pre-Petition Liquidated APG Asbestos Trust Claims"). Provisions governing the processing and payment of such claims are listed in Section 5.2 of the APG Asbestos TDP.

5. The APG Silica Trust

a. Purpose and Structure

GIT will seek, pursuant to Section 105 of the Bankruptcy Code, to confirm the GIT Plan that includes a "channeling injunction" pursuant to which the APG Silica Trust Claims and Demands and similar claims against GIT Protected Parties are channeled to the APG Silica Trust for payment out of the APG Silica Trust. Following confirmation of the GIT Plan, holders of APG Silica Trust Claims and Demands (referred to collectively in this section and the following section as "APG Silica Trust Claims") will be permanently enjoined from seeking satisfaction of their Claims and Demands against the GIT Debtors, Reorganized GIT, the other Reorganized Debtors, any Participating Insurers, Reorganized ANH or any other GIT Protected Party or their respective assets, and their respective successors.

i. Creation of the APG Silica Trust

The GIT Plan seeks to provide a method of payment of the APG Silica Trust Claims. Most significantly, the GIT Plan provides for the establishment and funding of the APG Silica Trust for this purpose. On the Effective date, the APG Silica Trust Agreement will become effective, and the APG Silica Trust will be created. The GIT Plan Proponents estimate that the GIT Plan will provide Cash and other assets sufficient to pay a percentage (such percentage to be established pursuant to the APG Silica TDP) of the amount established pursuant to the APG Silica TDP for payment of all APG Silica Trust Claims. The APG Silica Trust shall operate comply in all respects with the terms the GIT Plan, the APG Silica Trust Agreement and the APG Silica TDP. (Copies of the APG Silica Trust Agreement and the APG Silica TDP are attached as Exhibits GIT C and GIT D to the GIT Plan, which is attached hereto as Exhibit 3.)

The APG Silica Trust will assume all liability and responsibility for all APG Silica Trust Claims and Trust Expenses of the APG Silica Trust. Except as otherwise provided in the APG Silica Trust Agreement, the APG Silica Trust shall have all defenses regarding APG Silica Trust Claims that the APG Entities or any Reorganized Debtor has under applicable law. The APG Silica Trust also shall indemnify the APG Entities pursuant to the APG Silica Trust Indemnification Agreement, attached as Annex 1 to the APG Silica Trust Agreement.

ii. Funding and Nature of the APG Silica Trust

The APG Silica Trust will be funded by approximately $31.5 million in payments over time (approximately $2.1 million of which is subject to court approval of the Fireman's Fund settlement) and by the assignment of APG's rights to receive proceeds from certain insurance policies. Certain of these policies are subject to self-insured retentions, deductibles, and/or retrospective premiums, the aggregate of which, on a single occurrence basis, is not expected to exceed $7 million. To the extent that payment of such self-insured retentions, deductibles, and/or retrospective premiums becomes necessary to access the policies' coverage for Silica Personal Injury Claims, the APG Silica Trust shall have no obligation to pay any amount in excess of an aggregate of $7.0 million in such costs in the event that all Silica Personal Injury Claims for which coverage is sought under any such policy are treated as a single occurrence for purposes of insurance coverage. In the event that Silica Personal Injury Claims for which coverage is sought under a particular APG Silica Trust Policy are treated as multiple occurrences, the APG Silica Trust shall have no obligation to pursue insurance coverage under that APG Silica Trust Policy. However, should the APG Silica Trust determine that it is in the best interest of the APG Silica Trust to pursue insurance coverage under such circumstances, the Reorganized Debtors shall have no obligation to pay any amount for deductibles, self-insured retentions, or retrospective premiums required under such APG Silica Trust Policy. The assignment of APG's rights to receive proceeds from certain insurance policies includes all APG Silica Trust Policy Rights for policies issued to APG and certain APG Subsidiaries from 1949 through 1998, and to GIT from 1997 through June 30, 2000.

Because the GIT policies from 1997 through June 30, 2000 provide coverage for claims other than silica-related personal injury claims and to insureds other than APG, with respect to these policies, the assignment of rights to proceeds to the APG Silica Trust will be on a first-come, first-served basis. To the extent that any of the insurers that issued APG's coverage, GIT's 1997-2000 coverage, Lanxide ThermoComposites, Inc.'s 1996 and 1997 coverage and/or Intogreen Co.'s 1996, 1997 and 1998 coverage agree to settle their respective policies and thereby participate in the GIT Plan, the full amount of the proceeds from those settlements will be contributed to the APG Silica Trust.

The GIT Debtors make no representation or warranty as to the value or collectability of or the amount of proceeds that will be realized over time by the APG Silica Trust from any settlement agreements reached with the various insurers or representatives thereof, or from the rights to insurance policies or insurance proceeds to be assigned to the APG Silica Trust.

The APG Silica Trust is intended to be treated for U.S. federal income tax purposes as a "qualified settlement fund" as described in section 1.468B-1 of the Treasury Regulations, as more specifically provided for under the APG Silica Trust Agreement. The APG Silica Trustee will be the "administrator" (as defined in section 1.468B-2(k) of the Treasury Regulations) of the APG Silica Trust, and will be required to satisfy all obligations in relation thereto as identified in the APG Silica Trust Agreement and the applicable provisions of the Internal Revenue Code and the Treasury Regulations.

iii. The APG Silica Trustee, the APG Silica TAC and the APG Silica Future Claimants Representative

The APG Silica Trustee will be, and will act as, the fiduciary to the APG Silica Trust, in accordance with the provisions of the APG Silica Trust Agreement. Subject to the APG Silica Trust Agreement and the GIT Plan, the APG

Silica Trustee will have the power to take any and all actions that he or she may consider necessary, appropriate or desirable to fulfill the purpose of the APG Silica Trust, including receiving and holding the assets of the APG Silica Trust and exercising all rights and powers with respect thereto. The initial APG Silica Trustee is identified in the APG Silica Trust Agreement, and all APG Silica Trustees will serve according to the provisions set forth in the APG Silica Trust Agreement and the APG Silica TDP.

The APG Silica TAC will serve in a fiduciary capacity, representing the holders of present APG Silica Trust Claims for the purpose of protecting the rights of such persons. The APG Silica Trustee will be required to consult with the APG Silica TAC on certain matters identified in the APG Silica Trust Agreement, and the APG Silica Trustee also will be required to obtain the consent of the APG Silica TAC prior to taking certain actions as described more fully in the APG Silica Trust Agreement and the APG Silica TDP. The initial member of the APG Silica TAC is identified in the APG Silica Trust Agreement, and all members of the APG Silica TAC will serve according to the provisions set forth in the APG Silica Trust Agreement and the APG Silica TDP.

An individual will serve in a fiduciary capacity, representing the interests of the future APG Asbestos Trust claimants, for the purpose of protecting the rights of persons that might subsequently assert future and unknown Demands. The APG Silica Trustee will be required to consult with the APG Silica Future Claimants Representative on certain matters identified in the APG Silica Trust Agreement. Additionally, the APG Silica Trustees will be required to obtain the consent of the APG Silica Future Claimants Representative prior to taking certain actions, as described in the APG Silica Trust Agreement and the APG Asbestos TDP. The initial APG Silica Future Claimants Representative will be Philip Pahigian. The APG Silica Future Claimants Representative will serve according to the provisions set forth in the APG Silica Trust Agreement and the APG Silica TDP. The APG Silica Trust shall be required, as its own cost and expense, to continue or maintain insurance indemnifying and holding harmless the APG Silica Future Claimants Representative from claims of injury alleged to be caused by his acts or omissions in the performance of his duties as APG Silica Future Claimants Representative from the date of his appointment.

iv. Termination of the APG Silica Trust

The APG Silica Trust is irrevocable, but generally will terminate on the date which is 90 days after the first to occur of:

- The date on which the APG Silica Trustee determines to terminate the APG Silica Trust because (a) the APG Silica Trustee deems it unlikely that any new APG Silica Trust Claims will be filed against the APG Silica Trust, (b) all APG Silica Trust Claims duly filed with the APG Silica Trust have been liquidated and paid to the extent provided in the APG Silica Trust Agreement and the APG Silica TDP or disallowed by a final, non-appealable order, to the extent possible based upon the funds available through the GIT Plan, and (c) 12 consecutive months have elapsed during which no new APG Silica Trust Claims have been filed with the APG Silica Trust; or
- If the APG Silica Trustee has procured and has in place sufficient assets and has established claims handling agreements and other necessary arrangements with suitable third parties adequate to discharge

all expected remaining obligations and expenses of the APG Silica Trust in a manner consistent with the APG Silica Trust Agreement and the APG Silica TDP, the date on which the Bankruptcy Court enters a Final Order approving the sufficiency of such assets and other arrangements.

b. The APG Silica TDP

i. APG Silica TDP Goals

The APG Silica Trustees will implement and administer the APG Silica TDP, which is attached to the GIT Plan as Exhibit GIT D. The goal of the APG Silica Trust is to treat all claimants similarly and equitably. The APG Silica TDP furthers that goal by setting forth procedures for processing and paying the APG Entities' several shares of the unpaid portion of the value of APG Silica Trust Claims generally on an impartial, first-in, first-out ("FIFO") basis, with the intention of paying all claimants over time as equivalent a share as possible of the value of their claims.

The APG Silica TDP establishes a schedule of five silica-related diseases ("Disease Levels"), each of which have presumptive medical and exposure requirements ("Medical/Exposure Criteria") and specific values ("Schedule Values"). The Disease Levels, Medical/Exposure Criteria, and Scheduled Values, which are set forth in Sections 5.3(a)(3) of the APG Silica TDP, have been selected and derived with the intention of achieving a fair allocation of the APG Silica Trust funds among claimants suffering from different disease processes.

Claimants asserting claims for mixed-dust pneumoconiosis cannot recover from the APG Silica Trust, but must submit their claims to the APG Asbestos Trust. The APG Silica Trust will not make payments to any claimant who previously has submitted claims to the APG Asbestos Trust; provided, however, that such claimant may seek Individual Review of such claim if the claimant believes that recovery from both trusts is appropriate. In that event, the APG Silica Trustee may determine on a case-by-case basis the appropriateness of permitting such claimant to submit an APG Silica Trust Claim, provided that the claimant meets the relevant Medical/Exposure Criteria under the APG Silica TDP.

ii. Disease Levels Under the APG Silica TDP

The APG Silica TDP establishes five initial Disease Levels, each of which has its own presumptive medical and exposure criteria. These Disease Levels are, in descending order of seriousness:

Level V	Complex Silicosis
Level IV	Lung Cancer
Level III	Severe Silicosis
Level II	Silicosis
Level I	Simple Silicosis

The APG Silica TDP provides for creation of a "Convenience Class" of individuals who presently have APG Silica Trust Claims against the APG Debtors providing such individuals the option of asserting a claim against the APG Silica Trust in the amount of $1,000 in exchange for a full release of the APG Debtors and the APG Silica Trust. In order for such individuals to elect this option, they must do so on the Ballot (whether or not they vote in favor of the GIT Plan). Thereafter, once the APG Silica Trust is established, such individuals will have to file a Proof of Claim form and satisfy the medical criteria for Level I, II, III, IV or V of the Disease Levels of the APG Silica TDP. Payment to Convenience

Class participants will not be made unless and until the applicable Payment Percentage for non-Convenience Class claims is equal to or greater than 50%.

The presumptive Medical/Exposure Criteria for each Disease Level identified above are set forth in the APG Silica TDP.

iii. Claims Liquidation Procedures

APG Silica Trust Claims will be processed based on their place in a FIFO processing queue (the "FIFO Processing Queue") to be established pursuant to the APG Silica TDP. Upon filing of a valid proof of claim form with the required supporting documentation, the claimant will be placed in the FIFO Processing Queue in accordance with the ordering criteria described in the APG Silica TDP. Except as otherwise provided in the APG Silica TDP, the APG Silica Trust shall liquidate all APG Silica Trust Claims (other than Convenience Class APG Silica Trust Claims) that meet the presumptive Medical/Exposure Criteria of Disease Levels I-V under the Expedited Review Process described in Section 5.3(a) of the APG Silica TDP.

The APG Silica Trust's Expedited Review Process is designed primarily to provide an expeditious, efficient and inexpensive method for liquidating all APG Silica Trust Claims. Claims that undergo the Expedited Review Process and meet the presumptive Medical/Exposure Criteria shall be paid the following Scheduled Values for the relevant Disease Level, subject to the applicable Payment Percentage and the Maximum Annual Payment:

Disease Level	Disease Description	Scheduled Value
Level V	Complex Silicosis	$92,000
Level IV	Lung Cancer	$45,000
Level III	Severe Silicosis	$10,550
Level II	Silicosis	$7,400
Level I	Simple Silicosis	$1,850

Claimants holding Disease Level I claims may seek Individual Review of their claims (i) if the claimant fails to meet the presumptive Medical/Exposure Criteria for that claim, or (ii) the claimant has previously submitted a claim with (and received payment for said claim from) the APG Asbestos Trust. Claimants holding claims in Disease Levels II-V may seek Individual Review of the value of their claims, as well as of their medical/exposure evidence. The Individual Review Process is also required to determine whether an APG Silica Trust Claim is eligible to be treated as an Extraordinary Claim Exigent Hardship Claim. Secondary Exposure Claims are reviewable only under Individual Review.

The Individual Review Process is intended to result in payments equal to the full value for each claim processed thereby, multiplied by the Payment Percentage. However, the value of any APG Silica Trust Claim that undergoes the Individual Review Process may be determined to be less than the Scheduled Value the claimant would have received

under the Expedited Review Process, to the extent applicable. The procedures for the liquidation of claims through the Expedited Review Process and the Individual Review Process, including the evidentiary requirements to be used therein, are defined and described more fully in the APG Silica TDP.

The APG Silica Trust, with the consent of the APG Silica TAC and the APG Silica Future Claimants Representative, shall institute binding and non-binding arbitration procedures in accordance with Section 5.10 of the APG Silica TDP, for resolving certain disputes regarding the liquidation of APG Silica Trust Claims, as well as certain additional disputes, as identified in Section 5.10(a) of the APG Silica TDP. Certain claimants who pursue non-binding arbitration and reject their arbitral award may have a right to pursue a recovery against the APG Silica Trust in the tort system, as more fully described in Sections 5.11, 7.6 and 7.7 of the APG Silica TDP. However, a claimant shall be eligible for payment of a judgment for monetary damages obtained in the tort system from the APG Silica Trust's available cash only as provided in Section 7.7 of the APG Silica TDP.

iv. Payment of Claims by the APG Silica Trust

After the value of any APG Silica Trust Claim is determined pursuant to the terms of the APG Silica TDP, the claimant will ultimately receive a pro rata share of that value based on the Payment Percentage. Because there is uncertainty in the prediction of both the number and severity of future APG Silica Trust Claims and the amount of the assets available to the APG Silica Trust to pay APG Silica Trust Claims, no guarantee can be made of any Payment Percentage that will be applied to any APG Silica Trust Claim.

There will be no distributions from the APG Silica Trust on account of liquidated APG Silica Trust Claims until after (a) the APG Silica Trust is established, and (b) sufficient information is available concerning the anticipated assets and liabilities of the APG Silica Trust over its lifetime such that the APG Silica Trustee can determine, based on the findings of experts, that the APG Silica Trust has sufficient assets to make a ten percent (10%) distribution. The Payment Percentage then will be set by the APG Silica Trustee, with the consent of the APG Silica TAC and APG Silica Future Claimants Representative, pursuant to the terms of the APG Silica TDP, and thereafter can be changed in accordance with the terms of the APG Silica TDP.

In each year the APG Silica Trust will be empowered to pay out all of the interest it earns during each year, together with a portion of its principal, calculated so that the application of APG Silica Trust funds over its life will correspond with the needs created by the anticipated flow of claims (i.e. the Maximum Annual Payment). In the event there are insufficient funds in any year to pay the total number of outstanding APG Silica Trust Claims liquidated under the terms of the APG Silica TDP, the available funds allocated to such claims shall be paid to the maximum extent to claimants in the group based on their place in their FIFO Payment Queue, with unpaid claims being carried over to the next year and placed at the head of their FIFO Payment Queue.

The APG Silica Trustee will make payments to holders of valid, liquidated APG Silica Trust Claims in accordance with the APG Silica TDP promptly as funds become available and as claims are liquidated, while maintaining sufficient resources to pay future valid claims in substantially the same manner. Because the APG Silica Trust's income and value over time remains uncertain, and because decisions about payments must be based on estimates that cannot be

done precisely, payments may have to be revised in light of experiences over time, and there can be no guarantee of any specific level of payment to claimants. In the event that the APG Silica Trust faces temporary periods of limited liquidity, the APG Silica Trustee may, with the consent of the APG Silica TAC and the APG Silica Future Claimants Representative, suspend the normal order of payment and may temporarily limit or suspend payments altogether.

6. Transfer of the PI Trust Claims and Defenses

On the Effective Date, the NARCO Debtors and the GIT Debtors will transfer and assign, or cause to be transferred and assigned, to the applicable PI Trusts, the applicable Claims and any defenses or other rights related thereto. In consideration of the property transferred to the PI Trusts and in furtherance of the purposes of the PI Trusts and the Plans, the PI Trusts will assume all liability and responsibility for all PI Trust Claims and Reorganized ANH, the Reorganized Debtors, and the NARCO and GIT Protected Parties will have no further financial or other responsibility or liability therefor.

Pursuant to the terms of the GIT/DII Settlement Agreement and the DII Plan, all H-W Asbestos Trust Claims and all H-W Silica Trust Claims were transferred and assigned to the DII Asbestos Trust and DII Silica Trust, respectively, on the effective date of the DII Plan, which occurred on January 20, 2005. As such, Reorganized ANH, the Reorganized GIT Debtors and the other parties identified in the DII Plan have no further financial or other responsibility for all such claims.

7. Trustees and Trust Advisory Committees of the PI Trusts

a. Trustees

The Trustees of the NARCO Asbestos Trust will be determined no later than thirty days prior to the Confirmation Date of the NARCO Plan].

The Trustees of the APG Asbestos Trust will be determined no later than thirty days prior to the Confirmation Date of the GIT Plan.

The Trustee of the APG Silica Trust will be determined no later than thirty days prior to the Confirmation Date of the GIT Plan.

b. Trust Advisory Committees

Each PI Trust will have a Trust Advisory Committee. The members of each Trust Advisory Committee will serve in a fiduciary capacity representing all holders of NARCO Asbestos Trust Claims, APG Asbestos Trust Claims or APG Silica Trust Claims, as applicable. The Trustee(s) of each PI Trust will be required to consult with its Trust Advisory Committee with respect to certain actions, and shall be required to obtain the consent of the Trust Advisory Committee with respect to certain matters, as provided in the applicable Trust Agreements that relate to each PI Trust.

The members of the Trust Advisory Committee of the NARCO Asbestos Trust will be determined no later than thirty days prior to the Confirmation Date of the NARCO Plan.

The members of the Trust Advisory Committee of the APG Asbestos Trust will be determined no later than thirty days prior to the Confirmation Date of the GIT Plan

The initial member of the Trust Advisory Committee of the APG Silica Trust is Bryan O. Blevins, Esq.

8. Transfer of Books and Records of the respective Debtors to the PI Trusts

On the Effective Date or as soon thereafter as is practical, Reorganized ANH, NARCO, and APG, and their respective Affiliates, as the case may be, will transfer and assign, or cause to be transferred and assigned to the applicable PI Trusts the books and records of Reorganized ANH, NARCO and APG, and their respective Affiliates, as the case may be, that (i) pertain directly to the defense of NARCO Asbestos Trust Claims, APG Asbestos Trust Claims and APG Silica Trust Claims (as applicable) or (ii) the assets transferred to the NARCO Asbestos Trust, the APG Asbestos Trust or the APG Silica Trust (as applicable).

With respect to all books and records of the GIT Debtors (as defined in the DII Plan) relating to the H-W Asbestos Trust Claims, the H-W Silica Trust Claims and the insurance assets assigned to DII in the GIT/DII Settlement Agreement, the GIT Debtors have satisfied (or have been deemed to have satisfied) all of the requirements set forth in Section 2.5(b) of the GIT/DII Settlement Agreement as of the effective date of the DII Plan (January 20, 2005). The GIT Debtors have further agreed to provide DII with additional information pursuant to Section 2.5(b) of the GIT/DII Settlement Agreement as may be requested from time to time by DII.

Reorganized ANH, NARCO and APG, and their respective Affiliates, as the case may be, will request that the Bankruptcy Court, in the Confirmation Orders, rule that the transfers described above do not result in the destruction or waiver of any applicable privileges pertaining to such books and records. If the Bankruptcy Court does not so rule, at the option of Reorganized ANH, NARCO and APG, and their respective Affiliates, as the case may be, Reorganized ANH, NARCO and APG, and their respective Affiliates, as the case may be, will retain the books and records and enter into arrangements to permit the Trustees to have access to such books and records in a manner to preserve applicable privileges and work product and other doctrines. The APG Silica Trust Agreement or other separate agreement will provide for the sharing of information related to silica claims between the APG Silica Trust and Reorganized GIT.

B. ASSUMPTION OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES REGARDING OPERATIONS

Except for executory contracts and unexpired leases for which the Debtors have rejected or filed a motion to reject prior to the confirmation, all executory contracts and unexpired leases for goods, services or premises used in connection with NARCO Debtors' or GIT Debtors' respective business operations shall be deemed to have been assumed by the Reorganized NARCO Debtors or Reorganized GIT Debtors, as applicable, on the Effective Date, and the applicable Plan shall constitute a motion to assume such executory contracts and unexpired leases. Subject to the occurrence of the Effective Date, entry of the Clerk of the Bankruptcy Court shall constitute approval of such assumptions pursuant to Section 365(a) of the Bankruptcy Code and a finding by the Bankruptcy Court that each such assumption is in the best interests of the Debtors, their estates, and all parties in interest in the Chapter 11 Cases. With respect to each such

executory contract or unexpired lease assumed by the Reorganized Debtors, unless otherwise determined by the Bankruptcy Court pursuant to a Final Order or agreed to by the parties thereto prior to the Effective Date, the dollar amount required to cure any defaults of the Debtors existing as of the Confirmation Date shall be conclusively presumed to be zero. Subject to the occurrence of the Effective Date, any cure amount agreed to by the Debtors or determined by the Bankruptcy Court shall be treated as an Allowed Administrative Expense Claim. All non-monetary defaults of the Debtors existing as of the Confirmation Date with respect to such executory contract or unexpired lease shall be deemed cured.

C. CORPORATE MATTERS

Reorganized ANH. On the Effective Date of the Plans, the Debtors (other than ANH) will be reorganized into one of two affiliate groups: Reorganized NARCO or Reorganized GIT. Reorganized ANH will own these affiliate groups and Reorganized GIT will own Reorganized H-W and Reorganized APG. A copy of the financial projections for Reorganized ANH are attached hereto as Exhibit 12. Such projected financial statements provide an illustration of the financial effects of the consummation of the Plans. A copy of historical Combined ANH Summary Financial Statements is also attached hereto as Exhibit 11. Please also refer to Section IX of this Disclosure Statement for a discussion of certain financial risks associated with the Plans.

Management Agreement. Following the Effective Date, Reorganized ANH will provide management services to the Reorganized NARCO and Reorganized GIT affiliate groups. Such management services will include the performance of certain cash management and centralized treasury functions by Reorganized ANH.

Articles of Incorporation and Bylaws. Upon the Effective Date, Reorganized ANH will file an Amended and Restated Certificate of Incorporation and will approve Amended and Restated Bylaws. See Exhibits 8 and 9 attached to this Disclosure Statement. In addition, following the Effective Date, Reorganized ANH may amend the articles/certificates of incorporation and/or bylaws of other Debtors who emerge from the Chapter 11 proceedings.

Board of Directors and Officers of Reorganized ANH. Upon the Effective Date, Reorganized ANH will have five board members. The Board of Directors will consist of the following persons:

(i) Appointed by the NARCO Asbestos Trust: 3.

(ii) Appointed by the APG Asbestos Trust: 1.

(iii) Appointed by the board of Reorganized ANH (director will be a management employee): 1.

Shareholders Agreement. Reorganized ANH, the APG Asbestos Trust and the NARCO Asbestos Trust will enter into a shareholder agreement in the form of Exhibit 10 attached to this Disclosure Statement. Such Agreement provides for the election of directors of Reorganized ANH, establishes a right of first refusal and tag-along rights in any sale of Reorganized ANH stock, and provides for the transfer of the APG Asbestos Trust's 21% equity interest in Reorganized ANH to Honeywell, in exchange for a 100% equity interest in A.P Green.

D. POST-REORGANIZATION FINANCING

Funds generated by the Reorganized NARCO and Reorganized GIT affiliated groups will be received by or advanced to Reorganized ANH. Reorganized ANH will manage those funds. The funds will be used to make advances to members of the Reorganized NARCO and Reorganized GIT affiliated groups to meet their working capital needs and to meet the working capital needs of Reorganized ANH. In addition, the Debtors are seeking exit financing and expect such exit financing to be available on the Effective Date of the Plans. The proceeds of such financing will be used by Reorganized ANH for general working capital purposes.

E. DISTRIBUTIONS UNDER THE PLANS

Any Distribution to be made by Reorganized ANH pursuant to a Plan shall be deemed to have been timely made if made within ten (10) days of the time specified in the applicable Plan. Unless the Entity receiving a payment agrees otherwise, any payment in Cash to be made by Reorganized ANH shall be made, at the election of Reorganized ANH, by check drawn on a domestic bank, or by wire transfer from a domestic bank. Reorganized ANH, the Asbestos Trusts or the APG Silica Trust, as applicable, shall withhold from any assets or property distributed under a Plan any assets or property which must be withheld for foreign, federal, state and local taxes payable with respect thereto or payable by the Entity entitled to such assets to the extent required by applicable law. To the extent that any Allowed Claim entitled to a Distribution under a Plan is comprised of indebtedness and accrued but unpaid interest thereon, such Distribution shall, for tax purposes, be allocated to the principal amount of the Claim first and then, to the extent the consideration exceeds the principal amount of the Claim, to accrued but unpaid interest. Any Cash, assets, and other property to be distributed under the applicable Plan, but excluding any Distributions from the applicable Asbestos Trust or APG Silica Trust, that remain unclaimed (including by an Entity's failure to negotiate a check issued to such Entity) or otherwise not deliverable to the Entity entitled thereto before the later of (a) one year after the Effective Date, or (b) six months after an order allowing such Entity's Claim becomes a Final Order, shall become vested in, and shall be transferred to, Reorganized ANH notwithstanding state or other escheat or similar laws to the contrary. In such event, such Entity's Claim shall no longer be deemed to be Allowed and such Entity shall be deemed to have waived its rights to such payments or distributions under the applicable Plan pursuant to Section 1143 of the Bankruptcy Code, shall have no further Claim in respect of such Distribution and shall not participate in any further Distributions under the applicable Plan with respect to such Claim. In the event that the holder of any Claim shall transfer such Claim on and after the Effective Date, it shall immediately advise Reorganized ANH, the Asbestos Trusts or the APG Silica Trust, as the case may be, in writing of such transfer. Reorganized ANH, the Asbestos Trusts or the APG Silica Trust, as the case may be, shall be entitled to assume that no transfer of any Claim has been made by any holder unless and until written notice of a transfer has been received by Reorganized ANH, the Asbestos Trusts or the APG Silica Trust, as the case may be. Each transferee of any Claim shall take such Claim subject to the provisions of the applicable Plan, and, except as provided in a notice of transfer, Reorganized ANH, the Asbestos Trusts or the APG Silica Trust, as the case may be, shall be entitled to assume conclusively that the transferee named in any notice of transfer shall thereafter be vested with all rights and powers of the transferor of such Claim. Notwithstanding anything to the contrary contained in the applicable Plan, no Cash payments of fractions of cents will be made under either Plan. Fractional cents shall be rounded to the nearest whole cent (with .5 cent

or less to be rounded down). Distributions to holders of Allowed Claims shall be made to the address of the holder of such Claim as indicated on the records of the applicable Debtor, or if a proof of claim has been filed, to the address on the proof of claim. Notwithstanding anything to the contrary contained in the Plans, no Cash payments of $10 or less will be made.

F. PROVISIONS FOR TREATMENT OF CONTINGENT CLAIMS AND DISPUTED CLAIMS.

1. Contingent Claims. Holders of Contingent Claims shall be paid only after such Claims have become fixed and/or liquidated. No interest shall be paid on account of a Contingent Claim except as provided in Section 506(b) of the Bankruptcy Code. Any Contingent Claim, other than Claims in NARCO Class 1-A or GIT Class 1-A, that has not become fixed or liquidated on or before two years after the Effective Date shall be deemed waived, disallowed and expunged unless the holder of such Claim has, on or before two years following the Effective Date, filed a request with the Bankruptcy Court requesting estimation of such claim for purposes of allowance pursuant to § 502(c) of the Bankruptcy Code. After the later of two years following the Effective Date and the entry of Final Orders on any timely filed requests for estimation no cash reserves will be held for Contingent Claims and any funds previously held for such purposes may be distributed to the holders of Allowed Claims.

2. Disputed Claims. NARCO or GIT, as the case may be, or Reorganized ANH, shall object to the allowance of Claims (other than applicable PI Trust Claims) filed with the Bankruptcy Court with respect to which any Debtor or Reorganized ANH disputes liability in whole or in part. Reorganized ANH shall have the right to compromise and settle any General Unsecured Claim after the Effective Date without notice to Creditors or order of the Bankruptcy Court. Unless another date is established by order of the Bankruptcy Court, all objections to Claims (other than applicable PI Trust Claims) shall be filed and served on the holders of such Claims no later than 60 days following the Effective Date.

Reorganized ANH shall make a Distribution to the holder of a Disputed Claim when and to the extent that such Disputed Claim becomes Allowed. No interest shall be paid on account of a Disputed Claim that later becomes Allowed, except as provided in Section 506(b) of the Bankruptcy Code.

G. CASH RESERVE.

1. Creation of Cash Reserve

On the Effective Date, Reorganized ANH will deposit an amount of Cash equal to the Contingent Claims Reserve and Disputed Claims Cash Reserve. The Cash held in the Cash Reserve shall be held in trust for the benefit of holders of Contingent Claims and Disputed Claims pending determination of their entitlement thereto. Reorganized ANH will not make Distributions to the holders of Contingent Claims and Disputed Claims in an aggregate amount in excess of the Cash Reserve.

2. Distributions From the Cash Reserve

To the extent that, after the Effective Date, any Disputed Claim is disallowed and expunged, in whole or in part, or any Contingent Claim is eliminated, Reorganized ANH may reduce the amount of the Cash Reserve and any excess Cash shall be Distributed to the holders of Allowed Claims. In no case will the holder of any Claim receive more than 90% of the Allowed Amount of such Claim. Any such redistribution may be made at reasonable times and in any event a final redistribution shall be made after all Disputed Claims have been Allowed or expunged, in whole or in part and all Contingent Claims have been fixed, liquidated, expunged, or estimated for purposes of allowance by a Final Order of the Bankruptcy Court.

H. RETENTION OF JURISDICTION

Pursuant to Sections 105(a) and 1142 of the Bankruptcy Code, after the Confirmation Date the Bankruptcy Court or, if applicable, except as set forth in the NARCO Plan or the GIT Plan, the District Court will retain and will have exclusive jurisdiction over any matter (a) arising under the Bankruptcy Code, (b) arising in or related to the Chapter 11 Cases, either Plan or the PI Trusts and their assets, or (c) with respect to those matters specifically set forth in the Plans.

I. MISCELLANEOUS PROVISIONS OF THE PLANS

1. Authority of the Debtors

On the Confirmation Date, each Debtor will be empowered and authorized to take or cause to be taken, prior to the Effective Date, all actions necessary to enable it to implement effectively the provisions of the Plans and the NARCO Asbestos Trust Agreement, the APG Asbestos Trust Agreement and the APG Silica Trust Agreement.

2. Payment of Statutory Fees

The Debtors will pay all fees payable pursuant to Section 1930 of title 28 of the United States Code on or before the Effective Date.

3. Exculpation

The Plans provide that neither the Debtors and their Affiliates, the Reorganized Debtors, the Future Claimants Representatives, the NARCO Creditors Committee and GIT Creditors Committee, the NARCO Asbestos Claimants Committee and GIT Asbestos Claimants Committee, nor any of their respective present or former officers, directors, employees, attorneys, accountants, underwriters, investment bankers, financial advisors, advisors, Affiliates, members, professionals, representatives, or agents will have or incur any liability to any Entity or any holder of a Claim or Equity Interest for any act or omission with respect to or arising out of the Chapter 11 Cases, the pursuit of confirmation of a Plan, the consummation of a Plan, or the administration of a Plan or the property to be distributed under a Plan, except for gross negligence or willful misconduct, and in all respects will be entitled to rely upon the advice of counsel with respect to their duties and responsibilities under a Plan.

4. Title to Assets; Discharge of Liabilities

Except as otherwise provided in the Plans, on the Effective Date, title to all assets and properties and interests in property dealt with by the Plans will vest in the Reorganized Debtors free and clear of all Claims, Equity Interests, Liens, and other interests, and the Confirmation Order will be a judicial determination of discharge of the liabilities of the Debtors, except as provided in the Plans.

Except for the NARCO Assigned Rights, APG Assigned Asbestos Rights and APG Assigned Silica Rights, all rights of action accruing to the Debtors pursuant to the Bankruptcy Code or pursuant to any statute or legal theory, and any rights for recovery under any policies of insurance issued to or on behalf of the Debtors (which rights are not expressly assigned to the Asbestos Trusts or the APG Silica Trust) will remain assets of the Debtors' estates, and on the Effective Date, will be transferred to the Reorganized Debtors. The Reorganized Debtors may pursue, litigate, compromise, and settle any such rights, claims, or causes of action as they deem appropriate. The debtors may also implement the plans through the sale of some or all of the Debtor's assets free and clear of claims and interests under 11 U.S.C. Section 363.

5. Surrender and Cancellation of Instruments; Release of Judgments

Each holder of a promissory note or other instrument evidencing a Claim must surrender such promissory note or instrument to or judgment against the Debtors, and the Reorganized Debtors will distribute to the holder of the Claim evidenced by the promissory note, instrument, or judgment the appropriate Distribution. At the option of the Reorganized Debtors, no Distribution hereunder will be made to or on behalf of any holder of such Claim unless and until the promissory note or instrument, including without limitation, a release or certificate of satisfaction of judgment, is received or the unavailability of such note or instrument is reasonably established to the satisfaction of the Reorganized Debtors.

6. Dissolution of Committees

On the Effective Date, the respective NARCO Creditors Committee and GIT Creditors Committee and the respective NARCO and GIT Asbestos Claimants Committees will thereupon be released and discharged of and from all further authority, duties, responsibilities, and obligations relating to and arising from and in connection with the Chapter 11 Cases, and such Committees will be deemed dissolved; provided, however, that, (i) in the event that the Effective Date occurs prior to the Confirmation Order becoming a Final Order, the respective committees may, at their option, continue to serve and function for the purpose of participating in any appeal of the Confirmation Order until such time as the Confirmation Order becomes a Final Order and (ii) if the Effective Date occurs prior to the conclusion of any outstanding litigation or adversary proceedings in the Chapter 11 Cases or prior to the entry of a Final Order with respect to final fee applications of professionals retained by order of the Bankruptcy Court during the Chapter 11 Cases, the respective Committees may, at their option, continue to serve until a Final Order is entered with respect to such proceedings.

7. Future Claimants Representatives

The Future Claimants Representatives shall continue to serve through the termination of the Asbestos Trusts or APG Silica Trust (as applicable) in order to perform the functions required by the NARCO Asbestos Trust Agreement, APG Asbestos Trust Agreement and APG Silica Trust Agreement (as applicable). Upon termination of the Asbestos Trusts or APG Silica Trust (as applicable), the applicable Future Claimants Representatives shall thereupon be released and discharged of and from all further authority, duties, responsibilities, and obligations relating to and arising from and in connection with the Chapter 11 Cases, and such Future Claimants Representative's employ shall be deemed terminated. All reasonable and necessary post-Effective Date fees and expenses of the professionals retained by the Future Claimants Representatives shall be paid by the applicable trust in accordance with the terms of the applicable trust agreement. If there is any dispute regarding the payment of such fees and expenses, the parties will attempt to resolve such dispute in good faith and if they fail to resolve such dispute, they will submit the dispute to the Bankruptcy Court for resolution. The provisions of Sections 12.4 of the Plans shall continue to be applicable to any Future Claimants Representative following the termination of his acting as such Future Claimants Representative, including without limitation, any claims against a former Future Claimants Representative made or asserted following the termination of his acting as such Future Claimants Representative.

8. Governing Law

Unless a rule of law or procedure is governed by federal law (including the Bankruptcy Code and Bankruptcy Rules), the laws of the Commonwealth of Pennsylvania will govern the construction of the Plans and any instruments, agreements, and documents executed in connection with the Plans, except as otherwise expressly provided in such instruments, agreements, and documents.

9. Corporate Action

All matters provided for under a Plan involving the corporate structure of the Debtors, or any corporate action to be taken by, or required of the Debtors, shall be deemed to have occurred and be effective as provided in such Plan, and shall be authorized and approved in all respects without any requirement for further action or vote by the stockholders or directors of any of such entities.

10. Effectuating Documents and Further Transactions

The President, the Treasurer, or the Secretary of Reorganized ANH shall be authorized to execute, deliver, file or record such contracts, instruments, releases and other agreements or documents and take or direct such actions as may be necessary or appropriate to effectuate and further evidence the terms and conditions of either Plan.

11. Health and Life Insurance Benefit Plans

Retiree benefits, as defined in Section 1114 of the Bankruptcy Code, are not being modified by the Plans. On the Effective Date, the Reorganized Debtors will continue all retiree health and life insurance benefit plans. All benefits under such plans will be paid in the ordinary course of business. The Reorganized Debtors will retain the right to

amend, modify or terminate the retiree health and life insurance benefit plans, in accordance with law and the governing documents.

12. Defined Benefit Pension Plans

On the Effective Date, the Reorganized Debtors will remain the plan sponsor of the NARCO and GIT Pension Plans, as applicable, and will bear responsibility for and will fund the NARCO and GIT Pension Plans in accordance with the minimum funding standards pursuant to ERISA and the Internal Revenue Code and regulations thereunder, will pay all required PBGC insurance premiums, and will comply with all requirements of the NARCO and GIT Pension Plans and applicable law. Nothing in the Confirmation Order, either Plan, the Bankruptcy Code (and Section 1141 thereof), or any other document filed in the Chapter 11 Cases shall be construed to discharge, release or relieve the Debtors, or any other party, in any capacity, from any liability or responsibility with respect to the NARCO and GIT Pension Plans under any law. The Reorganized Debtors will retain the right to amend, modify or terminate the GIT Pension Plans in accordance with law and the governing documents, following the confirmation of a Plan.

13. Severance Plan

Following the Effective Date of the Plans, the Debtors intend to propose to the Board of Directors of Reorganized ANH the adoption of an employee severance plan. Such employee severance plan will be utilized by the Reorganized Debtors to induce employees to remain employed with the Reorganized Debtors.

IX. RISK FACTORS

In considering whether to vote for or against each of the Plans, holders of Claims in impaired Classes should consider several risk factors.

A. RISK THAT THE PLANS WILL NOT BE CONFIRMED OR CONSUMMATED

There can be no assurance that any of the Plans as proposed will be accepted by the requisite number of holders or amounts of Claims or approved by the Bankruptcy Court, and there can be no assurance that any of the Plans will not be modified up to and through the Confirmation Date. Notwithstanding Bankruptcy Court and/or District Court approval, it is possible that a Plan may not be consummated because of external factors that may adversely affect the funding of the Distributions. In addition, there can be no assurance that the conditions to confirmation of the Plans will be satisfied.

B. RISK THAT PI TRUSTS WILL NOT BE ABLE TO PAY PI TRUST CLAIMS

Even if the Plans are confirmed and consummated, holders of PI Trust Claims should be aware of certain risks associated with the confirmation and the ability of the Debtors to perform under the respective Plans. The PI Trusts will be funded on the Effective Date from the transfer by the Debtors of equity in Reorganized ANH, proceeds of insurance, assignment of certain rights with respect to insurance policies and insurers, cash and causes of action to the PI Trusts and by the Honeywell Trust Contribution.

Creditors and other holders of PI Trust Claims should also consider the possible effect of Asbestos Demands and APG Silica Demands. The NARCO and/or APG Asbestos and Silica Trust Agreements require, in certain circumstances, the Trustees make periodic estimates of the percentage payment that will be paid to the PI Trust Claims, based on the estimated assets of the respective PI Trusts and the estimated PI Trust Claims. To the extent that Asbestos Demands and APG Silica Demands are greater than anticipated, the percentage distribution to the holders of unpaid PI Trust Claims will be decreased, and vice versa.

In addition, there can be no assurance that the insurers will be able to make payments to the APG Asbestos Trust or APG Silica Trust or that the Honeywell payments will be made to the NARCO Asbestos Trust as required by the NARCO/Honeywell Settlement Agreement. There also can be no assurance that the APG Asbestos Trust or APG Silica Trust will succeed in pursuing any insurance coverage rights to payment being assigned to them in relation to APG Asbestos Trust Claims and APG Silica Trust Claims.

C. RISK THAT THE DEBTORS DO NOT ACHIEVE THE PROJECTED RESULTS

The projections are based on numerous assumptions with respect to the anticipated future performance of Reorganized ANH, Reorganized NARCO and Reorganized GIT, industry performance, general business and economic conditions, continuation of existing commercial relations, and other matters, most of which are beyond the control of Reorganized ANH, Reorganized NARCO and Reorganized GIT. In addition, unanticipated events and circumstances may affect the actual financial results of Reorganized ANH, Reorganized NARCO and Reorganized GIT. As a result, the actual results achieved throughout the projection period will vary from the projected results. These variations may be material.

D. POTENTIAL IMPACT OF PENDING ASBESTOS LEGISLATION

Legislation currently is pending before the U.S. Congress that, if passed, could affect the rights and obligations of companies with asserted asbestos liabilities. The exact terms are still the subject of negotiations, however, and it is uncertain how, if at all, such legislation could impact the Debtors. In addition, if federal asbestos legislation is passed prior to the Effective Date of the NARCO Plan, Honeywell's obligation to fund the NARCO Asbestos Trust will terminate. In such an event, there can be no assurance that the NARCO Debtors will obtain sufficient funds for the NARCO Asbestos Trust.

E. RISKS RELATED TO PENSION PLANS

There can be no assurance that the PBGC will not commence an action to terminate the Debtors' pension plans or file any objections to the NARCO and GIT Plans. In addition, the Debtors' pension plans would terminate if the Plans are converted into a case under Chapter 7 of the Bankruptcy Code. A termination of the Debtors' pension plans would result in substantial termination payments which could adversely affect the Debtors' ability to pay the holders of Claims.

F. RISKS RELATED TO SETTLEMENT AGREEMENTS WITH RHI AG

If the Debtors' settlement agreements with RHI AG are not approved by the Court, RHI AG might assert claims against the Debtors in excess of $600 million. The Debtors reserve the right to object to and pursue any other appropriate action against RHI AG to the extent that RHI AG asserts any claims against the Debtors.

In addition, a failure by the Court to approve the Debtors' settlement agreements with RHI AG would adversely impact the Debtors' ability to finalize settlements with other major parties in interest such as Honeywell, and this could reduce the likelihood of the Plans being consummated.

G. RISKS RELATED TO SETTLEMENT AGREEMENT WITH HONEYWELL

A failure by the Court to approve the NARCO Debtors' settlement agreement with Honeywell would adversely impact the Debtors ability to finalize settlements with other major parties in interest such as RHI AG, and this could reduce the likelihood of the Plans being consummated.

H. RISKS RELATED TO UNSECURED CLAIM CREDITORS

The NARCO and GIT Debtors may not be able to pay 90% of the Allowed General Unsecured Claims in their respective Plans.

X. FEDERAL INCOME TAX CONSEQUENCES OF THE PLANS

A. GENERALLY

The discussion below is based upon the description of transactions in the Plans and any material change in those transactions could result in different tax consequences to the Debtors, the Reorganized Debtors, Reorganized ANH, holders of Claims, and holders of Equity Interests. Further, while the estimated dollar tax effect of certain transactions described in the Plans is provided below, such tax effects are based upon actual results of the Debtors and certain affiliated entities for 2004. It is likely that the actual results of operations when finally determined will differ, and may differ substantially, from the estimated information currently available to the Debtors, which difference may adversely affect the tax results of the transaction described in the Plans.

THE DISCUSSION SET FORTH BELOW IS INCLUDED FOR GENERAL INFORMATION ONLY. THE DEBTORS AND THEIR COUNSEL ARE NOT MAKING ANY REPRESENTATIONS REGARDING THE PARTICULAR TAX CONSEQUENCES OF CONFIRMATION AND CONSUMMATION OF THE PLANS WITH RESPECT TO THE DEBTORS, REORGANIZED DEBTORS, HOLDERS OF CLAIMS OR EQUITY INTERESTS, OR REORGANIZED ANH, NOR ARE THEY RENDERING ANY FORM OF LEGAL OPINION OR TAX ADVICE ON SUCH TAX CONSEQUENCES. THE TAX LAWS APPLICABLE TO CORPORATIONS IN BANKRUPTCY ARE EXTREMELY COMPLEX, AND THE FOLLOWING SUMMARY IS NOT EXHAUSTIVE. HOLDERS OF CLAIMS AND EQUITY INTERESTS ARE STRONGLY URGED TO CONSULT THEIR TAX ADVISORS REGARDING TAX CONSEQUENCES OF THE PLANS, INCLUDING FEDERAL, FOREIGN, STATE AND LOCAL TAX CONSEQUENCES. THE DEBTORS DO NOT INTEND TO SEEK A RULING AS TO THE TAX CONSEQUENCES OF THE PLAN. ACCORDINGLY, IT IS POSSIBLE THAT THE IRS MIGHT CHALLENGE ONE OR MORE OF

THE TAX POSITIONS TAKEN BY THE DEBTORS AND THAT SUCH CHALLENGE MIGHT BE SUCCESSFUL, IN WHICH CASE, MANY OR ALL OF TAX BENEFITS DESCRIBED BELOW MAY NOT BE AVAILABLE TO THE REORGANIZED DEBTORS OR REORGANIZED ANH.

B. FEDERAL INCOME TAX CONSEQUENCES TO THE DEBTORS

In general, the Debtors do not expect to incur any substantial tax liability as a result of implementation of the Plans. Under the Internal Revenue Code (the "IRC"), a taxpayer generally recognizes gross income to the extent that indebtedness is cancelled for less than the amount due. An exception to this general rule applies when a taxpayer's satisfaction of the debt would have given rise to an income tax deduction. To the extent that a taxpayer's debt is discharged in a title 11 case, as would be the case under the Plans, no taxable income will result, but the taxpayer's attributes will be subject to reduction as described herein.

It is anticipated that property transferred to the PI Trusts by the Debtors, including the value of the Reorganized ANH common stock, will be deductible by the Debtors, provided the value is supported by a "qualified appraisal" as defined in the Regulations promulgated pursuant to Section 468B of the IRC and the Debtors furnish to the IRS the statement required under Treasury Reg. Section 1.468B-3(e) with the first filing of the consolidated tax return of Reorganized ANH. The amount of the deduction attributed to the contribution of Reorganized ANH common stock to the PI Trusts is expected to be approximately $50 million. It is anticipated that this deduction will be taken on the first tax period after emergence from bankruptcy on the Effective Date of the Plans and will provide a net operating loss available for Reorganized ANH after the reorganization. If the IRS were to successfully take the position that the deduction should be allowed prior to the first tax period after emergence, it is likely that Reorganized ANH would lose the benefit of the deduction. In addition, if the PI Trusts were to sell the Reorganized ANH stock and hold it for less than two years, the benefit of the deduction may be eliminated or reduced.

While it is not anticipated that Reorganized ANH will recognize any taxable income as a result of the cancellation of its debt, it is anticipated that all of the Debtors' net operating losses that exist at the time of the reorganization will be eliminated under the attribute reduction rule of Section 108(b) of the Code. In addition, after the elimination of the Debtors' net operating losses, other tax benefits of the Debtors, including some of their basis in assets will be reduced as a result of the debt cancellation attribute reduction rule.

In determining the total amount of debt cancellation of the Debtors, the Debtors have reviewed their capital structure and determined that $212 million of what has been carried as debt to RHI AG on the balance sheet of GIT is actually equity. The Debtors recharacterized such amount as capital at the time of the filing of their federal tax returns for the year 2003. This characterization, if accepted, will reduce the amount of total debt cancellation and, thus, the amount of attribute reduction. If such characterization is rejected, it is likely that additional tax attribution reduction will result and Reorganized ANH would have less tax attributes remaining after the cancellation of debt.

It is estimated that under the attribute reduction rules the basis in the Debtors' assets will be reduced by approximately $315 million, of which $104 million will be a reduction in the basis of the Debtors' current assets. In determining the basis of GIT in the stock of affiliated corporations, the Debtors have had to rely on information that is

incomplete. The Debtors and their accountants have attempted to properly ascertain, to the extent of available information, the basis in GIT and its affiliates, but it is possible that the Internal Revenue Service may challenge their determination of basis. In addition, if the Internal Revenue Service were to successfully challenge the position taken above, it is likely that the Debtors would have less tax attributes remaining after the Reorganization.

C. FEDERAL INCOME TAX CONSEQUENCES TO HOLDERS OF CLAIMS

A holder of a Claim who receives Cash or other consideration in satisfaction thereof may recognize ordinary income or loss to the extent that any portion of such consideration is characterized as accrued interest. A holder of a Claim who was not previously required to include as income accrued but unpaid interest attributable to its Claim, and who surrenders its Claim pursuant to a Plan, will be treated as having received interest income to the extent that any consideration received is characterized for federal income tax purposes as interest regardless of whether the holder of the Claim realizes an overall gain or loss as a result of surrendering its Claim. A holder of a Claim who previously included as income accrued but unpaid interest attributable to its Claim should recognize an ordinary loss to the extent that such accrued but unpaid interest is not satisfied in full. The manner in which consideration is to be allocated between accrued interest and principal for these purposes is unclear under present law.

As discussed more fully below, a holder of a Claim may recognize income, gain or loss by reason of receiving consideration attributable to the principal of any Claim surrendered equal to the difference between the holder's adjusted basis in its Claim and the amount of consideration which is not allocable to accrued but unpaid interest. The character of such income, gain, or loss as capital gain or loss, or ordinary income or loss, will be determined by whether the holder's Claim constitutes a capital asset to the holder.

A holder of any of these Claims will recognize gain or loss equal to the difference between (1) the amount of Cash and the fair market value of other property received (less the portion thereof attributable to accrued interest), and (2) the basis the holder has in such Claim. A holder of a PI Trust Claim related to property will recognize gain or loss equal to the difference between the amount of Cash and the fair market value of other property received (less the portion thereof attributable to accrued interest) and the basis the holder has in such Claim.

To the extent that payments to holders of PI Trust Claims constitute damages received by holders of such Claims on account of personal injuries, such payments should not constitute gross income to such recipients under Section 104 of the IRC, except to the extent that such payments are attributable to medical expense deductions allowed under Section 213 of the IRC for a prior taxable year.

D. TAX CONSEQUENCES TO THE ASBESTOS TRUSTS AND THE APG SILICA TRUST

The Asbestos Trusts and the APG Silica Trust should meet the requirements of a "qualified settlement fund" within the meaning of the IRC and the regulations issued pursuant thereto. Provided that the Asbestos Trusts and the APG Silica Trust qualify as a "qualified settlement fund," the receipt of the trust assets will be qualified payments and therefore not taxable income to the Asbestos Trusts and the APG Silica Trust. The Asbestos Trusts and the APG Silica Trust will be taxed on modified gross income as defined within the regulations (generally at the highest rate applicable to estates and trusts).

The Asbestos Trusts' and the APG Silica Trust's basis in the trust assets received will be equal to their fair market value at the time of receipt.

HOLDERS OF CLAIMS SHOULD CONSULT THEIR OWN TAX ADVISORS ABOUT THE PROPER ALLOCATION OF CONSIDERATION BETWEEN PRINCIPAL AND INTEREST. AS IS APPARENT FROM THE FOREGOING DISCUSSION, THE TAX CONSEQUENCES OF THE PLANS FOR THE DEBTORS, REORGANIZED ANH, HOLDERS OF CLAIMS, AND HOLDERS OF EQUITY INTERESTS INVOLVE A NUMBER OF ISSUES AS TO WHICH THE LAW IS HIGHLY UNCERTAIN. MOREOVER, THE FOREGOING DISCUSSION IS ONLY A BRIEF SUMMARY OF CERTAIN FEDERAL INCOME TAX CONSEQUENCES OF THE PLANS. WITH THESE CONSIDERATIONS IN MIND, HOLDERS OF CLAIMS AND HOLDERS OF EQUITY INTERESTS ARE AGAIN STRONGLY URGED TO CONSULT THEIR OWN TAX ADVISORS REGARDING THE SPECIFIC CONSEQUENCES TO THEM OF THE PLANS UNDER FEDERAL AND APPLICABLE STATE, LOCAL, AND FOREIGN TAX LAWS.

XI. BANKRUPTCY CAUSES OF ACTIONS

Each of the Debtors have analyzed various transfers made prior to the respective Petition Dates to determine whether there were any preferences, fraudulent conveyances, or other avoidable transfers that should be avoided for the benefit of its respective estate. After careful consideration, the Debtors have concluded that any attempt to avoid pre-Petition transfers would be costly, time-consuming, and not likely to result in a material improvement to the distributions to creditors proposed under the Plans. Furthermore, each of the Debtors have concluded that any attempt to avoid pre-Petition transfers would be divisive, and would substantially delay the distribution of any payments to creditors of the respective Debtors' estate. For all of these reasons, each of the Debtors have concluded that it is in the best interest of its creditors and its estate to waive all avoidance claims.

XII. ALTERNATIVES TO CONFIRMATION AND CONSUMMATION OF THE PLANS

The Plan Proponents of the NARCO Plan and GIT Plan, respectively, believe that the Plans afford the holders of the respective Claims the potential for the greatest realization on their Claims and, therefore, the Plans are in the best interest of all holders of the respective Claims. If the Plans are not confirmed, however, the theoretical alternatives include: (a) alternative plans of reorganization; or (b) liquidation of the Debtors under Chapter 7 of the Bankruptcy Code.

A. ALTERNATIVE PLANS OF REORGANIZATION

If the Plans are not confirmed, it is possible that another party in interest in the Chapter 11 Cases could attempt to formulate and propose a different plan. Any alternative plan must meet the requirements of confirmation.

The NARCO Plan contemplates that Honeywell will contribute substantial amounts to fund payments to the NARCO Asbestos Trust, which will assume or cause to be assumed NARCO Asbestos Trust Claims. Honeywell will waive substantial Claims against the Debtors in exchange for being included as a Protected Party under the Channeling Injunctions. The GIT/RHI AG Settlement Agreement provides for a waiver of substantial claims by RHI AG in exchange for, inter alia, being included as a Protected Party under the Channeling Injunctions. The Debtors believe that without

such contributions, waivers, and distributions, any plan would be significantly delayed by litigation. Considering the value provided by the settlement agreements with Honeywell and RHI AG, the Debtors believe the Plans are more likely to generate a greater and earlier recovery for the PI Trust Claims and the general unsecured claims than any Plan that might be proposed which does not include such provisions.

B. CHAPTER 7 LIQUIDATIONS

If no plan is confirmed, the Debtors' Chapter 11 Cases may be converted to cases under Chapter 7 of the Bankruptcy Code. In a Chapter 7 case, a trustee or trustees would be appointed to liquidate the assets of the Debtors. The proceeds of the liquidation would be distributed to the respective holders of claims against such Debtors' in accordance with the priorities established by the Bankruptcy Code.

The proceeds of the liquidation would consist of (1) proceeds from available insurance coverage, (2) the proceeds from a sale of the assets of the Debtors and (3) cash and cash equivalents. The amount of the proceeds from a sale of the Debtors' assets would be significantly reduced as a result of the uncertainty that exists as to whether a trustee in a Chapter 7 could sell the assets free and clear of claims, particularly future claims that could be asserted against the Debtors. In addition, a requirement of the establishment of a trust under Section 524(g) of the Bankruptcy Code for settlement of asbestos claims is that a majority interest of the securities of a reorganized debtor be contributed to the trust. If the Debtors were liquidated, the PI Trusts could not be established. The amount of funds available to the PI Trust Claims would be significantly reduced if the PI Trusts cannot be established and planned contributions to the NARCO Asbestos Trust from Honeywell is not made.

In a Chapter 7 case, the amount distributed to unsecured creditors depends upon the funds available after all of the assets have been converted to cash. The cash realized from the liquidation of the encumbered assets would be distributed first to pay Claims secured by the asset. If the value of the collateral is insufficient to pay a Secured Claim in full, the Creditor would be entitled to assert a General Unsecured Claim for its deficiency. Any remaining funds would be distributed in accordance with the priorities of the Bankruptcy Code. The amount of liquidation value available to general unsecured Creditors would be reduced by (1) costs and expenses of the Chapter 7 case, including compensation of the Chapter 7 trustee; (2) all Allowed Administrative Expenses Claims incurred by the Debtor in the Chapter 11 Case, and (3) payment of Priority Claims. The liquidation itself could trigger other claims, such as severance, loss of retiree benefits, pension, contract and lease rejection claims, and litigation costs.

The Debtors believe that creditors would lose value if the Debtors were forced to liquidate. Additionally, the Debtors believe that in liquidation under Chapter 7, before creditors received any distribution, additional administrative expenses involved in the appointment of a trustee or trustees and attorneys, accountants and other professionals to assist such trustees would cause a substantial diminution in the value of the Estates which Debtors plan to reorganize. The assets available for distribution to creditors would be reduced by such additional expenses and by Claims, some of which would be entitled to priority, which would arise by reason of the liquidation and from the rejection of executory contracts including collective bargaining agreements, leases, etc. in connection with the cessation of operations and the failure to realize the greater going concern value of the Debtors' assets.

Attached to this Disclosure Statement as Exhibit 13 is the liquidation analysis prepared by the Debtors. Reference is made to the liquidation analysis for valuation amounts and for a description of the procedures followed, the factors considered and the assumptions made in preparing the analysis. In the analysis, the Debtors have taken into account the nature, status, and underlying value of their assets, the ultimate realizable value of their assets, and the extent to which such assets are subject to security interests. Any such liquidation would take place in the future under circumstances that cannot be predicted. The amount of such proceeds is therefore highly speculative and the actual amounts of Claims against the estate could vary significantly from the Debtors' estimates. Therefore, the net proceeds available to unsecured Creditors could vary materially from the amounts in Exhibit 13. The likely form of any liquidation would be the sale of individual assets or plants. Based on this analysis, it is likely that a Chapter 7 liquidation of the Debtors' assets would produce less value for distribution to creditors than that recoverable in each instance under the Plans. In the opinion of the Debtors, the recoveries projected to be available in a Chapter 7 liquidation are not likely to afford holders of Claims as great a realization potential as do the Plans.

XIII. INFORMATION ABOUT OFFICERS AND MANAGEMENT OF THE REORGANIZED DEBTORS

A. CORPORATE GOVERNANCE

1. Directors and Key Management Personnel

The current officers of Reorganized ANH, which will provide the executive management services to the affiliate groups Reorganized NARCO and Reorganized GIT through the Effective Date of the Plans, are:

- Guenter Karhut, President and Chief Executive Officer
- Gabriel Faimann, Executive Vice-President, Chief Financial Officer and Treasurer
- Jon A. Allegretti, Executive Vice-President, Chief Legal and Administrative Officer and Secretary

The officers and directors will remain in place unless and until other officers or directors have been duly appointed or elected to take their place.

2. Key Management Compensation Program

On December 13, 2005 the Bankruptcy Court entered on Order ("Order") approving the Assumption of Employment Agreements with Guenter Karhut, Gabriel Faiman and Jon Allegretti pursuant to Section 365(d) of the Bankruptcy Code. The Employment Agreements contain customary terms and conditions and will expire upon confirmation of the Debtors' Plans of Reorganization at which time certain severance payment provisions will apply. In the event that the Debtors' Plans of Reorganization have not been confirmed by May 1, 2006, the Debtors may, consistent with the methods used to determine 2004 and 2005 compensation, set an appropriate ongoing total compensation and bonus structure beginning in calendar year 2006 as further provided in the Order. The Order further approves bonuses payable upon confirmation of the Debtors' Plans of Reorganization. The retention and compensation of

the current management will be determined by the board of directors of Reorganized ANH subsequent to the Confirmation Date.

XIV. CONCLUSION AND RECOMMENDATION

The Plan Proponents believe that confirmation and implementation of each Plan is preferable to any of the alternatives discussed above because it will provide the greatest recoveries to holders of Claims. In addition, other alternatives would involve significant delay, uncertainty and substantial additional administrative costs. The Plan Proponents urge holders of impaired Claims to vote in favor of each Plan.

Dated: Pittsburgh, Pennsylvania
December 28, 2005

REED SMITH LLP

/s/ David Ziegler

James J. Restivo, Jr., Esq. (Pa. I.D. #10113)
Robert P. Simons, Esq. (Pa. I.D. #48892)
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435 Sixth Avenue
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412-288-3131

Exhibit 32

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re	Chapter 11
QUIGLEY COMPANY, INC.,	Case No. 04–15739 (SMB)
Debtor.	

QUIGLEY COMPANY, INC.
FIFTH AMENDED AND RESTATED PLAN OF REORGANIZATION
UNDER CHAPTER 11 OF THE BANKRUPTCY CODE

Schulte Roth & Zabel LLP

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Attorneys for Quigley Company, Inc.
Debtor and Debtor-in-Possession

Dated: New York, New York
June 29, 2012
(As modified, June 26, 2013)

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INTRODUCTION

Quigley Company, Inc., debtor and debtor-in-possession ("Quigley" or the "Debtor"), proposes the following modified fifth amended and restated plan of reorganization under chapter 11 of the Bankruptcy Code for the resolution of Quigley's outstanding Claims, Demands, and Equity Interests (the "Plan"). The Plan amends and supersedes the "Fourth Amended Quigley Company, Inc. Plan of Reorganization Under Chapter 11 of the United States Bankruptcy Code (As Modified As Of August 6, 2009)," dated and filed with the Bankruptcy Court on August 6, 2009. Reference is made to the Disclosure Statement to which this Plan is annexed for a discussion of Quigley's history, business, properties, and assets, and for a summary of the Plan and certain related matters. All holders of Claims and Demands against, and Equity Interests in, Quigley are encouraged to read the Plan and Disclosure Statement in their entirety before voting to accept or reject the Plan.

NO SOLICITATION MATERIALS, OTHER THAN THE DISCLOSURE STATEMENT AND RELATED MATERIALS TRANSMITTED THEREWITH AND APPROVED BY THE BANKRUPTCY COURT, HAVE BEEN AUTHORIZED BY THE BANKRUPTCY COURT FOR USE IN SOLICITING ACCEPTANCES OR REJECTIONS OF THE PLAN.

Quigley is the proponent of this Plan within the meaning of section 1129 of the Bankruptcy Code (as that term is defined herein). Subject to certain restrictions and requirements set forth in section 1127 of the Bankruptcy Code and Rule 3019 of the Bankruptcy Rules and Section 13.2 of this Plan, Quigley reserves the right to alter, amend or modify this Plan, as Quigley deems necessary, prior to its substantial consummation.

ARTICLE I

DEFINITIONS AND RULES OF INTERPRETATION

Section 1.1 Capitalized Terms. The capitalized terms used herein have the respective meanings set forth below. Any term that is not otherwise defined herein, but that is defined or used in the Bankruptcy Code or Bankruptcy Rules, shall have the meaning given to that term in the Bankruptcy Code or Bankruptcy Rules, as applicable.

"Ad Hoc Committee" means (i) Weitz & Luxenberg, PC, (ii) Cooney & Conway, and (iii) the Law Offices of Peter G. Angelos, PC.

"Administrative Claim" means any right to payment constituting a cost or expense of administration of the Chapter 11 Case of a kind specified under section 503(b), 507(b) or 1114(e)(2) of the Bankruptcy Code and entitled to priority under section 507(a)(1) of the Bankruptcy Code, including, without limitation, (i) any actual and necessary costs and expenses of preserving the Estate, (ii) any actual and necessary costs and expenses of operating the businesses of Quigley, (iii) any indebtedness or obligations incurred or assumed by Quigley in the ordinary course of business in connection with the conduct of its businesses, (iv) any Fee Claims, (v) any fees or charges assessed against the Estate under 28 U.S.C. § 1930, including

post-Confirmation Date and post-Effective Date fees and charges, and (vi) all costs and expenses, including any recording fees, transfer taxes, or similar fees or taxes, but only to the extent not proscribed by section 1146(a) of the Bankruptcy Code, arising out of or related to the transfer of Quigley's assets pursuant to this Plan.

"Administrative Claims Bar Date" means the deadline for filing Administrative Claims, including Fee Claims, which date shall be set forth in the Confirmation Order.

"Affiliate" of a specified Entity is: (i) an Entity that directly or indirectly owns, controls or holds with power to vote, 20 percent or more of the outstanding voting securities of such specified Entity; (ii) an Entity 20 percent or more of whose outstanding voting securities are directly or indirectly owned, controlled, or held with power to vote by such specified Entity, or by an Entity described in subclause (i); or (iii) any other Entity that, directly or indirectly, through one or more intermediaries or otherwise, Controls or is Controlled by, or is under common Control with the specified Entity; provided, however, that without limiting the generality of the foregoing, with respect to an "Affiliate" of Quigley or an Entity "Affiliated" with Quigley, the term "Affiliate" shall include the meaning ascribed thereto in section 101(2) of the Bankruptcy Code.

"AIG Assignment Agreement" means the AIG Assignment Agreement referenced in Section 9.3(f) of the Plan, and substantially in the form annexed hereto as Exhibit G.

"AIG Companies" has the meaning assigned to such term in the AIG Insurance Settlement Agreement.

"AIG Insurance Settlement Agreement" means the Addendum to Settlement Agreement Among Pfizer Inc, Quigley Company, Inc. and certain AIG Companies, effective August 13, 2004.

"AIG Payments" means any and all payments made or to be paid by the AIG Companies under the AIG Insurance Settlement Agreement, as further described therein, including any interest earned on any and all such payments.

"Allowed" means, when used with respect to any Claim against Quigley (excluding Asbestos PI Claims), including an Administrative Claim: (i) such Claim to the extent it is not a Disputed Claim; (ii) such Claim to the extent it may be allowed pursuant to a Final Order of the Bankruptcy Court; (iii) a Disputed Claim, proof of which was filed on or prior to the Bar Date, and (A) as to which no objection was filed by the Claims Objection Bar Date, unless such Claim is to be determined in a forum other than the Bankruptcy Court, in which case such Claim will not become allowed until determined by a Final Order of such other forum and allowed by a Final Order of the Bankruptcy Court; or (B) as to which an objection was filed by the Objection Deadline, to the extent allowed by a Final Order of the Bankruptcy Court; (iv) if no Proof of Claim was so filed, any Claim against Quigley which has been listed by Quigley on its Schedules, as such Schedules may be amended from time to time in accordance with Rule 1009 of the Bankruptcy Rules, as liquidated in amount and not disputed or contingent (or as to which the applicable Proof of Claim has been withdrawn or such claim has been Disallowed); (v) any Claim arising from the recovery of property under section 550 or 553 of the Bankruptcy

Code and allowed in accordance with section 502(h) of the Bankruptcy Code; or (vi) any Claim expressly allowed under or pursuant to the terms of the Plan. The term "Allowed" shall not apply to Asbestos PI Claims.

Notwithstanding the foregoing, Claims against Quigley allowed solely for the purpose of voting to accept or reject the Plan pursuant to the Solicitation Procedures Order or other order of the Bankruptcy Court shall not be considered Allowed Claims hereunder.

"Allowed Amount" means, with respect to any Claim (excluding Asbestos PI Claims): the lesser of (i) the dollar amount of such Claim as Allowed; (ii) the estimated amount of such Claim (other than the estimated amount of any Claim for voting purposes only, pursuant to either the Solicitation Procedures Order or any other order of the Bankruptcy Court); and (iii) the dollar amount agreed to by Quigley. Unless otherwise provided in the Plan or a Final Order of the Bankruptcy Court or District Court, the Allowed Amount of an Allowed Claim, except for the Allowed Amount of the DIP Claim and the Pfizer Secured Claim shall not include interest or penalties accruing on such Allowed Claim from and after the Petition Date. In addition, unless an order of the Bankruptcy Court provides otherwise, the Allowed Amount of an Allowed Claim shall not, for any purpose under the Plan, include interest at any default rate of interest.

"Allowed Claim" means an Allowed Claim of the type described.

"Amended Bylaws" means the amended and restated bylaws of Reorganized Quigley, in substantially the form annexed hereto as Exhibit H.

"Amended Certificate of Incorporation" means the amended and restated certificate of incorporation of Reorganized Quigley, in substantially the form annexed hereto as Exhibit I.

"Amended Charter Documents" means, collectively, the Amended Bylaws and the Amended Certificate of Incorporation.

"Asbestos Insurance Action" means any and all Claims, Causes of Action, and/or rights of Quigley against any Asbestos Insurance Entity arising from, under or related to any Shared Asbestos Insurance Policy, any Insurance Settlement Agreement, any other settlement agreement with any Asbestos Insurance Entity, or any Quigley Insurer Receivable that are subject to the Quigley Insurance Transfer, including, but not limited to, Claims, Causes of Action, or rights arising from, under and/or related to: (a) any such Asbestos Insurance Entity's failure to provide coverage or pay amounts billed to it for Asbestos PI Claims, whether prior to or after the Petition Date, under an Insurance Settlement Agreement; (b) the refusal of any Asbestos Insurance Entity to pay any obligations on, or compromise and settle, any Asbestos PI Claim under or pursuant to any Shared Asbestos Insurance Policy; or (c) the interpretation or enforcement of the terms of any Shared Asbestos Insurance Policy with respect to any Asbestos PI Claim.

"Asbestos Insurance Dispute" means any and all formal or informal proceedings in any judicial, nonjudicial, arbitral or alternative dispute resolution forum of any kind, as well as all Claims asserted and defenses thereto, whether or not asserted in a proceeding, pending now or

commenced in the future, (1) involving an Asbestos Insurance Entity and (2) related to any Asbestos Insurance Policy, any Insurance Settlement Agreement, any other settlement agreement with any Asbestos Insurance Entity, the Pfizer Contribution, the Insurance Relinquishment Agreement, the Quigley Contribution, the Quigley Insurance Transfer, the Quigley Transferred Insurance Rights, and/or any Quigley Insurer Receivable. Without limiting the foregoing, "Asbestos Insurance Dispute" includes "Asbestos Insurance Action."

"Asbestos Insurance Entity" means any Entity, including any insurance company, broker, or guaranty association, that has issued, or that has any actual or potential liabilities, duties or obligations under or with respect to any Shared Asbestos Insurance Policy or any other insurance policy that provides coverage for Asbestos PI Claims.

"Asbestos Insurance Policy" means any insurance policy in effect at any time on or before the Effective Date naming Quigley or Pfizer (or any predecessor, subsidiary, or past or present Affiliate of Quigley or Pfizer) as an insured (whether as the primary or as an additional insured), or otherwise affording to Quigley or Pfizer indemnity or insurance coverage, upon which any Claim has been or may be made with respect to any Asbestos PI Claim. Without limiting the foregoing, "Asbestos Insurance Policy" includes "Shared Asbestos Insurance Policy."

"Asbestos PI Channeling Injunction" means the injunction described in Section 11.6 of the Plan.

"Asbestos PI Claim" means any Claim or Demand seeking recovery for damages for bodily injury allegedly caused by the presence of, or exposure to, asbestos or asbestos-containing products (1) against or on Quigley or Reorganized Quigley; and (2) against or on any other Entity that is alleged to be directly or indirectly liable for the conduct of, Claims against or Demands on Quigley to the extent such alleged liability arises by reason of—

(a) the other Entity's ownership of a financial interest in Quigley, a past or present Affiliate of Quigley, Reorganized Quigley or a predecessor in interest of Quigley or Reorganized Quigley;

(b) the other Entity's involvement in the management of Quigley, Reorganized Quigley or a predecessor in interest of Quigley or Reorganized Quigley, or service as an officer, director or employee of Quigley, Reorganized Quigley or a Related Party;

(c) the other Entity's provision of insurance to Quigley, Reorganized Quigley or a Related Party; or

(d) the other Entity's involvement in a transaction changing the corporate structure, or in a loan or other financial transaction affecting the financial condition, of Quigley, Reorganized Quigley or a Related Party, including but not limited to—

(i) involvement in providing financing (debt or equity), or advice to an Entity involved in such a transaction; or

(ii) acquiring or selling a financial interest in an Entity as part of such a transaction.

"Asbestos PI Claims" shall not include any Claim against a Quigley Person or any Pfizer Protected Party for benefits under any government-mandated workers' compensation system. "Asbestos PI Claims" shall include, without limitation, Indirect Asbestos PI Claims, Asbestos PI Deficiency Claims and Trust Expenses.

"Asbestos PI Deficiency Claim" means with respect to each Secured Bond Claim, the amount of any Final Judgment obtained by the holder of such Claim that exceeds the amounts received on account of the supersedeas bond securing the Secured Bond Claim at such time as the holder obtains such Final Judgment against Quigley or Reorganized Quigley, as the case may be, as described in Section 4.2(b), (c), (d), or (e), as applicable.

"Asbestos PI Insurer Coverage Defenses" means all rights, Claims, or defenses, at law or in equity, that any Asbestos Insurance Entity may have under applicable law, any Asbestos Insurance Policy, any Insurance Settlement Agreement, or any other settlement agreement to which any Asbestos Insurance Entity is a party, with respect to a Claim seeking insurance coverage; provided, however, that "Asbestos PI Insurer Coverage Defenses" shall not include any right of, or Claim or defense asserted by, any Asbestos Insurance Entity that (1) is based on the assertion that the Plan does not, or that any of the Plan Documents do not, comply with the Bankruptcy Code; (2) is based on the assertion that either the Quigley Insurance Transfer or the Insurance Relinquishment Agreement is invalid, ineffective and/or unenforceable or is otherwise prohibited, or otherwise serves to impair, limit or void any rights to insurance coverage; (3) the Asbestos Insurance Entity has released, limited (to the extent of such limitation) or waived in any Insurance Settlement Agreement or any other settlement agreement; or (4) has been resolved or limited (to the extent of such limitation) in a Final Order by binding adjudication in any proceeding, including in Continental Cas. Co., et al. v. Pfizer Inc, et al., Adv. No. 06-01299 (Bankr. S.D.N.Y.) (the "CNA Adversary Proceeding"), but otherwise excluding the Chapter 11 Case.

"Asbestos PI Trust" means the asbestos personal injury trust to be established pursuant to section 524(g) of the Bankruptcy Code and in accordance with the Plan, the Confirmation Order and the Asbestos PI Trust Agreement, which trust shall be treated as a "qualified settlement fund" under section 468B of the Internal Revenue Code.

"Asbestos PI Trust Agreement" means the agreement, to be dated as of the Effective Date, between and among Reorganized Quigley, the Trustees of the Asbestos PI Trust, the Future Demand Holders' Representative and the Trust Advisory Committee, governing the creation of the Asbestos PI Trust, in substantially the form annexed hereto as Exhibit A.

"Asbestos PI Trust Assets" means, collectively: (i) the Pfizer Contribution; (ii) the Quigley Contribution; and (iii) all proceeds of the foregoing.

"Asbestos PI Trust Distribution Procedures" means the trust distribution procedures for the Asbestos PI Trust, in substantially the form annexed hereto as Exhibit B, and

such additional procedures as subsequently may be adopted by the Asbestos PI Trust, which provide for the liquidation and satisfaction of Asbestos PI Claims.

"Asbestos PI Trust Documents" means the Asbestos PI Trust Agreement, the Trust Bylaws and the other agreements, instruments and documents governing the establishment and administration of the Asbestos PI Trust, as the same may be amended or modified from time to time, in accordance with the terms thereof.

"Asbestos Protected Party" means any of the following:

(a) any Quigley Person;

(b) Reorganized Quigley;

(c) any Pfizer Protected Party and any other Entity that is alleged to be directly or indirectly liable for the conduct of, Claims against or Demands on Quigley to the extent such alleged liability arises by reason of—

(i) the Pfizer Protected Party's or other Entity's ownership of a financial interest in Quigley, a past or present Affiliate of Quigley, Reorganized Quigley or a predecessor in interest of Quigley or Reorganized Quigley;

(ii) the Pfizer Protected Party's or other Entity's involvement in the management of Quigley, Reorganized Quigley or a predecessor in interest of Quigley or Reorganized Quigley, or service as an officer, director or employee of Quigley, Reorganized Quigley or a Related Party; or

(iii) the Pfizer Protected Party's or other Entity's involvement in a transaction changing the corporate structure, or in a loan or other financial transaction affecting the financial condition, of Quigley, Reorganized Quigley or a Related Party, including but not limited to—

a. involvement in providing financing (debt or equity), or advice to an Entity involved in such a transaction; or

b. acquiring or selling a financial interest in an Entity as part of such a transaction.

"Asbestos Records" means all of the books and records, or copies thereof, of Quigley, Reorganized Quigley, Pfizer and its Affiliates, wherever such books and records are located, to the extent that such books and records relate to any Asbestos PI Trust Asset or any Asbestos PI Claim, including, without limitation: (a) historical claims data relating to Asbestos PI Claims; (b) sales records of Quigley relating to asbestos or asbestos-containing products formerly made, used or sold by Quigley; and (c) insurance policies, agreements, claim forms and any other records relating to the Quigley Transferred Insurance Rights.

"Asbestos Record Party" means each Entity whose books and records, or any portion thereof, are Asbestos Records.

"Ballot" means each of the ballots and/or master ballots distributed with the Disclosure Statement to holders of Impaired Claims against or Equity Interests in Quigley (other than to holders of Impaired Claims or Equity Interests deemed to have rejected the Plan or otherwise not entitled to vote on the Plan) on which ballot such holder of a Claim or Equity Interest may, among other things, vote to accept or reject the Plan.

"Bankruptcy Code" means title 11 of the United States Code, 11 U.S.C.§ 101 et seq., as in effect on the Petition Date, together with all amendments, modifications and replacements of the foregoing, as the same may exist on any relevant date to the extent applicable to the Chapter 11 Case.

"Bankruptcy Court" means the United States Bankruptcy Court for the Southern District of New York or such other court as may have jurisdiction over the Chapter 11 Case.

"Bankruptcy Rules" means, collectively: (a) the Federal Rules of Bankruptcy Procedure as promulgated by the United States Supreme Court under section 2075, title 28, United States Code; (b) the Federal Rules of Civil Procedure, as applicable to the Chapter 11 Case or proceedings therein; and (c) the local rules of the Bankruptcy Court, all as amended from time to time and applicable in this Chapter 11 Case.

"Bar Date" means September 15, 2005, the date fixed by order of the Bankruptcy Court dated July 26, 2005, by which a holder of a Claim against Quigley (other than a holder of an "Excluded Claim," as defined in Quigley's Notice Of Deadline For Filing Proofs Of Claim For Non-Asbestos Claims) must have filed a Proof of Claim against Quigley.

"Board of Directors" means the board of directors of a corporation.

"Business Day" means any day except: (i) Saturday; (ii) Sunday; (iii) any other day on which banking institutions in New York, New York are required or authorized to close by law or executive order; and (iv) the Friday after Thanksgiving.

"Cash" means legal tender of the United States of America.

"Causes of Action" means any and all actions, causes of action, Liabilities, obligations, accounts, controversies, rights to legal remedies, rights to equitable remedies, rights to payment, suits, debts, sums of money, damages, judgments, Claims, and Demands, whatsoever, whether known or unknown, reduced to judgment, not reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, secured, or unsecured, whether asserted or assertable directly or derivatively, in law, equity or otherwise which may be brought by or on behalf of Quigley and/or the Estate, arising under any provision of the Bankruptcy Code or other applicable law.

"Chapter 11 Case" means Quigley's case under chapter 11 of the Bankruptcy Code, captioned *In re Quigley Company, Inc.*, Case No. 04–15739 (SMB), pending in the United States Bankruptcy Court for the Southern District of New York.

"Claim" means a (a) right to payment, whether or not such right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, legal,

equitable, secured, or unsecured; or (b) right to an equitable remedy for breach of performance if such right gives rise to a right to payment, whether or not such right to an equitable remedy is reduced to judgment, fixed, contingent, matured, unmatured, disputed, undisputed, secured or unsecured.

"Claims Agent" means BMC Group, Inc.

"Claims Objection Bar Date" means, for all Claims against Quigley (other than Asbestos PI Claims), 270 days after the Effective Date, unless extended by order of the Bankruptcy Court prior to the expiration thereof.

"Class" means a category of holders of Claims or Equity Interests described in Article IV hereof.

"Class 3 Payment Percentage" means the portion of the Payment Percentage attributable to direct claims against Quigley. On the Effective Date, the "Class 3 Payment Percentage" initially shall be 7.5%.

"Class 4A Payment Percentage" means the percentage of full liquidated value that holders of Asbestos PI Claims in Class 4A will be entitled to receive on account of their Quigley claims from the Asbestos PI Trust pursuant to the Asbestos PI Trust Distribution Procedures. On the Effective Date, the Class 4A Payment Percentage initially shall be 7.5%.

"Class 4B Payment Percentage" means the percentage of full liquidated value that holders of Asbestos Claims in Class 4B will be entitled to receive on account of their Quigley claims and their Pfizer derivative claims from the Asbestos PI Trust pursuant to the Asbestos PI Trust Distribution Procedures. On the Effective Date, the Class 4B Payment Percentage initially shall be 30.5%, which shall reflect an initial 7.5% payment percentage on account of direct claims held against Quigley as well as 23% of the full liquidated value of any such Claim which holders of Other Asbestos PI Claims shall be entitled to receive from the Asbestos PI Trust as consideration for the release of Pfizer's derivative liability through the Asbestos PI Channeling Injunction.

"Common Stock" means the shares of common stock, par value $100 per share, of Quigley issued and outstanding as of the Petition Date.

"Confidentiality Injunction" means the injunction described in Section 11.11 of this Plan.

"Confirmation Date" means the date the Confirmation Order is entered on the docket maintained by the Clerk of the District Court or the Bankruptcy Court, as applicable, with respect to the Chapter 11 Case.

"Confirmation Hearing" means the hearing to be held by the Bankruptcy Court and/or District Court pursuant to section 1128 of the Bankruptcy Code to consider confirmation of the Plan, as such hearing may be adjourned or continued from time to time.

"Confirmation Order" means, as the context requires, the order or orders of the District Court confirming the Plan under section 1129 of the Bankruptcy Code or affirming an order of the Bankruptcy Court confirming the Plan under section 1129 of the Bankruptcy Code, which shall contain, among other things, the Asbestos PI Channeling Injunction, the Settling Asbestos Insurance Entity Injunction, the Non-Settling Asbestos Insurance Entity Injunction, and the Confidentiality Injunction.

"Coverage Case" means a litigation, arbitration or similar proceeding commenced against any insurer that is the issuer of a Shared Asbestos-Excluded Insurance Policy to recover payment from such insurer on account of an Allowed Silica Claim or a Silica Claim that has been rendered to Final Judgment against Quigley or Reorganized Quigley.

"Control" means the possession, directly or indirectly, of the power to direct or cause the direction of management, policies, or activities of an Entity, whether through ownership of voting securities, by contract or otherwise.

"Creditors' Committee" means the statutory committee of unsecured creditors appointed in the Chapter 11 Case by the United States Trustee on September 22, 2004, as thereafter modified or reconstituted.

"Cure" means the Distribution of Cash, or such other property as may be agreed upon by the parties and/or ordered by the Bankruptcy Court, with respect to the assumption of an Executory Contract pursuant to section 365(b) of the Bankruptcy Code, in an amount equal to all accrued, due, and unpaid monetary obligations, without interest, or such other amount as may be agreed upon by the parties or ordered by the Bankruptcy Court, under such Executory Contract, to the extent such obligations are enforceable under the Bankruptcy Code and applicable non-bankruptcy law.

"Debtor" means Quigley Company, Inc., debtor and debtor-in-possession in the Chapter 11 Case.

"Demand" means a demand for payment, present or future, within the meaning of section 524(g)(5) of the Bankruptcy Code that: (i) was not a Claim during the Chapter 11 Case; (ii) arises out of the same or similar conduct or events that gave rise to the Asbestos PI Claims; and (iii) pursuant to the Plan, is to be paid by the Asbestos PI Trust.

"DIP Claim" means Pfizer's Claim arising under the Senior Secured Loan Facility for all advances made on or after the Petition Date and for the use of Cash Collateral pursuant to: (a) the Interim Cash Collateral Order; and (b) the Final DIP/Cash Collateral Order.

"Disallowed" means, when used with respect to a Claim against Quigley, a Claim that: (a) is disallowed in whole or in part (but solely to the extent of such disallowance) by an order of the Bankruptcy Court or other court of competent jurisdiction; or (b) has been withdrawn, in whole or in part, by the holder thereof.

"Discharged Silica Claim" means a Silica Claim that is filed against Reorganized Quigley in a court of competent jurisdiction and which is determined to be subject to the Bar Date or Section 11.1 of the Plan and which determination is the subject of a Final Order.

"Disclosure Statement" means the written disclosure statement that relates to this Plan, including the exhibits and schedules thereto, as approved by the Bankruptcy Court as containing adequate information pursuant to section 1125 of the Bankruptcy Code and Rule 3017 of the Bankruptcy Rules, as such disclosure statement may be amended, modified, or supplemented from time to time.

"Disputed Claim" means a Claim, or any portion thereof, against Quigley that is neither Allowed nor Disallowed (other than Asbestos PI Claims) or is contingent, disputed or unliquidated (other than an Asbestos PI Claim), including Silica Claims.

"Disputed Claims Reserve" means the reserve to be created on or after the Effective Date by Reorganized Quigley in the initial amount of $7,500,000 to be funded from Pfizer's satisfaction of the Pfizer Tax Sharing Receivable, which reserve shall be for the exclusive purpose of satisfying any Allowed Class 3 Claims and any Silica Claim that has been rendered to Final Judgment against Quigley or Reorganized Quigley, subject to Sections 8.7 and 8.8 herein.

"Distribution Record Date" means the record date for determining an entitlement to receive Distributions under the Plan on account of Allowed Claims, which shall be the Confirmation Date.

"Distributions" means the properties or interests in property to be paid or distributed hereunder to the holders of Allowed Claims.

"District Court" means the United States District Court for the Southern District of New York.

"Effective Date" means the first Business Day on which all conditions precedent set forth in Section 12.2 of the Plan have been satisfied or waived as provided in Section 12.3 of the Plan.

"Encumbrance" means with respect to any property (whether real or personal, tangible or intangible), any mortgage, Lien, pledge, charge, security interest, assignment, or encumbrance of any kind or nature in respect of such property (including any conditional sale or other title retention agreement, any security agreement, and the filing of, or agreement to give, any financing statement under the Uniform Commercial Code or comparable law of any jurisdiction) to secure payment of a debt or performance of an obligation.

"Entity" means any person or entity, including, without limitation, any individual, company, corporation, limited liability company, partnership, association, joint stock company, joint venture, estate, trust, unincorporated organization, or government or any political subdivision thereof.

"Equity Interests" means all right, title and interest of Pfizer in the issued and outstanding shares of the Common Stock.

"Estate" means the estate created in Quigley's Chapter 11 Case under section 541 of the Bankruptcy Code.

"Excess Cash" means an amount equal to the greater of the following: (a) $0; and (b) the sum of (i) all Cash and short term Cash investments held by Quigley and (ii) the Pfizer Tax Sharing Receivable outstanding, as of the last day of the month immediately preceding the Effective Date, as adjusted for any tax consequences to Pfizer and Quigley as a result of the transactions contemplated by the Plan, *less* the sum of the following as of the Effective Date: (i) a working capital reserve in the amount of $1,000,000 (or such other amount as Quigley, after consultation with the Future Demand Holders' Representative and the Creditors' Committee, determines it requires for working capital purposes); (ii) the Allowed Amount of Allowed Administrative Claims; (iii) a reasonable estimate by Quigley of additional Administrative Claims (including, but not limited to, Fee Claims) that may become Allowed thereafter; (iv) the Allowed Amount of Allowed Priority Tax Claims; (v) a reasonable estimate by Quigley of additional Priority Tax Claims that may become Allowed Priority Tax Claims thereafter; (vi) the Allowed Amount of all Priority Claims; (vii) a reasonable estimate of all Priority Claims that may become Allowed Priority Claims thereafter; (viii) the Allowed Amount of all Unsecured Claims multiplied by the Class 3 Payment Percentage; (ix) any other Cash required to be paid or distributed by Quigley or Reorganized Quigley pursuant to the Plan, other than in respect of Cash to be contributed to the Asbestos PI Trust; and (x) the Disputed Claims Reserve

"Executory Contract" means any unexpired lease or executory contract that is subject to treatment under section 365 of the Bankruptcy Code.

"Fee Claim" means collectively, any Claim of a: (a) Professional for allowance of compensation and reimbursement of costs and expenses, and (b) member of the Creditors' Committee for reimbursement of costs and expenses, incurred in the Chapter 11 Case prior to and including the Effective Date.

"Final DIP/Cash Collateral Order" means the Final Order: (I) Authorizing Postpetition Financing; (II) Granting Security Interests and Superpriority Administrative Expense Status; (III) Authorizing the Use of Cash Collateral; (IV) Authorizing Quigley Company, Inc. to Enter into Financing Agreements; (V) Modifying the Automatic Stay; and (VI) Granting Replacement Liens and Rights to Adequate Protection, entered by the Bankruptcy Court on October 8, 2004, as supplemented by the Orders Under 11 U.S.C. § 105(a) and Fed. R. Bankr. P. 9006 and Local Rule 9074-1(b) Authorizing Extension of Term of Postpetition Financing Approved by Order of this Court Entered October 8, 2004, entered by the Bankruptcy Court on July 26, 2005, March 2, 2006, September 13, 2006, February 28, 2007, October 2, 2007, March 6, 2008, July 23, 2008, February 19, 2009, March 10, 2009, August 14, 2009, February 11, 2010, August 16, 2010, February 17, 2011, August 16, 2011, February 22, 2012 and subsequently to the date hereof.

"Final Judgment" or "Final Order" means a judgment or an order, as the case may be, as to which the time to appeal, petition for certiorari, or move for reargument or rehearing has expired and as to which no appeal, petition for certiorari or other proceedings for reargument or rehearing shall then be pending; provided, however, if an appeal, writ of certiorari, reargument or rehearing thereof has been filed or sought, (i)(a) such judgment or order shall have been affirmed by the highest court to which such judgment or order was appealed, or (b) certiorari shall have been denied or reargument or rehearing shall have been denied or resulted in no modification of such order, and the time to take any further appeal, petition for certiorari or move for reargument

or rehearing shall have expired, or (ii) such appeal, writ of certiorari, or request for reargument or rehearing shall have been dismissed with prejudice by the filing or seeking party.

"Future Demand Holders" means any and all holders of Demands, whether now known or hereafter discovered.

"Future Demand Holders' Representative" means Albert Togut (or any court-appointed successor), in his capacity as the court-appointed legal representative for all Future Demand Holders for the purpose of protecting the interests of persons that may subsequently assert Asbestos PI Claims channeled to the Asbestos PI Trust.

"Hatchett" means George L. Hatchett.

"Hatchett Bond" means the supersedeas bond in the amount of $174,624.87, dated March 31, 2004, and any other such bond, securing Hatchett's judgment against Quigley in the civil action styled George L. Hatchett, et al. v. Owens Corning, et al., to the extent of the value of the Hatchett Bond. The "Hatchett Bond" is not property of, or secured by property of, Quigley's estate.

"Hatchett Secured Claim" means the Claim of Hatchett based on the judgment obtained by Hatchett in the civil action styled George L. Hatchett, et al. v. Owens Corning, et al.

"Impaired" means, when used with respect to a Claim or an Equity Interest, a Claim or Equity Interest that is impaired within the meaning of section 1124 of the Bankruptcy Code.

"Indirect Asbestos PI Claim" means a Claim or Demand that is based upon a right of contribution, reimbursement, subrogation, indemnity (whether arising by contract or by operation of law) or virile share (as those terms are defined by the nonbankruptcy law of any relevant jurisdiction), or similar Claims or Demands, whether or not such Claim or Demand is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, or unsecured, whether or not the facts or legal bases therefore are known or unknown, and regardless of whether in the nature of, or sounding in, contract, tort, warranty, guarantee, contribution, joint and several liability, subrogation, reimbursement, indemnity, statutory right, conspiracy, conducting a fraudulent defense, or any other theory of law, equity, or admiralty, and arising out of or related to an Asbestos PI Claim; provided, however, that "Indirect Asbestos PI Claim" shall not include (a) Count I of the complaint in the pending action styled Certain Underwriters at Lloyd's, London, et al. v. Allstate Insurance Co., et al., Index No. 603900/001 (NY Supreme Court, County of New York), or (b) any claims of Allstate Insurance Company against Pfizer Inc for indemnification under Section VI of the Settlement Agreement Between and Among Pfizer Inc, Quigley Company, Inc. and Allstate Insurance Company Concerning Asbestos-Related Bodily Injury Claims effective June 1, 1999, as amended in or around April, 2004, pursuant to an Addendum to Settlement Agreement Between and Among Pfizer Inc, Quigley Company, Inc. and Allstate Insurance Company Concerning Asbestos-Related Bodily Injury Claims.

"Initial Distribution Date" means the date, not later than thirty (30) days after the Effective Date, on which Reorganized Quigley commences Distributions under the Plan.

"Insurance Relinquishment Agreement" means the agreement, to be dated as of the Effective Date, by and between Quigley and Pfizer, substantially in the form annexed hereto as Exhibit K.

"Insurance Settlement Agreements" means the agreements listed on the annexed Exhibit F, as such exhibit may be amended, supplemented, or otherwise modified by Quigley from time to time prior to the Confirmation Date; provided, however, that the defined term "Insurance Settlement Agreements" shall not include the AIG Insurance Settlement Agreement or any insurance settlement agreement related solely to the Shared Asbestos-Excluded Insurance Policies or the Shared Asbestos-Excluded Claims-Made Insurance Policies.

"Insurance Settlement Proceeds Trust" means the Pfizer/Quigley Joint Insurance Fund Trust established by Pfizer and Quigley pursuant to the Insurance Settlement Proceeds Trust Agreement.

"Insurance Settlement Proceeds Trust Agreement" means the Pfizer/Quigley Joint Insurance Fund Trust Agreement, dated as of August 27, 2004, by and among Pfizer, Quigley, and JPMorgan Chase Bank, as trustee.

"Interim Cash Collateral Order" means that Interim Order (I) Authorizing the Use of Cash Collateral; (II) Granting Replacement Liens and Rights to Adequate Protection; and (III) Scheduling a Final Hearing on the Debtor's Motion to Obtain Post-Petition Financing, entered by the Bankruptcy Court on September 7, 2004.

"Liabilities" means any and all costs, expenses, actions, causes of action, suits, controversies, damages, claims, demands, debts, liabilities or obligations of any nature, whether known or unknown, foreseen or unforeseen, existing or hereinafter arising, liquidated or unliquidated, matured or not matured, contingent or direct, whether arising at common law, in equity, or under any statute, based in whole or in part on any act or omission or other occurrence arising or taking place on or prior to the Effective Date.

"Lien" has the meaning ascribed to such term in section 101(37) of the Bankruptcy Code.

"Master Service List" means the master service list, as amended from time to time, established in the Chapter 11 Case pursuant to an order of the Bankruptcy Court dated September 7, 2004.

"Non-Settling Asbestos Insurance Entity" means an Asbestos Insurance Entity that is not a Settling Asbestos Insurance Entity.

"Non-Settling Asbestos Insurance Entity Injunction" means the injunction described in Section 11.8 of the Plan.

"Other Asbestos PI Claims" means, collectively, all Asbestos PI Claims other than the Pre-September 2010 Settled Asbestos PI Claims.

"Other Secured Bond Claims" means, collectively, all Secured Bond Claims against Quigley, other than the Secured Bond Claims included in Classes 2.02 through 2.05, that are based on a prepetition judgment obtained by a claimant against Quigley for an asbestos personal injury claim and are secured, in whole or in part, by a supersedeas bond.

"Payment Percentage" means the percentage of full liquidated value that holders of Asbestos PI Claims will be entitled to receive on account of their Quigley claims from the Asbestos PI Trust pursuant to the Asbestos PI Trust Distribution Procedures. The "Payment Percentage" on the Effective Date initially shall be (i) 7.5% for all Pre-September 2010 Settled Asbestos PI Claims (Class 4A) and (ii) 30.5% for all Other Asbestos PI Claims (Class 4B), which shall reflect an initial 7.5% payment percentage on account of claims held against Quigley as well as 23% of full liquidated value that such holders of Other Asbestos PI Claims shall be entitled to receive from the Asbestos PI Trust as consideration for the release of Pfizer's derivative liability through the Asbestos PI Channeling Injunction.

"Pending Appeal" means collectively, with respect to a Secured Bond Claim: (a) the pending appeal from the judgment underlying such Claim; (b) any further proceedings ordered, required or held on remand from such pending appeal; and (c) any appeal, petition for a writ of mandamus or certiorari, request for rehearing or reargument thereof, or further proceedings on remand from any proceeding described herein.

"Petition Date" means September 3, 2004, the date the Chapter 11 Case was commenced.

"Pfizer" means Pfizer Inc, a Delaware corporation.

"Pfizer's Cash Contribution" means Pfizer's cash contribution to the Asbestos PI Trust on the Effective Date in the amount of $260,061,797.

"Pfizer Claimant Settlement Agreement" means any settlement agreement entered into between Pfizer and certain holders of Asbestos PI Claims or their counsel prior to the issuance of the Bankruptcy Court's confirmation decision in September 2010, pursuant to which the holders of such Claims agreed to resolve all current and future asbestos personal injury claims against the Pfizer Protected Parties.

"Pfizer Contribution" means, collectively, the contributions of, and benefits provided by, Pfizer on behalf of itself and the other Pfizer Protected Parties, as follows:

(a) Pfizer's execution and delivery to Reorganized Quigley of the Insurance Relinquishment Agreement;

(b) Pfizer's execution and delivery to the Asbestos PI Trust of the AIG Assignment Agreement;

(c) Pfizer's agreement to forgive the Pfizer Secured Claim as of the Effective Date;

(d) Pfizer's agreement to forgive the Pfizer Unsecured Claim as of the Effective Date;

(e) Pfizer's agreement to forgive the DIP Claim as of the Effective Date;

(f) Pfizer's Cash Contribution;

(g) Pfizer's transfer of the Quigley Operations to Quigley or Reorganized Quigley, as applicable; and

(h) Pfizer's transfer of 100% of the common stock of Reorganized Quigley to the Asbestos PI Trust; provided that following the transfer of 100% of the common stock of Reorganized Quigley to the Asbestos PI Trust, any dividends that are declared on such common stock shall be used to fund the Asbestos PI Trust.

"Pfizer Protected Parties" means: (a) Pfizer; (b) Pfizer's Affiliates (other than Quigley) as of the date hereof, including, without limitation, those listed on Schedule 1 hereto; and (c) Mineral Technologies Inc.

"Pfizer Secured Claim" means Pfizer's Claim for all amounts outstanding as of the Petition Date under the Senior Secured Loan Facility, plus interest accruing from and after the Petition Date.

"Pfizer Tax Sharing Receivable" means any amount owed to Quigley or Reorganized Quigley, as the case may be, by Pfizer under the Tax Sharing Agreement.

"Pfizer Unsecured Claim" means, collectively, the Unsecured Claims held by Pfizer against Quigley totaling $33,370,920.38.

"Plan" means this plan of reorganization of Quigley under chapter 11 of the Bankruptcy Code, including any supplements, schedules and exhibits hereto, either in its present form or as the same may be amended, modified or supplemented from time to time in accordance with the terms hereof.

"Plan Contributors" means, collectively, Pfizer, on behalf of itself and the other Pfizer Protected Parties, and Quigley.

"Plan Documents" means the Plan, the Disclosure Statement, the Asbestos PI Trust Agreement, the Asbestos PI Trust Distribution Procedures, the AIG Assignment Agreement, the Insurance Relinquishment Agreement, any document contained in the Plan Supplement, all of the exhibits and schedules attached to any of the foregoing, and any other document necessary to implement the Plan.

"Plan Supplement" means the compilation of documents or forms of documents specified in the Plan, including, but not limited to, the documents specified in Section 14.4 of the

Plan and any exhibits to the Plan not included herewith, each in form and substance acceptable to Quigley and Pfizer, which Quigley shall file with the Bankruptcy Court on or before the date that is five (5) Business Days prior to the deadline for the filing and service of objections to the Plan, all of which are incorporated herein by reference.

"Preliminary Injunction Order" means the Injunction Pursuant to 11 U.S.C. §§ 105(a) and 362(a) and Federal Rule of Bankruptcy Procedure 7065, dated December 17, 2004 (as amended on December 6, 2007).

"Pre-September 2010 Settled Asbestos PI Claims" means, collectively, the Asbestos PI Claims held by parties to Pfizer Claimant Settlement Agreements.

"Priority Claim" means any Claim entitled to priority pursuant to section 507(a) of the Bankruptcy Code other than an Administrative Claim, DIP Claim, or a Priority Tax Claim.

"Priority Tax Claim" means any Claim entitled to priority pursuant to section 507(a)(8) of the Bankruptcy Code.

"Products/Completed Operations Coverage" means the coverage afforded under an insurance policy for claims within the scope of the "products hazard" and/or the "completed operations hazard" (or any other policy term providing coverage for claims arising from an insured's products or reliance on a representation or warranty made with respect to such products, provided that the alleged injury occurred away from the insured's premises and after the insured had relinquished physical possession of such products to others).

"Professional" means any person retained or to be compensated pursuant to section 327, 328, 330, 503(b), 506(b), 524(g) or 1103 of the Bankruptcy Code, including the Future Demand Holders' Representative and any person or entity retained thereby.

"Proof of Claim" means any proof of claim filed with the Bankruptcy Court or the Claims Agent pursuant to Bankruptcy Code section 501 and Rule 3001 or 3002 of the Bankruptcy Rules that asserts a Claim against Quigley.

"Provost Settlement Agreement" means that certain settlement agreement made and entered into as of May 6, 2013 by and between Pfizer, holders of Provost Silica Claims and Provost Umphrey.

"Provost Silica Claim" means any Silica Claim timely filed by the Bar Date against Quigley held by a Person listed on Schedule 1 to the Provost Settlement Agreement.

"Provost Umphrey" means Provost Umphrey Law Firm, L.L.P.

"Pro Rata Share" means, with respect to any Claim, a proportionate share, so that the ratio of the consideration distributed on account of an Allowed Claim in a Class to the amount of such Allowed Claim is the same as the ratio of the amount of the consideration distributed on account of all Allowed Claims in such Class to the amount of all Allowed Claims in such Class.

"Quigley" means Quigley Company, Inc., a New York corporation, debtor and debtor-in-possession.

"Quigley Contribution" means the consideration to be delivered pursuant to the terms of the Plan on or after the Effective Date, by and on behalf of Quigley or Reorganized Quigley, as the case may be, to the Asbestos PI Trust, on account of Asbestos PI Claims, consisting of: (a) the Quigley Insurance Transfer; (b) Excess Cash; and (c) Quigley's execution and delivery to the Asbestos PI Trust of the AIG Assignment Agreement.

"Quigley Insurance Transfer" means the transfer, grant, and assignment by Quigley of the Quigley Transferred Insurance Rights to the Asbestos PI Trust as part of the Quigley Contribution; provided, however, such transfer, grant and assignment is not, and shall not be deemed to be, a transfer, grant or assignment of the Shared Asbestos Insurance Policies, the Insurance Settlement Agreements or any other settlement agreements with any Asbestos Insurance Entity themselves.

"Quigley Insurer Receivable" means any unpaid amount Quigley billed to any insurer prior to the Petition Date pursuant to any Insurance Settlement Agreement and/or the Products/Completed Operations Coverage under any insurance policy to the extent that it gives rise to any such amount.

"Quigley Operations" means the commercial real property subject to the Standard Industrial Lease dated October 12, 2010 with Straub Distributing Company, Ltd., which will be owned and operated by Reorganized Quigley from and after the Effective Date.

"Quigley Person" means each of: (a) Quigley and (b) Quigley's former and present employees, directors, or officers, acting in such capacity.

"Quigley Transferred Insurance Rights" means, subject to the terms and conditions of the AIG Assignment Agreement and the Insurance Relinquishment Agreement, any and all of Quigley's rights, titles, privileges, interests, Claims, demands or entitlements to any proceeds, payments, initial or supplemental dividends, scheme payments, supplemental scheme payments, state guaranty fund payments, Causes of Action and choses in action in, under, for or related to the following: (a) the Shared Asbestos Insurance Policies, the Insurance Settlement Agreements, and any other settlement agreements with any Asbestos Insurance Entity; (b) the Quigley Insurer Receivables; (c) the Asbestos Insurance Actions; (d) all amounts held in the Insurance Settlement Proceeds Trust as of the Effective Date, including all AIG Payments, other insurance proceeds, and any interest earned thereon; and (e) all AIG Payments to be made after the Effective Date; provided, however, that the Quigley Transferred Insurance Rights shall not include (x) Quigley's rights, titles, privileges, interests, Claims, demands or entitlements to any proceeds, payments, initial or supplemental dividends, scheme payments, supplemental scheme payments, state guaranty fund payments, Causes of Action and choses in action in, under, for or related to a Shared Asbestos Insurance Policy, Insurance Settlement Agreement and/or any other settlement agreement with any Asbestos Insurance Entity in the event there is a final and binding determination (by settlement or adjudication) that such Shared Asbestos Insurance Policy, Insurance Settlement Agreement and/or any other settlement agreement with any Asbestos Insurance Entity does not provide Products/Completed Operations Coverage for Asbestos PI

Claims; (y) the Shared Asbestos Insurance Policies, the Insurance Settlement Agreements, the AIG Insurance Settlement Agreement, or any other settlement agreements with any Asbestos Insurance Entity themselves; and (z) any unpaid amount that Pfizer billed to any insurer prior to the Petition Date pursuant to any settlement agreement with any Asbestos Insurance Entity, as set forth in Schedule 5 to the Insurance Relinquishment Agreement, which shall remain the property of Pfizer.

"Rejection Claim" means a Claim for damages under section 502(g) of the Bankruptcy Code resulting from the rejection of an executory contract or unexpired lease by Quigley or Reorganized Quigley.

"Related Party" means—

(a) a past or present Affiliate of Quigley or Reorganized Quigley;

(b) a predecessor in interest of Quigley or Reorganized Quigley; or

(c) any Entity that owned a financial interest in—

(i) Quigley or Reorganized Quigley;

(ii) a past or present Affiliate of Quigley or Reorganized Quigley; or

(iii) a predecessor in interest of Quigley or Reorganized Quigley.

"Released Parties" shall have the meaning ascribed to such term in Section 11.3 of the Plan.

"Reorganized Quigley" means Quigley, or any successor thereto by merger, consolidation, or otherwise, on and after the Effective Date.

"Representatives" means, with respect to any specified Entity, the officers, directors, employees, agents, attorneys, accountants, financial advisors, other representatives, subsidiaries, affiliates, or any person who controls any of these within the meaning of the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended.

"Schedules" means the schedules of assets and liabilities and the statements of financial affairs of Quigley as filed with the Bankruptcy Court by Quigley in accordance with section 521 of the Bankruptcy Code, as such schedules and statements may have been or may be amended or supplemented from time to time.

"Secured Bond Claims" means, collectively: (a) the Hatchett Secured Claim, (b) the Sherry Secured Claim, and (c) the Other Secured Bond Claims.

"Secured Claims" means, collectively, the Pfizer Secured Claim and the Secured Bond Claims.

"Senior Secured Loan Facility" means the Credit and Security Agreement, dated as of March 6, 2003: (a) as amended on May 29, 2003 and October 29, 2003, between Quigley, as borrower, and Pfizer, as lender; (b) as further amended on October 8, 2004 pursuant to Amendment No. 3 to Credit and Security Agreement, between Quigley, as borrower, and Pfizer, as lender, and approved by the Bankruptcy Court pursuant to the Final DIP/Cash Collateral Order; (c) as further amended on February 18, 2005 pursuant to Amendment No. 4 to Credit and Security Agreement between Quigley, as borrower, and Pfizer, as lender; (d) as further amended on July 15, 2005 pursuant to Amendment No. 5 to Credit and Security Agreement between Quigley, as borrower, and Pfizer, as lender; (e) as further amended on January 31, 2006 pursuant to Amendment No. 6 to Credit and Security Agreement between Quigley, as borrower, and Pfizer, as lender; (f) as further amended on August 9, 2006 pursuant to Amendment No. 7 to Credit and Security Agreement between Quigley, as borrower, and Pfizer, as lender; (g) as further amended on January 18, 2007 pursuant to Amendment No. 8 to Credit and Security Agreement between Quigley, as borrower, and Pfizer, as lender; (h) as further amended on August 10, 2007 pursuant to Amendment No. 9 to Credit and Security Agreement between Quigley, as borrower, and Pfizer, as lender; (i) as further amended on February 14, 2008 pursuant to Amendment No. 10 to Credit and Security Agreement between Quigley, as borrower, and Pfizer, as lender; (j) as further amended on June 20, 2008 pursuant to Amendment No. 11 to Credit and Security Agreement between Quigley, as borrower, and Pfizer, as lender; (k) as further amended on February 17, 2009 pursuant to Amendment No. 12 to Credit and Security Agreement between Quigley, as borrower, and Pfizer, as lender; (l) as further amended on July 20, 2009 pursuant to Amendment No. 13 to Credit and Security Agreement between Quigley, as borrower, and Pfizer, as lender; (m) as further amended on January 21, 2010 pursuant to Amendment No. 14 to Credit and Security Agreement between Quigley, as borrower, and Pfizer, as lender; (n) as further amended on July 27, 2010 pursuant to Amendment No. 15 to Credit and Security Agreement between Quigley, as borrower, and Pfizer, as lender; (o) as further amended on January 28, 2011 pursuant to Amendment No. 16 to Credit and Security Agreement between Quigley, as borrower, and Pfizer, as lender; (p) as further amended on July 28, 2011 pursuant to Amendment No. 17 to Credit and Security Agreement between Quigley, as borrower, and Pfizer, as lender, and (q) as further amended on February 2, 2012 pursuant to Amendment No. 18 to Credit and Security Agreement between Quigley, as borrower, and Pfizer, as lender.

"Settling Asbestos Insurance Entity" means each Asbestos Insurance Entity (a) listed on Exhibit F to the Plan, including, without limitation, the AIG Companies, and (b) that Quigley adds to Exhibit F to the Plan prior to the Confirmation Date. Nothing herein, however, shall prevent any Asbestos Insurance Entity that enters into an Insurance Settlement Agreement prior to the Confirmation Date, after first seeking Quigley's recommendation prior to the Confirmation Date, from petitioning the Bankruptcy Court for treatment under section 524(g) of the Bankruptcy Code and this Plan as a "Settling Asbestos Insurance Entity."

"Settling Asbestos Insurance Entity Injunction" means the injunction described in Section 11.7 of the Plan.

"Shared Asbestos-Excluded Insurance Policies" means the occurrence-based policies listed on Exhibit D to the Plan, as such exhibit may be amended by Quigley from time to time prior to the Effective Date.

"Shared Asbestos Insurance Policies" means the occurrence-based policies listed on Exhibit C to the Plan, as such exhibit may be amended by Quigley from time to time prior to the Effective Date.

"Shared Asbestos-Excluded Claims-Made Insurance Policies" means the claims-made excess liability policies listed on Exhibit E to the Plan, as such exhibit may be amended by Quigley from time to time prior to the Effective Date.

"Sherry" means Edward J. Sherry.

"Sherry Bond" means the supersedeas bond in the amount of $258,444.80, dated March 31, 2004, and any other such bond, securing Sherry's judgment against Quigley in the civil action styled Edward J. Sherry, et al. v. Owens Corning, et al., to the extent of the value of the Sherry Bond. The "Sherry Bond" is not property of, or secured by property of, Quigley's estate.

"Sherry Secured Claim" means the Claim of Sherry based on the judgment obtained by Sherry in the civil action styled Edward J. Sherry, et al. v. Owens Corning, et al.

"Silica Claim" means any Claim against Quigley or Reorganized Quigley seeking recovery for damages for, arising out of or relating to bodily injury allegedly caused by the presence of, or exposure to, silica, alpha quartz or silica-containing products or materials allegedly made, used or sold by Quigley. "Silica Claim" shall not include any claim for benefits under any government-mandated workers' compensation system.

"Solicitation Procedures Order" means the order entered by the Bankruptcy Court on September 4, 2012, which, among other things, approves procedures for soliciting and tabulating the votes to accept or reject the Plan cast by holders of Claims against and Equity Interests in Quigley, including, without limitation, Asbestos PI Claims.

"Tax Sharing Agreement" means the Tax Sharing Agreement entered into by and among Pfizer and certain of its Affiliates, including Quigley, dated December 31, 2003, pursuant to which the parties to the agreement established a method for allocating their consolidated tax liability.

"Trust Advisory Committee" means the trust advisory committee established pursuant to the terms of the Plan and the Asbestos PI Trust Agreement.

"Trust Bylaws" means the Quigley Company, Inc. Asbestos PI Trust Agreement Bylaws, effective as of the Effective Date, substantially in the form as Exhibit B attached to the Asbestos PI Trust Agreement, as such bylaws may be amended or modified from time to time in accordance with the terms of the Asbestos PI Trust Agreement.

"Trustee" means an individual appointed by the Bankruptcy Court to serve as one of the trustees of the Asbestos PI Trust pursuant to the terms of the Plan and the Asbestos PI Trust Agreement or who subsequently may be appointed pursuant to the terms of the Asbestos PI Trust Agreement.

"Trust Expenses" means any of the liabilities, costs, or expenses of, or imposed upon, or assumed by the Asbestos PI Trust (other than liabilities to holders of Asbestos PI Claims in respect of such Asbestos PI Claims), as incurred in accordance with the provisions of the Asbestos PI Trust Agreement.

"Unimpaired" means a Claim or Equity Interest, or a Class of Claims or Equity Interests, that is not Impaired under this Plan.

"United States Trustee" means the United States Trustee appointed under section 591, title 28, United States Code to serve in the Southern District of New York.

"Unsecured Claim" means a Claim against Quigley that is not secured by a valid and enforceable Lien against property of Quigley and that is not an Administrative Claim, a Priority Claim, a Priority Tax Claim or an Asbestos PI Claim.

Section 1.2 Interpretation; Application of Definitions; Rules of Construction and Computation of Time. The headings in the Plan are for convenience of reference only and shall not limit or otherwise affect the provisions hereof. Wherever from the context it appears appropriate, each term stated in either the singular or the plural will include both the singular and the plural, and pronouns stated in the masculine, feminine, or neuter gender will include the masculine, feminine, and neuter. Unless otherwise specified, all Article, Section, Schedule or Exhibit references in the Plan are to the respective article or section of, or schedule or exhibit to, the Plan. For purposes of the Plan: (a) any reference in the Plan to a contract, instrument, release, or other agreement or document being in a particular form or on particular terms and conditions means that such document will be substantially in such form or substantially on such terms and conditions; and (b) any reference in the Plan to an existing document or exhibit filed or to be filed means such document or exhibit as it may have been or may be amended, modified, or supplemented. The words "herein," "hereof," "hereto," "hereunder," and other words of similar meaning refer to the Plan as a whole and not to any particular section, subsection or clause contained in the Plan. The rules of construction contained in section 102 of the Bankruptcy Code will apply to the construction of the Plan. Unless otherwise stated herein, all references to dollars mean United States dollars. In computing any period of time prescribed or allowed by the Plan, unless otherwise expressly provided, the provisions of Rule 9006(a) of the Bankruptcy Rules will apply.

Section 1.3 Exhibits. All exhibits and schedules to this Plan, to the extent not annexed hereto and any agreements referred to herein and therein will be available for review following their filing with the Bankruptcy Court (a) at http://www.bmcgroup.com/quigley, and (b) on Business Days from 9:00 a.m. through 5:00 p.m. (prevailing New York time), at the following address:

Schulte Roth & Zabel LLP
919 Third Avenue
New York, NY 10022
Attention: Aaron B. Wernick, Esq.

Section 1.4 Ancillary Documents. Each of the Schedules and Exhibits to the Plan (whether annexed hereto or included in the Plan Supplement), the Disclosure Statement, and the schedules and exhibits to the Disclosure Statement are an integral part of the Plan and are hereby incorporated by reference and made a part of the Plan, including, without limitation, the Asbestos PI Trust Agreement, the Asbestos PI Trust Distribution Procedures, the Amended Charter Documents, and the other Plan Documents.

Section 1.5 "*Contra Proferentem*" Rule Not Applicable. This Plan is the product of extensive discussions and negotiations between and among, *inter alia*, the Plan Contributors, the members of the Creditors' Committee, the Future Demand Holders' Representative and Representatives of certain other holders of Asbestos PI Claims, including the members of the Ad Hoc Committee. Each of the foregoing was represented by counsel who either participated in the formulation and documentation of, or was afforded the opportunity to review and provide comments on, this Plan, the Disclosure Statement, and the documents ancillary thereto. Accordingly, the rule of contract construction known as "*contra proferentem*" shall not apply to the interpretation of any provision of this Plan, the Disclosure Statement, the other Plan Documents or any agreement or document generated in connection herewith.

ARTICLE II

CLASSIFICATION OF CLAIMS AND EQUITY INTERESTS

Section 2.1 Claims and Equity Interests Classified. For purposes of organization, voting, and all Plan confirmation matters, and except as otherwise provided herein, all Claims against and Equity Interests in Quigley are classified as set forth in this Article II of the Plan. In accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative Claims, the DIP Claim and Priority Tax Claims described in Article III of this Plan have not been classified and are excluded from the following Classes. A Claim or Equity Interest is classified in a particular Class only to the extent that the Claim or Equity Interest falls within the description of the Class, and is classified in another Class or Classes to the extent that any remainder of the Claim or Equity Interest falls within the description of such other Class or Classes. Notwithstanding anything to the contrary contained in this Plan, no Distribution shall be made by Reorganized Quigley on account of any Claim that is not an Allowed Claim for distribution purposes. The Bankruptcy Court at the Confirmation Hearing shall resolve any dispute with respect to Quigley's classification of Claims and Equity Interests.

Section 2.2 Summary of Classification of Claims and Equity Interests. A Claim or Equity Interest is placed in a particular Class only to the extent that the Claim or Equity Interest falls within the description of that Class, and is classified in other Classes to the extent that any portion of the Claim or Equity Interest falls within the description of such other Classes. A Claim is also placed in a particular Class for the purpose of receiving distributions pursuant to the Plan only to the extent that such Claim is an Allowed Claim in that Class and such Claim has not been paid, released, or otherwise settled prior to the Effective Date.

For purposes of all confirmation matters, including, without limitation, voting on, confirmation of, and Distributions under, the Plan, and except as otherwise provided herein, all

Claims (other than Administrative Claims (including Fee Claims), the DIP Claim, and Priority Tax Claims, which are not classified) against and Equity Interests in Quigley are classified as follows:

CLASS	CLASS NAME	STATUS
Class 1	Priority Claims	Unimpaired – not entitled to vote
Class 2	Secured Claims	
	Class 2.01: Pfizer Secured Claim	Impaired – not entitled to vote
	Class 2.02: RESERVED	RESERVED
	Class 2.03: Hatchett Secured Claim	Unimpaired – not entitled to vote
	Class 2.04: Sherry Secured Claim	Unimpaired – not entitled to vote
	Class 2.05: Other Secured Bond Claims	Unimpaired – not entitled to vote
Class 3	Unsecured Claims	Impaired – entitled to vote
Class 4A	Pre-September 2010 Settled Asbestos PI Claims	Impaired – entitled to vote
Class 4B	Other Asbestos PI Claims	Impaired – entitled to vote
Class 5	Equity Interests in Quigley	Impaired – not entitled to vote

Section 2.3 Classification.

(a) Class 1: Priority Claims. Class 1 consists of all Priority Claims.

(b) Class 2: Secured Claims. Class 2 consists of separate subclasses for each Secured Claim. Each subclass is deemed to be a separate class for all purposes under the Bankruptcy Code.

(i) Class 2.01: Pfizer Secured Claim

Class 2.01 consists of the Pfizer Secured Claim.

(ii) Class 2.02: RESERVED

(iii) Class 2.03: Hatchett Secured Claim

Class 2.03 consists of the Hatchett Secured Claim.

(iv) Class 2.04: Sherry Secured Claim

Class 2.04 consists of the Sherry Secured Claim.

(v) Class 2.05: Other Secured Bond Claims

Class 2.05 consists of all Other Secured Bond Claims.

(c) Class 3: Unsecured Claims. Class 3 consists of all Unsecured Claims.

(d) Class 4A: Pre-September 2010 Settled Asbestos PI Claims. Class 4A consists of all Pre-September 2010 Settled Asbestos PI Claims.

(e) Class 4B: Other Asbestos PI Claims. Class 4B consists of all Other Asbestos PI Claims.

(f) Class 5: Equity Interests in Quigley. Class 5 consists of all Equity Interests in Quigley.

ARTICLE III

TREATMENT OF UNCLASSIFIED CLAIMS

Section 3.1 Allowed Administrative Claims. Holders of Allowed Administrative Claims (other than Fee Claims, which are governed by Section 3.2 of this Plan) shall receive Cash in an amount equal to the unpaid portion of such Allowed Administrative Claims, in full satisfaction, settlement and discharge of and in exchange for such Claims on the Effective Date, or as soon as practicable after such Claims become Allowed Claims (if the date of allowance is later than the Effective Date), or such amounts and on such other terms as may be agreed on between the holders of such Claims and Quigley or Reorganized Quigley, as the case may be; provided, however, that Allowed Administrative Claims with respect to liabilities incurred by Quigley in the ordinary course of business during the Chapter 11 Case shall be paid in the ordinary course of business in accordance with the terms and conditions of any agreement or course of dealing relating thereto.

Section 3.2 Professional Compensation and Reimbursement Claims. All Entities seeking payment of a Fee Claim (including a request under section 503(b)(4) of the Bankruptcy Code by any Professional or other Entity for making a substantial contribution in the Chapter 11 Case) must file with the Bankruptcy Court and serve their respective final applications for allowance of such Fee Claim so as to be received by Reorganized Quigley and its counsel no later than forty-five (45) days after the Effective Date or such other date as may be fixed by the Bankruptcy Court; provided, however, that any Professional who is entitled to receive compensation or reimbursement of expenses pursuant to orders of the Bankruptcy Court, may continue to receive such compensation and reimbursement of expenses for services rendered before the Effective Date, without further review or approval of the Bankruptcy Court, pursuant to such orders. Objections to any Fee Claim must be filed and served on Reorganized Quigley and the requesting party within thirty (30) days of the date of service of the application for payment of the Fee Claim. If the application for payment of the Fee Claim is granted by the Bankruptcy Court, the Allowed Fee Claim shall be paid in Cash in such amounts as Allowed by the Bankruptcy Court within ten (10) days of the date of becoming an Allowed Fee Claim.

Section 3.3 Priority Tax Claims. Except to the extent that the holder of an Allowed Priority Tax Claim has been paid by Quigley prior to the Effective Date or agrees to a different treatment, each holder of an Allowed Priority Tax Claim, if any, shall, in accordance with section 1129(a)(9)(C) of the Bankruptcy Code, receive in full satisfaction, settlement and discharge of and in exchange for such Allowed Priority Tax Claim, Cash in an amount equal to the unpaid portion of such Allowed Priority Tax Claim on the Effective Date or as soon as

practicable after such Priority Tax Claim becomes an Allowed Priority Tax Claim (if the date of allowance is later than the Effective Date).

Section 3.4 DIP Claim. On and as of the Effective Date, Pfizer, the holder of the DIP Claim, shall forgive the DIP Claim as part of the Pfizer Contribution.

ARTICLE IV

TREATMENT OF CLASSIFIED CLAIMS AND EQUITY INTERESTS

Section 4.1 Class 1 – Priority Claims. Except to the extent a holder of an Allowed Priority Claim has been paid prior to the Effective Date or agrees to a different treatment, each holder of an Allowed Priority Claim shall receive in full satisfaction, settlement and discharge of and in exchange for such Claim, Cash in an amount equal to the unpaid portion of such Allowed Priority Claim on or before the later of: (a) the Initial Distribution Date; and (b) the date the Claim becomes an Allowed Priority Claim, or as soon thereafter as practicable. All Allowed Priority Claims not due and payable on or before the Effective Date shall be paid in the ordinary course of business in accordance with the terms thereof.

Class 1 is not Impaired under the Plan. Each holder of an Allowed Priority Claim is deemed to have accepted the Plan and is therefore not entitled to vote to accept or reject the Plan.

Section 4.2 Class 2 – Secured Claims. Each Class 2 Secured Claim shall be treated as a separate class for purposes of voting on, implementing, and consummating the Plan, and each holder of an Allowed Class 2 Secured Claim shall receive the treatment set forth below.

(a) Class 2.01: Pfizer Secured Claim

On and as of the Effective Date, Pfizer, as the holder of the Pfizer Secured Claim, shall forgive the Pfizer Secured Claim as part of the Pfizer Contribution.

Class 2.01 is Impaired under the Plan. Notwithstanding the fact that this claim is held exclusively by Pfizer, which is supporting the Plan through the Pfizer Contribution, the Code requires that such class be deemed to have rejected the Plan.

(b) Class 2.02: RESERVED

(c) Class 2.03: Hatchett Secured Claim

On the Effective Date, Hatchett, as the holder of the Hatchett Secured Claim, shall be entitled to proceed with the Pending Appeal of the judgment underlying the Hatchett Secured Claim to Final Judgment as provided for under the terms of the Hatchett Bond and in accordance with applicable law. If the Final Judgment is ultimately entered against Quigley or Reorganized Quigley, as the case may be, Hatchett shall be entitled to seek payment of the Final Judgment from the Hatchett Bond. If, after application of the amounts received on account of the Hatchett Bond to the Final Judgment, Hatchett holds an Asbestos PI Deficiency Claim, the sole recourse of Hatchett for such Asbestos PI Deficiency Claim shall be to proceed against the Asbestos PI

Trust in accordance with the Asbestos PI Trust Distribution Procedures, pursuant to which such Asbestos PI Deficiency Claim shall be treated as a Pre-Petition Liquidated Asbestos PI Claim, as that term is defined in the Asbestos PI Trust Distribution Procedures. If the Final Judgment ultimately reverses any extant judgment against Quigley, then any remaining Asbestos PI Claim that Hatchett may have shall automatically and without further act, deed or court order be channeled to and assumed by the Asbestos PI Trust in accordance with and to the extent set forth in Articles IX and XI of the Plan.

Class 2.03 is not Impaired under the Plan. Hatchett, as the holder of the Hatchett Secured Claim, is deemed to have accepted the Plan and is therefore not entitled to vote to accept or reject the Plan.

(d) Class 2.04: Sherry Secured Claim

On the Effective Date, Sherry, as the holder of the Sherry Secured Claim, shall be entitled to proceed with the Pending Appeal of the judgment underlying the Sherry Secured Claim to Final Judgment as provided for under the terms of the Sherry Bond and in accordance with applicable law. If the Final Judgment is ultimately entered against Quigley or Reorganized Quigley, as the case may be, Sherry shall be entitled to seek payment of the Final Judgment from the Sherry Bond. If, after application of the amounts received on account of the Sherry Bond to the Final Judgment, Sherry holds an Asbestos PI Deficiency Claim, the sole recourse of Sherry for such Asbestos PI Deficiency Claim shall be to proceed against the Asbestos PI Trust in accordance with the Asbestos PI Trust Distribution Procedures, pursuant to which such Asbestos PI Deficiency Claim shall be treated as a Pre-Petition Liquidated Asbestos PI Claim, as that term is defined in the Asbestos PI Trust Distribution Procedures. If the Final Judgment ultimately reverses any extant judgment against Quigley, then any remaining Asbestos PI Claim that Sherry may have shall automatically and without further act, deed or court order be channeled to and assumed by the Asbestos PI Trust in accordance with and to the extent set forth in Articles IX and XI of the Plan.

Class 2.04 is not Impaired under the Plan. Sherry, as the holder of the Sherry Secured Claim, is deemed to have accepted the Plan and is therefore not entitled to vote to accept or reject the Plan.

(e) Class 2.05: Other Secured Bond Claims

On the Effective Date, any holder of an Other Secured Bond Claim shall be entitled to the same treatment as the holders of the Secured Claims in Classes 2.02 through 2.04.

Class 2.05 is not Impaired under the Plan. The holders of any Other Secured Bond Claim are deemed to have accepted the Plan and are therefore not entitled to vote to accept or reject the Plan.

Section 4.3 Class 3 –Unsecured Claims. On or before the later of: (a) the Initial Distribution Date; and (b) the date the Unsecured Claim becomes an Allowed Unsecured Claim, or as soon thereafter as practicable, each holder of an Allowed Unsecured Claim shall receive in full satisfaction, settlement and discharge of and in exchange for such Claim, Cash in

an amount equal to the Allowed Amount of such Unsecured Claim multiplied by the Class 3 Payment Percentage; provided, however; that the Provost Silica Claims shall be satisfied solely from any proceeds recovered from the Shared Asbestos-Excluded Insurance Policies and in accordance with the Class 3 Payment Percentage.

Class 3 is Impaired under the Plan. Each holder of an Unsecured Claim shall be entitled to vote to accept or reject the Plan to the extent and in the manner provided in the Solicitation Procedures Order.

Nothing contained in this Plan or the Confirmation Order (including the findings of fact and conclusions of law contained therein) shall limit, abridge, or otherwise impair the right of any holder of a Silica Claim who timely filed a proof of claim on account of such Claim to seek to have his or her Claim allowed as a Class 3 Unsecured Claim. Without limiting the generality of the foregoing, there shall be no issue preclusion applicable to any holder of a Silica Claim as a result of the Court's determination that the Plan can be confirmed under section 1129(b) of the Bankruptcy Code despite the rejection of the Plan by Class 3.

Section 4.4 Class 4A – Pre-September 2010 Settled Asbestos PI Claims. As of the Effective Date, liability for all Class 4A Claims shall automatically and without further act, deed or court order be channeled to and assumed by the Asbestos PI Trust in accordance with, and to the extent set forth in, Articles IX and XI of the Plan and the Plan Documents. Each Pre-September 2010 Settled Asbestos PI Claim shall be determined and paid in accordance with the terms, provisions and procedures of the Asbestos PI Trust Agreement and the Asbestos PI Trust Distribution Procedures, including application of the Class 4A Payment Percentage. The Asbestos PI Trust shall be funded in accordance with the provisions of Section 9.3 of the Plan. Except as set forth in Section 11.6(b) of the Plan, the sole recourse of the holder of a Pre-September 2010 Settled Asbestos PI Claim on account of such Claim shall be to the Asbestos PI Trust and each holder shall have no right whatsoever at any time to assert its Pre-September 2010 Settled Asbestos PI Claim against any Asbestos Protected Party, or, subject to the terms of Section 11.7 below, a Settling Asbestos Insurance Entity, or, subject to the terms of Section 11.8 below, a Non-Settling Asbestos Insurance Entity.

Pfizer has waived and shall be deemed to have waived any and all obligations or requirements of holders of Pre-September 2010 Settled Asbestos PI Claims under the terms of the Pfizer Claimant Settlement Agreements to reduce the amount of distributions they are entitled to receive from the Asbestos PI Trust; provided, however, that such waiver shall be null and void and of no further force and effect in the event that the Effective Date does not occur.

Class 4A is Impaired under the Plan. Each holder of a Pre-September 2010 Settled Asbestos PI Claim shall be entitled to vote to accept or reject the Plan to the extent and in the manner provided in the Solicitation Procedures Order.

Section 4.5 Class 4B – Other Asbestos PI Claims. As of the Effective Date, liability for all Class 4B Claims shall automatically and without further act, deed or court order be channeled to and assumed by the Asbestos PI Trust in accordance with, and to the extent set forth in, Articles IX and XI of the Plan and the Plan Documents. Each Other Asbestos PI Claim shall be determined and paid in accordance with the terms, provisions and procedures of the

Asbestos PI Trust Agreement and the Asbestos PI Trust Distribution Procedures, including application of the Class 4B Payment Percentage. The Asbestos PI Trust shall be funded in accordance with the provisions of Section 9.3 of the Plan. Except as set forth in Section 11.6(b) of the Plan, the sole recourse of the holder of an Other Asbestos PI Claim on account of such Claim shall be to the Asbestos PI Trust and each holder shall have no right whatsoever at any time to assert its Other Asbestos PI Claim against any Asbestos Protected Party, or, subject to the terms of Sections 11.7 and 11.8 below, a Settling Asbestos Insurance Entity, or a Non-Settling Asbestos Insurance Entity, as applicable.

Class 4B is Impaired under the Plan. Each holder of an Other Asbestos PI Claim shall be entitled to vote to accept or reject the Plan to the extent and in the manner provided in the Solicitation Procedures Order.

<u>Section 4.6</u> <u>Class 5 – Equity Interests</u>. On the Effective Date, Pfizer, the sole holder of the Equity Interests, shall transfer the common stock of Reorganized Quigley to the Asbestos PI Trust.

Class 5 is Impaired under the Plan. Notwithstanding the fact that interests in this class are held exclusively by Pfizer, which is supporting the Plan through the Pfizer Contribution, the Code requires that such class be deemed to have rejected the Plan.

ARTICLE V

ACCEPTANCE OR REJECTION OF PLAN; EFFECT OF REJECTION BY ONE OR MORE CLASSES OF CLAIMS OR EQUITY INTERESTS

<u>Section 5.1</u> <u>Classes Entitled to Vote</u>. Except as set forth below, each holder of an Allowed Claim, and each holder of a Claim that has been temporarily allowed for voting purposes, including each holder of a Class 4A Pre-September 2010 Asbestos PI Claim or Class 4B Other Asbestos PI Claim, in each Impaired Class of Claims shall be entitled to vote separately to accept or reject the Plan to the extent and in the manner provided in the Solicitation Procedures Order. Any Unimpaired Class of Claims shall not be entitled to vote to accept or reject the Plan. Any Impaired Class of Claims or Equity Interests that shall not receive or retain any property on account of such Claims or Equity Interests under the Plan shall be deemed to have rejected the Plan.

<u>Section 5.2</u> <u>Class Acceptance Requirement</u>. Acceptance of the Plan by any Impaired Class of Claims or Equity Interests shall be determined in accordance with section 1126 of the Bankruptcy Code and the terms of the Solicitation Procedures Order.

<u>Section 5.3</u> <u>Issuance of Injunctions Pursuant to Section 524(g) of the Bankruptcy Code</u>. The Bankruptcy Court may issue the Asbestos PI Channeling Injunction and the Settling Asbestos Insurance Entity Injunction if, in accordance with section 524(g)(2)(B)(ii)(IV)(bb) of the Bankruptcy Code, the Plan has been accepted by at least

75% in number of those holders of Class 4A Claims and Class 4B Claims actually voting on the Plan.

Section 5.4 Cramdown. In the event that any impaired Class of Claims or Equity Interests fails to accept the Plan in accordance with section 1129(a) of the Bankruptcy Code, Quigley reserves its right to: (i) modify the Plan in accordance with Section 13.2 hereof; and/or (ii) request that the Bankruptcy Court confirm the Plan in accordance with section 1129(b) of the Bankruptcy Code by finding that the Plan does not discriminate unfairly and provides fair and equitable treatment to any impaired Class of Claims or Equity Interests voting to reject the Plan, in which case the Plan shall constitute a motion for such relief that shall be considered at the Confirmation Hearing.

Section 5.5 Acceptance by Unimpaired Class. Class 1 (Priority Claims), Class 2.03 (Hatchett Secured Claim), Class 2.04 (Sherry Secured Claim), and Class 2.05 (Other Secured Bond Claims) are Unimpaired under the Plan and are conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code.

Section 5.6 Elimination of Vacant Classes. Any Class of Claims that does not contain a holder of an Allowed Claim or a holder of a Claim temporarily allowed pursuant to the Solicitation Procedures Order, as of the date of the commencement of the Confirmation Hearing, shall be deemed deleted from the Plan for all purposes, including for purposes of determining acceptance of the Plan by such Class under section 1129(a)(8) of the Bankruptcy Code.

ARTICLE VI

DISTRIBUTIONS UNDER THE PLAN ON ACCOUNT OF CLAIMS OTHER THAN ASBESTOS PI CLAIMS

Section 6.1 Distributions. Reorganized Quigley shall make all Distributions required under the Plan as provided under this Article VI. Distributions on account of Allowed Claims other than Asbestos PI Claims shall be made on the related Distribution date or as soon thereafter as practicable (unless otherwise provided herein or ordered by the Bankruptcy Court). All distributions on account of Asbestos PI Claims shall be made in accordance with the terms of the Asbestos PI Trust Agreement and the Asbestos PI Trust Distribution Procedures.

Section 6.2 Pro Rata Share Distributions. The Pro Rata Share of any Cash or assets to be distributed to or for the benefit of the holder of an Allowed Claim in any Class of Claims under the Plan shall be distributed as provided in the Plan. An initial distribution shall be made on the Initial Distribution Date. If and when a Disputed Claim in any Class becomes a Disallowed Claim, then the Pro Rata Share to which each holder of an Allowed Claim in such Class is entitled shall increase proportionately and Reorganized Quigley shall have the right (but not the obligation) to make or direct the making of subsequent interim Distributions to the holders of Allowed Claims in such Class in order to reflect any increases in the Pro Rata Share. Reorganized Quigley shall distribute Pro Rata Shares to each holder of a Claim that was a Disputed Claim on the Effective Date within fifteen (15) Business Days of the date on which such Claim becomes an Allowed Claim, or as soon thereafter as is practicable. As soon as

practicable after all Disputed Claims in any Class receiving Pro Rata Shares have become either Allowed Claims or Disallowed Claims, a final Distribution shall be made to the holders of Allowed Claims in such Class.

Section 6.3 Means of Cash Payment. Cash payments made pursuant to the Plan shall be in United States dollars, by check drawn on a bank located in the United States or by wire transfer from such bank.

Section 6.4 Delivery of Distributions. Distributions and deliveries to holders of Allowed Claims shall be made at the addresses set forth on the Proofs of Claim filed by such holders (or at the last known addresses of such holders if no Proof of Claim is filed or if Reorganized Quigley has been notified of a change of address). If any holder's Distribution is returned as undeliverable, then no further Distributions to such holder shall be made unless and until Reorganized Quigley is notified of such holder's then-current address, at which time all missed Distributions shall be made to such holder without interest. Cash Distributions that are not claimed by the expiration of six (6) months from the date that such Distributions were made shall be deemed unclaimed property under section 347(b) of the Bankruptcy Code and shall revest in Reorganized Quigley, and the Claim of any holder to such Distributions shall be discharged and forever barred. Nothing contained in the Plan shall require Quigley or Reorganized Quigley to attempt to locate any holder of an Allowed Claim.

Section 6.5 Time Bar to Cash Payments. Checks issued by Reorganized Quigley in respect of Allowed Claims shall be null and void if not cashed within ninety (90) days of the date of issuance thereof. The holder of the Allowed Claim with respect to which such check originally was issued shall make requests for reissuance of any check directly to Reorganized Quigley. Any such request for reissuance of a check shall be made on or before the later of the six month anniversary of the Initial Distribution Date, and ninety (90) days after the date of issuance of such check. After such date, all Claims in respect of void checks shall be discharged and forever barred.

Section 6.6 Timing of Distributions. If any payment or act under the Plan is required to be made or performed on a date that is not a Business Day, then the making of such payment or the performance of such act may be completed on the next succeeding Business Day, but shall be deemed to have been completed as of the required date.

Section 6.7 Record Date for Holders of Claims. Except as otherwise provided in an order of the Bankruptcy Court that is not subject to any stay, the transferees of Claims that are transferred pursuant to Rule 3001 of the Bankruptcy Rules on or prior to the Distribution Record Date shall be treated as the holders of such Claims for all purposes, notwithstanding that any period provided by Rule 3001 of the Bankruptcy Rules for objecting to such transfer has not expired by the Distribution Record Date.

Section 6.8 Distributions After Effective Date. Distributions made after the Effective Date shall be deemed to have been made on the Effective Date.

Section 6.9 Fractional Cents. Notwithstanding any other provision of the Plan to the contrary, no payment of fractional cents shall be made pursuant to the Plan. Whenever

any payment of a fraction of a cent under the Plan would otherwise be required, the actual Distribution made shall reflect a rounding of such fraction to the nearest whole penny (up or down), with half pennies or more being rounded up and fractions less than a half of a penny being rounded down.

<u>Section 6.10</u> <u>Interest on Claims</u>. Except as specifically provided for in the Plan, the Confirmation Order, the Interim Cash Collateral Order or the Final DIP/Cash Collateral Order, interest shall not accrue on Claims, and no holder of a Claim shall be entitled to interest accruing on or after the Petition Date on any Claim. Interest shall not accrue or be paid on any Disputed Claim in respect of the period from the Petition Date to the date a final Distribution is made thereon if and after such Disputed Claim becomes an Allowed Claim. Except as expressly provided herein, no prepetition Claim shall be Allowed to the extent that it is for postpetition interest or other similar charges.

<u>Section 6.11</u> <u>*De Minimis* Distributions</u>. Notwithstanding anything to the contrary contained in the Plan or Confirmation Order, Quigley and Reorganized Quigley shall not be required to distribute, and shall not distribute, Cash to the holder of an Allowed Claim if the amount of Cash to be distributed on account of such Claim is less than $40. Any holder of an Allowed Claim on account of which the amount of Cash to be distributed is less than $40 shall have such Claim discharged and shall be forever barred from asserting any such Claim against Quigley, Reorganized Quigley, the Asbestos PI Trust or their respective property. Any Cash not distributed pursuant to this provision shall be the property of Reorganized Quigley, free of any restrictions thereon. For the avoidance of doubt, the *de minimis* distribution limitation described in this Section 6.11 shall not apply to distributions made by the Asbestos PI Trust.

<u>Section 6.12</u> <u>Setoffs</u>. Subject to the limitations provided in section 553 of the Bankruptcy Code, Reorganized Quigley may, but shall not be required to, setoff against any Claim and the payments or other Distributions to be made pursuant to the Plan in respect of such Claim, Claims of any nature whatsoever that Quigley may have against the holder of such Claim. However, neither the failure to set off nor the allowance of any Claim hereunder shall constitute a waiver or release by Quigley of any such Claim that Quigley may have against the holder.

ARTICLE VII

TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES

<u>Section 7.1</u> <u>General Treatment</u>. On or prior to the Effective Date, Quigley shall make a motion pursuant to section 365 of the Bankruptcy Code to assume, assume and assign, or reject all Executory Contracts to which Quigley is a party.

<u>Section 7.2</u> <u>RESERVED</u>.

<u>Section 7.3</u> <u>Payments Related to Assumption of Executory Contracts</u>. Any monetary amounts by which each Executory Contract to be assumed or assumed and assigned may be in default shall be satisfied in full by the payment of Cure in accordance with section 365(b)(1) of the Bankruptcy Code. In the event of a dispute regarding: (a) the nature or

amount of any Cure; (b) the ability of Quigley, Reorganized Quigley or any proposed assignee to provide "adequate assurance of future performance" (within the meaning of section 365 of the Bankruptcy Code) under the contract or lease to be assumed or assumed and assigned; or (c) any other matter pertaining to assumption, the payment of Cure shall occur following the entry of a Final Order of the Bankruptcy Court resolving the dispute. No amount shall be due for Cure or other compensation to the parties to assumed or assumed and assigned Executory Contracts except as expressly provided in the Cure schedule to be included in the Plan Supplement or as otherwise ordered by the Bankruptcy Court pursuant to a Final Order. On the Initial Distribution Date or as soon thereafter as practicable, Reorganized Quigley shall pay all undisputed Cure amounts, if any, under the Executory Contracts being assumed or assumed and assigned pursuant to Section 7.2 of this Plan. Except for Claims for payment of Cure, the non-Debtor parties to the assumed or assumed and assigned contracts shall have no Claim against Quigley or Reorganized Quigley relating to those contracts.

Section 7.4 Bar to Rejection Damages. If the rejection of an Executory Contract by Quigley results in damages to the other party or parties to such contract, a Claim for such damages shall be forever barred and shall not be enforceable against any of Quigley, Reorganized Quigley or its properties, whether by way of setoff, recoupment, or otherwise unless a Proof of Claim is filed with the Bankruptcy Court and served upon counsel for Quigley or Reorganized Quigley by thirty (30) days after entry of an order rejecting a contract pursuant to a motion filed by Quigley to reject such contract.

Section 7.5 Indemnification and Reimbursement Obligations. For purposes of this Plan, the obligations of Quigley to indemnify and reimburse persons who are or were directors, officers, or employees of Quigley on the Petition Date or at any time thereafter against and for any obligations pursuant to articles of incorporation, codes of regulations, by-laws, applicable state law, or specific agreement, or any combination of the foregoing, shall survive confirmation of the Plan, remain unaffected thereby, and not be discharged in accordance with section 1141 of the Bankruptcy Code, irrespective of whether indemnification or reimbursement is owed in connection with an event occurring before, on, or after the Petition Date. In furtherance of the foregoing, Reorganized Quigley shall use its commercially reasonable efforts to maintain or procure insurance for the benefit of such directors, officers, or employees at levels no less favorable than those existing as of the date of entry of the Confirmation Order for a period of no less than four years following the Effective Date.

ARTICLE VIII

PROCEDURES FOR RESOLVING AND TREATING DISPUTED CLAIMS OTHER THAN ASBESTOS PI CLAIMS

Section 8.1 Disputed Claims. All Disputed Claims against Quigley shall be subject to the provisions of this Article VIII. All Asbestos PI Claims shall be determined and paid by the Asbestos PI Trust in accordance with the Asbestos PI Trust Agreement and the Asbestos PI Trust Distribution Procedures. Only the Asbestos PI Trust will have the right to resolve Asbestos PI Claims.

Section 8.2 Objection Deadline. Unless otherwise ordered by the Bankruptcy Court, objections to Claims other than Asbestos PI Claims shall be filed with the Bankruptcy Court or District Court, as applicable, and served upon the holders of each such Claim to which objections are made on or before the Claims Objection Bar Date. If an objection to a Claim is timely filed by any party in interest, a subsequent amendment to the objection shall also be deemed timely, even if filed subsequent to the deadline for filing the original Claim objection, and even if the amendment raises facts or legal theories not raised in the original Claim objection.

Section 8.3 Prosecution of Objections. After the Confirmation Date, Quigley or Reorganized Quigley, as the case may be, shall have authority to file, litigate to final judgment, settle, or withdraw objections to Disputed Claims. For each Class 3 Silica Claim with respect to which a proof of claim is pending as of the Confirmation Date, Quigley or Reorganized Quigley, and Pfizer on either of their behalf, shall have the authority to prosecute any objections that any of them have asserted on or before the Claims Objection Bar Date.

Section 8.4 No Distributions Pending Allowance. No payments or Distributions shall be made with respect to any Claim to the extent it is a Disputed Claim unless and until all objections to such Disputed Claim are resolved and such Disputed Claim becomes an Allowed Claim in whole or in part.

Section 8.5 Costs and Fees of Defending Silica Claims. Pfizer shall have complete control over the defense of Silica Claims, and may use counsel of its own choice in its sole discretion; provided, however, that Pfizer shall not discontinue or fail to pursue the defense of such Silica Claims without the consent of Reorganized Quigley, which consent shall not be unreasonably withheld. All fees and costs associated with the defense of Silica Claims shall be borne by Pfizer.

Section 8.6 Coverage Cases Related to Silica Claims. To the extent, if any, that any insurer that is an issuer of a Shared Asbestos-Excluded Insurance Policy is requested to and declines to pay any settlement of or Final Judgment with respect to any Silica Claim, Pfizer shall initiate a Coverage Case against such insurer, provided there are legal and factual grounds to do so. Pfizer shall not discontinue or fail to pursue or settle such Coverage Case without the consent of Reorganized Quigley, which consent shall not be unreasonably withheld. Pfizer shall have complete control over the prosecution of the Coverage Case with the counsel of Pfizer's choice in Pfizer's sole discretion. All fees and costs associated with Coverage Cases shall be borne by Pfizer.

Section 8.7 Satisfaction of Allowed Silica Claims. To the extent, if any, that a Silica Claim becomes Allowed or is liquidated pursuant to a Final Judgment against Quigley or Reorganized Quigley, such Claim shall be paid in accordance with the Class 3 Payment Percentage, which initially shall be 7.5%. Except as set forth in Section 4.3 of the Plan with respect to satisfaction of the Provost Silica Claims, Allowed Silica Claims shall be paid first from any proceeds recovered by Reorganized Quigley or Pfizer from the Shared Asbestos-Excluded Insurance Policies, consistent with the Insurance Relinquishment Agreement, and only thereafter from the Disputed Claims Reserve retained by Reorganized Quigley.

Section 8.8 Disputed Claims Reserve. On or after the Effective Date, and until such time as each Disputed Claim has been compromised and settled, estimated by the Bankruptcy Court in an amount constituting the Allowed amount, or allowed or disallowed by Final Order of the Bankruptcy Court, Reorganized Quigley shall retain, for the benefit of each holder of a Disputed Claim, the Disputed Claims Reserve in an amount it reasonably determines to be necessary to pay Reorganized Quigley's liability for the claim. Reorganized Quigley shall also retain, for the benefit of anticipated future claimants, a balance in the Disputed Claims Reserve it reasonably determines to be necessary to pay anticipated future claimants. Notwithstanding any other provision of this Plan, nothing herein shall preclude Quigley, Reorganized Quigley or Pfizer from asserting, in defense of a Silica Claim, that the Silica Claim is a Discharged Silica Claim.

ARTICLE IX

MEANS FOR IMPLEMENTATION OF THE PLAN

Section 9.1 General. On the Confirmation Date, Quigley shall be empowered and authorized to take or cause to be taken, prior to the Effective Date, all actions necessary to enable it to implement the provisions of this Plan, including, without limitation, the creation of the Asbestos PI Trust. From and after the Effective Date, Reorganized Quigley shall be governed pursuant to its Amended Charter Documents.

Section 9.2 Transactions on the Effective Date. On the Effective Date, the following shall be deemed for all purposes to have occurred simultaneously:

(a) any Distributions required to be made on the Effective Date;

(b) establishment of the Asbestos PI Trust, including the Pfizer Contribution and the Quigley Contribution;

(c) contribution by Pfizer to Reorganized Quigley of the Quigley Operations; and

(d) the effectiveness and binding effect of the Amended Charter Documents upon Reorganized Quigley.

Section 9.3 The Asbestos PI Trust.

(a) Creation of the Asbestos PI Trust. On the Effective Date, the Asbestos PI Trust shall be created in accordance with the Plan Documents. The Asbestos PI Trust shall be a "qualified settlement fund" within the meaning of section 468B of the United States Internal Revenue Code and the regulations issued thereunder. The purposes of the Asbestos PI Trust shall be to assume all Asbestos PI Claims (whether now existing or arising at any time hereafter) and to use the Asbestos PI Trust Assets to pay holders of Asbestos PI Claims in accordance with the Asbestos PI Trust Agreement and the Asbestos PI Trust Distribution Procedures, and in such a way that provides reasonable assurance that the Asbestos PI Trust shall value and be in a financial position to pay present and future Asbestos PI Claims that involve similar Claims in substantially the same manner, and to otherwise comply in all respects with the

requirements of section 524(g)(2)(B) of the Bankruptcy Code. On the Effective Date, subject to the terms of the Pfizer Contribution, all right, title and interest in and to the Asbestos PI Trust Assets and any proceeds thereof will be transferred to and vested in the Asbestos PI Trust, free and clear of all Claims, Demands, Equity Interests, Encumbrances and other interests of any Entity without any further action of any Entity.

(b) Appointment of Trustees. Prior to or at the Confirmation Hearing, the Creditors' Committee and the Future Demand Holders' Representative, in consultation with Quigley, shall nominate the three initial Trustees of the Asbestos PI Trust, one of which shall be a resident of the State of New York (if a natural person) or have a principal place of business in the State of New York (in all other cases). The Confirmation Order shall constitute an order of the Bankruptcy Court appointing the initial Trustees to serve as Trustees of the Asbestos PI Trust in accordance with the Asbestos PI Trust Agreement, effective as of the Effective Date.

(c) Appointment of Trust Advisory Committee Members. Prior to or at the Confirmation Hearing, the Creditors' Committee, in consultation with Quigley and the Future Demand Holders' Representative, shall nominate the seven initial members of the Trust Advisory Committee. The Confirmation Order shall constitute an order of the Bankruptcy Court appointing the initial members of the Trust Advisory Committee (and thereupon the Trust Advisory Committee shall be formed) to serve in accordance with the Asbestos PI Trust Agreement.

(d) Contributions to the Asbestos PI Trust or Reorganized Quigley. On or after the Effective Date, Reorganized Quigley and Pfizer shall make the Quigley Contribution and Pfizer Contribution, respectively, to the Asbestos PI Trust or Reorganized Quigley, as applicable. The Asbestos PI Trust shall perform all obligations of Quigley with respect to the Quigley Transferred Insurance Rights.

(e) Insurance Relinquishment Agreement. On or before the Effective Date, Quigley or Reorganized Quigley, as the case may be, shall execute and deliver to Pfizer and Pfizer shall execute and deliver to Quigley or Reorganized Quigley, as the case may be, the Insurance Relinquishment Agreement.

(f) AIG Assignment Agreement. On or before the Effective Date, Quigley or Reorganized Quigley, as the case may be, and Pfizer shall execute and deliver to the Asbestos PI Trust the AIG Assignment Agreement.

(g) Transfer of Claims and Demands to the Asbestos PI Trust. On the Effective Date, all liabilities, obligations, Demands and responsibilities relating to all Asbestos PI Claims shall be transferred and channeled to the Asbestos PI Trust.

(h) Discharge of Liabilities to Holders of Asbestos PI Claims. Except as may otherwise be provided in the Plan Documents and the Confirmation Order, the transfer to, vesting in, and assumption by the Asbestos PI Trust of the Asbestos PI Trust Assets on or after the Effective Date, as contemplated by the Plan, shall, among other things, discharge all obligations and Liabilities of Quigley and Reorganized Quigley for and in respect of all Asbestos PI Claims. On the Effective Date, the Asbestos PI Trust shall assume all Asbestos PI Claims and

shall pay the Asbestos PI Claims in accordance with the Asbestos PI Trust Distribution Procedures.

(i) RESERVED.

(j) Transfer of the Common Stock of Reorganized Quigley to the Asbestos PI Trust. On the Effective Date, Pfizer shall transfer 100% of the common stock of Reorganized Quigley to the Asbestos PI Trust.

(k) Books and Records. On the Effective Date, and in accordance with the provisions of the Asbestos Records Cooperation Agreement, attached hereto as Exhibit L, the Asbestos Record Parties shall transfer the Asbestos Records or cause the same to be transferred to the Asbestos PI Trust.

Section 9.4 Reorganized Quigley's Obligations under the Plan. From and after the Effective Date, Reorganized Quigley shall perform the obligations of Quigley under the Plan.

Section 9.5 Charter and Bylaws. The Amended Bylaws and the Amended Certificate of Incorporation shall contain such provisions as are necessary to satisfy the provisions of the Plan and, to the extent necessary, to prohibit the issuance of nonvoting equity securities as required by section 1123(a)(6) of the Bankruptcy Code, subject to further amendment of the Amended Bylaws and the Amended Certificate of Incorporation after the Effective Date, as permitted by applicable law. Except as otherwise provided herein, such Amended Bylaws and Amended Certificate of Incorporation shall contain such indemnification provisions applicable to the officers, directors and employees of Reorganized Quigley and such other Entities as may, in the discretion of the Board of Directors of Reorganized Quigley, be appropriate.

Section 9.6 The Board of Directors of Reorganized Quigley. Unless otherwise agreed to by Reorganized Quigley and Pfizer, the existing members of Quigley's Board of Directors shall continue to serve in their respective capacities until the Effective Date. On and after the Effective Date, the Asbestos PI Trust shall have the right, but not the obligation, to replace any or all of the members of Reorganized Quigley's Board of Directors with one or more individuals selected by the Trustees.

Section 9.7 Operations of Quigley Between Confirmation and the Effective Date. Quigley shall continue to operate as a debtor-in-possession during the period from the Confirmation Date through and until the Effective Date.

Section 9.8 Quigley Operations. On or before the Effective Date, Pfizer shall contribute or otherwise transfer the Quigley Operations to Reorganized Quigley. Pfizer and Reorganized Quigley shall execute, deliver, file and record all agreements, documents, certificates, and instruments necessary to transfer or effectuate the contribution or transfer of the Quigley Operations to Reorganized Quigley. The contribution or transfer of the Quigley Operations shall be deemed a transfer under the Plan subject to section 1146(a) of the Bankruptcy Code.

Section 9.9 Cancellation of Existing Securities. On the Effective Date, except for the Equity Interests and as otherwise provided for in the Plan or the Confirmation Order: (a) all notes, bonds, indentures, and other instruments or documents evidencing or creating any indebtedness or obligation of Quigley (except such notes or other instruments evidencing indebtedness or obligations of Quigley that are reinstated under the Plan) shall be extinguished and canceled; and (b) the obligations of Quigley under any agreements, indentures, or certificates of designation governing any notes, bonds, indentures, and other instruments or documents evidencing or creating any indebtedness or obligation of Quigley, as the case may be, shall be discharged. For the avoidance of doubt, common stock of Quigley shall not be canceled and shall instead be transferred by Pfizer to the Asbestos PI Trust on the Effective Date as set forth in section 9.3(j) hereof.

Section 9.10 Payment and Satisfaction of Pfizer Tax Sharing Receivable. On the Effective Date, Pfizer shall pay to Quigley and satisfy the Pfizer Tax Sharing Receivable outstanding as of the last day of the month immediately preceding the Effective Date, as adjusted for any tax consequences to Pfizer and Quigley as a result of the transactions contemplated by and taken in connection with the Plan.

Section 9.11 Effectuating Documents; Further Transactions. The Chairman of the Board of Directors, the President, the Chief Operating Officer, the Chief Executive Officer, the Chief Financial Officer, or any other appropriate officer of each of Quigley or Reorganized Quigley, as the case may be, shall be, and hereby are, authorized to execute, deliver, file, and record such contracts, instruments, releases, indentures, certificates, and other agreements or documents, and take such other actions as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan. The Secretary of Quigley will be authorized to certify or attest to any of the foregoing, if necessary.

ARTICLE X

EFFECT OF CONFIRMATION

Section 10.1 Revesting of Reorganized Quigley's Assets. Pursuant to section 1141(b) of the Bankruptcy Code, except as otherwise provided in the Plan or the Confirmation Order, the property of the Estate of Quigley (except for the Quigley Contribution) shall revest in Reorganized Quigley on the Effective Date. From and after the Effective Date, Reorganized Quigley may operate its businesses and may use, acquire, and dispose of property free of any restrictions imposed under the Bankruptcy Code, the Bankruptcy Rules, and the Bankruptcy Court. As of the Effective Date, all property of Quigley and Reorganized Quigley will be free and clear of all Claims, Liens and interests, except as specifically provided in the Plan, or the Confirmation Order. Without limiting the generality of the foregoing, Reorganized Quigley may, without application to or approval by the Bankruptcy Court, pay Professional fees and expenses that Reorganized Quigley may incur after the Effective Date.

Section 10.2 Preservation of Certain Causes of Action; Defenses.

(a) Except as otherwise provided in the Plan or the Confirmation Order, in accordance with section 1123(b) of the Bankruptcy Code, Reorganized Quigley, as

successor in interest to Quigley and its Estate, shall retain and may enforce such Claims, rights and Causes of Action that are property of Quigley and its Estate, and Reorganized Quigley shall retain and enforce all defenses and counterclaims to all Claims asserted against Quigley or its Estate, including, but not limited to, setoff, recoupment and any rights under section 502(d) of the Bankruptcy Code. Reorganized Quigley may pursue such Claims, rights, or Causes of Action, as appropriate, in accordance with its best interests, as determined by the Board of Directors of Reorganized Quigley.

(b) Notwithstanding Section 10.2(a) of the Plan, on the Effective Date, all defenses and Causes of Action of Quigley and Reorganized Quigley relating to Asbestos PI Claims, including any Asbestos Insurance Actions, shall be transferred and assigned to the Asbestos PI Trust. Except as otherwise provided in the Plan or the Confirmation Order, in accordance with section 1123(b) of the Bankruptcy Code, the Asbestos PI Trust shall retain and may enforce such defenses and Causes of Action and shall retain and may enforce all defenses and counterclaims to all Claims asserted against the Asbestos PI Trust with respect to such Asbestos PI Claims, including, but not limited to, setoff, recoupment and any rights under section 502(d) of the Bankruptcy Code; provided, however, that no such defenses, Causes of Action, or counterclaims may be asserted against any Pfizer Protected Party. The Asbestos PI Trust may pursue such defenses, rights, or Causes of Action, as appropriate, in accordance with its and its beneficiaries' best interests. Nothing in this Section 10.2(b), however, shall be deemed to be a transfer by Quigley or Reorganized Quigley of any Claims, Causes of Action, or defenses relating to assumed Executory Contracts or which otherwise are required by Reorganized Quigley to conduct its business in the ordinary course subsequent to the Effective Date.

Section 10.3 Quigley Insurance Transfer.

(a) Implementation of Quigley Insurance Transfer. To effectuate the Quigley Contribution, on the Effective Date and without any further action of the Bankruptcy Court or further act or agreement of any Entity, Quigley shall irrevocably transfer, grant and assign to the Asbestos PI Trust the Quigley Transferred Insurance Rights pursuant to the Quigley Insurance Transfer. The Asbestos PI Trust shall assume responsibility for all obligations of Quigley arising from, under or related to any of the Quigley Transferred Insurance Rights. The Quigley Transferred Insurance Rights shall be subject to any and all Asbestos PI Insurer Coverage Defenses. The Quigley Insurance Transfer shall be made and shall be effective. The Quigley Insurance Transfer shall not be, and shall not be deemed to be, an assignment of the Shared Asbestos Insurance Policies, the Insurance Settlement Agreements, the AIG Insurance Settlement Agreement, or any other settlement agreements with Asbestos Insurance Entities themselves.

(b) Institution and Maintenance of Legal and Other Proceedings. From and after the Effective Date, the Asbestos PI Trust shall be empowered and entitled, in its sole and absolute discretion, to pursue, compromise or settle its interests in any and all Quigley Transferred Insurance Rights, including, without limitation, its interests in any and all Asbestos Insurance Actions. The duties, obligations and liabilities of any Asbestos Insurance Entity under all insurance policies, all Shared Asbestos Insurance Policies, all Insurance Settlement Agreements, the AIG Insurance Settlement Agreement, and all other settlement agreements with

Asbestos Insurance Entities are not diminished, reduced or eliminated by: (i) the discharge of Quigley and Reorganized Quigley from all Asbestos PI Claims; (ii) the injunctive protection provided to Quigley, Reorganized Quigley, the Asbestos Protected Parties, and the Settling Asbestos Insurance Entities with respect to Asbestos PI Claims; or (iii) the assumption of responsibility and liability for all Asbestos PI Claims by the Asbestos PI Trust. For avoidance of doubt, any and all Asbestos PI Insurer Coverage Defenses are preserved by and under this Plan.

(c) License Back To Reorganized Quigley. From and after the Effective Date, Reorganized Quigley shall have a license to collect and use the proceeds of the Shared Asbestos Insurance Policies (the "License") only to the extent that (i) Reorganized Quigley's collection and use of the proceeds of the Shared Asbestos Insurance Policies does not reduce the Products/Completed Operations Coverage or any aggregate, per occurrence or other policy limit of any Shared Asbestos Insurance Policy that is or could potentially be applicable to Asbestos PI Claims, and (ii) Reorganized Quigley's collection and use of the proceeds of the Shared Asbestos Insurance Policies does not in any way interfere with the Asbestos PI Trust's exercise of any Quigley Transferred Insurance Rights. The Asbestos PI Trust may terminate this License at any time if the Asbestos PI Trust deems the termination of the License necessary for any reason, including, without limitation, to resolve any disputes with insurers concerning any of the Shared Asbestos Insurance Policies.

(d) Obligations of Reorganized Quigley. At the reasonable direction and request of the Asbestos PI Trust, and at the cost of the Asbestos PI Trust, Reorganized Quigley shall (i) use its commercially reasonable efforts to pursue any of the Quigley Transferred Insurance Rights for the benefit of Asbestos PI Trust; and (ii) immediately transfer any amounts recovered by Reorganized Quigley under or on account of any of the Quigley Transferred Insurance Rights to the Asbestos PI Trust; provided, however, that while any such amounts are held by or under the control of Reorganized Quigley, such amounts shall be held for the benefit of the Asbestos PI Trust. To the extent permitted by applicable law, Reorganized Quigley shall cooperate with the Asbestos PI Trust in its pursuit of the Quigley Transferred Insurance Rights as requested by the Asbestos PI Trust, including, but not limited to, by making its books, records, employees, agents, and professionals available to the Asbestos PI Trust solely as they relate to the Quigley Transferred Insurance Rights.

Section 10.4 Insurance Neutrality.

(a) Subject to Sections 10.4(e) and 10.4(f) below, nothing in the Plan, the Confirmation Order, or any other Plan Documents, or any finding of fact and/or conclusion of law with respect to the confirmation of the Plan, shall limit the right of any Asbestos Insurance Entity to assert any Asbestos PI Insurer Coverage Defense. Notwithstanding any provision in the Plan, the Confirmation Order, or any other Plan Documents, and subject to Sections 10.4(e) and 10.4(f) below, nothing contained in any such documents shall impose, or shall be deemed or construed to impose, any obligation on any Asbestos Insurance Entity to provide a defense for, settle, pay any judgment with respect to, or otherwise pay, any Claim, including any Asbestos PI Claim; rather, whether an Asbestos Insurance Entity is obligated to provide a defense for, settle, pay any judgment with respect to, or otherwise pay, any Claim, including any Asbestos PI Claim, shall be determined in accordance with the applicable Asbestos

Insurance Policy issued by that Asbestos Insurance Entity, any related Insurance Settlement Agreement, any other relevant settlement agreement, and/or applicable non-bankruptcy law.

(b) Subject to Sections 10.4(e) and 10.4(f) below, none of (i) the Plan and the Plan Documents, (ii) the Court's approval of the Plan or the Plan Documents, (iii) the Confirmation Order or any findings and conclusions entered with respect to Confirmation, (iv) any estimation or valuation of Asbestos PI Claims, either individually or in the aggregate (including without limitation any agreement as to the valuation of Asbestos PI Claims) in this Chapter 11 Case, or (v) any judgment, order, finding of fact, conclusion of law, determination or statement (written or verbal, on or off the record) made by the Bankruptcy Court or issued or affirmed by the District Court pursuant to 11 U.S.C. § 524(g)(3) or entered by any other court exercising jurisdiction over the Chapter 11 Case, including in any judgment, order, writ or opinion entered on appeal from any of the foregoing, shall, for purposes of any Asbestos Insurance Dispute, constitute an adjudication, judgment, trial, hearing on the merits, finding, conclusion, or other determination, or evidence or suggestion of any such determination, establishing:

A. that any Asbestos Insurance Entity has or does not have liability or coverage obligations for any Claim, including without limitation any Asbestos PI Claim, under any Asbestos Insurance Policy, any Insurance Settlement Agreement, or any other settlement agreement to which any Asbestos Insurance Entity is a party, on any basis;

B. that the amount of any Asbestos PI Claim (either individually or in the aggregate with other Claims) is or is not reasonable;

C. that any Entity is or is not covered for any Claim, including any Asbestos PI Claim, under any Asbestos Insurance Policy;

D. that any Asbestos Insurance Entity has or does not have any defense or indemnity obligation with respect to any Claim, including any Asbestos PI Claim;

E. that any Asbestos Insurance Entity is or is not liable for, or otherwise is or is not obligated to provide coverage with respect to, any individual Asbestos PI Claim (either individually or in the aggregate with other Claims);

F. that the procedures established by the Plan or any of the Plan Documents, including without limitation the Asbestos PI Trust Distribution Procedures, for evaluating and paying Asbestos PI Claims, are or are not reasonable, appropriate, established or agreed to in good faith, or consistent with the terms and conditions of any Asbestos Insurance Policy;

G. that the procedures established by the Plan or any of the Plan Documents, including without limitation the Asbestos PI Trust Distribution Procedures, for evaluating and paying Asbestos PI Claims, are or are not consistent with any procedures that were used to evaluate, settle or pay Asbestos PI Claims against Quigley or Pfizer before the Petition Date;

H. that the settlement of, or the value assigned to, any individual Asbestos PI Claim (either individually or in the aggregate with other Claims) pursuant to the Plan or any of the Plan Documents, including without limitation the Asbestos PI Trust Distribution Procedures, is, is not, was or was not reasonable and/or otherwise appropriate;

I. that any Asbestos Insurance Entity did or did not participate in, consult on, and/or consent to the negotiation, proposal or solicitation of the Plan or any of the Plan Documents, including without limitation the Asbestos PI Trust Distribution Procedures;

J. that Quigley, Pfizer or the Asbestos PI Trust has or has not suffered an insured loss or otherwise incurred a legal liability with respect to any Asbestos PI Claim;

K. that it was, is or will be (or was not, is not or will not be) reasonable, appropriate, in good faith, or consistent with the terms and conditions of any Asbestos Insurance Policy for Quigley, Reorganized Quigley, Pfizer or the Asbestos PI Trust to settle, allow, liquidate, assign any value to, and/or pay (or present to any Asbestos Insurance Entity for payment) any Asbestos PI Claim on any terms or conditions contemplated by the Plan or any Plan Document;

L. that the conduct of Quigley, Pfizer, Reorganized Quigley or the Asbestos PI Trust in connection with the negotiation, development, settlement, confirmation and/or implementation of the Plan or any Plan Document was, is or will be (or is not or will not be) reasonable, appropriate, in good faith, or consistent with the terms and conditions of any Asbestos Insurance Policy; or

M. that any Asbestos Insurance Entity had, has or will have (or did not have, does not have or will not have) a reasonable, good-faith basis to withhold consent to the settlement, allowance or liquidation of, assignment of any value to, and/or payment of (including any presentation to any Asbestos Insurance Entity for payment of) any Asbestos PI Claim, including under or in connection with the Plan or any Plan Document.

Notwithstanding the foregoing, in any Asbestos Insurance Dispute, any Entity may use evidence of any item listed in subparts (i) through (v) of this Section 10.4(b) for the purpose of proving the occurrence of an event in this Chapter 11 Case. Further, nothing in this Section 10.4(b) shall, or shall be deemed to, prohibit any Entity in such Asbestos Insurance Dispute from asserting any position with respect to insurance coverage that is not expressly limited, restricted or prohibited by subsections (A) through (M) of this Section 10.4(b).

(c) Subject to Sections 10.4(e) and 10.4(f) below, any judgment, order, finding of fact, conclusion of law, determination or statement (written or verbal, on or off the record) made by the Bankruptcy Court or issued or affirmed by the District Court pursuant to 11 U.S.C. § 524(g)(3) or entered by any other court exercising jurisdiction over the Chapter 11 Case, including in any judgment, order, writ or opinion entered on appeal from any of the foregoing, shall not, and shall not be construed to, constitute a finding, conclusion, or determination regarding insurance coverage. Subject to Sections 10.4(e) and 10.4(f) below, in

considering whether to confirm the Plan and to approve any Plan Document, the Bankruptcy Court, the District Court, or any other court exercising jurisdiction over the Chapter 11 Case, is not considering, and is not deciding, any matter with respect to any Asbestos PI Insurer Coverage Defense.

(d) Nothing in this Section 10.4 of the Plan shall be interpreted to affect or limit the protections afforded to any Settling Asbestos Insurance Entity or any Asbestos Protected Party by Sections 11.6 or 11.7 of this Plan.

(e) Nothing in this Section 10.4 precludes or shall be construed to preclude otherwise applicable principles of res judicata or collateral estoppel from being applied against any Entity with respect to any issue that is actually litigated by such Entity in connection with the Chapter 11 Case, as part of its objections, if any, to Confirmation of the Plan or as part of any contested matter or adversary proceeding. Plan objections filed by any Asbestos Insurance Entity on or before January 1, 2009, that are withdrawn by that Asbestos Insurance Entity pursuant to the Corrected Stipulation and Agreed Order Concerning Insurance Issues, entered by the Bankruptcy Court in the Bankruptcy Case, ECF Dkt. 1873, shall be deemed not to have been actually litigated.

(f) Notwithstanding any other provision of this Plan or any of the Plan Documents, in any Asbestos Insurance Dispute no Asbestos Insurance Entity shall have, or have the right to assert, any right, Claim or defense enumerated in subparts (1) through (4) of the proviso to the definition of Asbestos PI Insurer Coverage Defenses.

(g) Nothing in any provision of this Plan or any of the Plan Documents shall in any way operate to impair, or have the effect of impairing, in any respect, the legal, equitable, or contractual rights of the Parties under the Corrected Stipulation and Agreed Order Concerning Insurance Issues, entered by the Bankruptcy Court in the Bankruptcy Case, ECF Dkt. 1873. For purposes of the foregoing, "Parties" has the meaning set forth in such Stipulation and Agreed Order.

Section 10.5 Reduction of Insurance Judgments. Any right, Claim or cause of action that an insurer would have been entitled to assert under applicable non-bankruptcy law against any Settling Asbestos Insurance Entity but for the Settling Asbestos Insurance Entity Injunction shall be treated solely as a setoff claim against the Asbestos PI Trust. Any such right, Claim, or cause of action to which an insurer may be entitled shall be solely a setoff against any recovery of the Asbestos PI Trust from that insurer. Under no circumstances shall that insurer receive an affirmative recovery of funds from the Asbestos PI Trust or any Settling Asbestos Insurance Entity for such right, Claim, or cause of action. Any setoff in favor of an insurer shall not constitute a classified or unclassified Claim under this Plan and shall not be subject to or Impaired by this Plan. Instead, any setoff shall be determined, calculated and applied solely as a matter of applicable non-bankruptcy law without regard to any other provision of this Plan or any bankruptcy law or decision.

Section 10.6 Terms of Injunction and Automatic Stay.

(a) All of the injunctions and/or automatic stays provided for in or in connection with the Chapter 11 Case, whether pursuant to section 105, 362, or any other provision of the Bankruptcy Code, Bankruptcy Rules or other applicable law, including, but not limited to, the Preliminary Injunction Order, in existence immediately prior to the Confirmation Date shall remain in full force and effect until the injunctions set forth in this Plan become effective pursuant to a Final Order, and shall continue to remain in full force and effect thereafter as and to the extent provided by the Plan, the Confirmation Order, or by their own terms. In addition, on and after the Confirmation Date, Reorganized Quigley may seek such further orders as it may deem necessary or appropriate to preserve the status quo during the time between the Confirmation Date and the Effective Date.

(b) Each of the injunctions contained in this Plan or the Confirmation Order shall become effective on the Effective Date and shall continue in effect at all times thereafter unless otherwise provided by the Plan or the Confirmation Order. Notwithstanding anything to the contrary contained in the Plan or the Confirmation Order, all actions of the type or nature of those to be enjoined by such injunctions shall be enjoined during the period between the Confirmation Date and the Effective Date.

Section 10.7 No Successor Liability; No Liability for Certain Released Claims.

(a) Except as otherwise expressly provided in this Plan, neither Quigley, Reorganized Quigley, the other Asbestos Protected Parties, nor the Asbestos PI Trust does, or shall be deemed to, pursuant to this Plan, assume, agree to perform, pay, or indemnify creditors for any liabilities or obligations of Quigley relating to or arising out of the operations of or assets of Quigley whether arising prior to, or resulting from actions, events, or circumstances occurring or existing at any time prior to the Confirmation Date. Neither the Asbestos Protected Parties, Reorganized Quigley, nor the Asbestos PI Trust shall be liable by reason of any theory of successor liability, either in law or equity, and none shall have any successor or transferee liability of any kind or character, except that Reorganized Quigley and the Asbestos PI Trust shall assume the obligations specified in this Plan and the Confirmation Order.

(b) Except as otherwise expressly provided in this Plan, effective automatically on the Effective Date, the Pfizer Protected Parties and their respective Representatives shall unconditionally and irrevocably be fully released from any and all claims arising under federal, state or any other law or regulation, including, if applicable, claims in the nature of fraudulent transfer, successor liability, corporate veil piercing, or alter ego-type claims, as a consequence of transactions, events, or circumstances involving or affecting Quigley (or any of its predecessors) or any of Quigley or its predecessors' respective businesses or operations that occurred or existed prior to the Effective Date.

Section 10.8 Title to Asbestos PI Trust Assets. On the Effective Date, title to all of the Asbestos PI Trust Assets shall vest in the Asbestos PI Trust free and clear of all Claims, Equity Interests, Encumbrances and other interests of any Entity. The Asbestos PI Trust shall be empowered and entitled to initiate, prosecute, defend, settle, maintain, administer, preserve, pursue, and resolve all Quigley Transferred Insurance Rights (subject to the Asbestos PI Coverage Defenses), including without limitation, its interest in any and all Asbestos Insurance

Actions, in the name of the Asbestos PI Trust, the Trustees of the Asbestos PI Trust, and/or Reorganized Quigley.

Section 10.9 Dissolution of Creditors' Committee; Retention of Future Demand Holders' Representative; Creation of the Trust Advisory Committee. On the Effective Date, the members of the Creditors' Committee shall be released and discharged of and from all further authority, duties, responsibilities, and obligations relating to and arising from and in connection with the Chapter 11 Case, and the Creditors' Committee shall be deemed dissolved. Notwithstanding the foregoing, if the Effective Date occurs prior to the Confirmation Order becoming a Final Order, the Creditors' Committee, may, at its option, continue to serve and function for the purposes of participating in any: (a) appeal of the Confirmation Order, but only until such time as the Confirmation Order becomes a Final Order; (b) hearing on a Fee Claim; and (c) adversary proceeding pending on the Effective Date in which the Creditors' Committee was a party. The Future Demand Holders' Representative also may, at his option, participate in any: (a) appeal of the Confirmation Order, but only until such time as the Confirmation Order becomes a Final Order; (b) hearing on a Fee Claim; and (c) adversary proceeding pending on the Effective Date in which the Future Demand Holders' Representative was a party.

As provided in Section 9.3(c) of this Plan, the Trust Advisory Committee shall be appointed by the Bankruptcy Court effective as of the Effective Date. From and after the Effective Date, the Future Demand Holders' Representative shall continue to serve as provided in the Plan and in the Asbestos PI Trust Agreement, to perform the functions specified and required by that agreement. Upon termination of the Asbestos PI Trust: (a) the members of the Trust Advisory Committee and the Future Demand Holders' Representative shall be released and discharged of and from all further authority, duties, responsibilities, and obligations relating to and arising from and in connection with the Chapter 11 Case; and (b) the Trust Advisory Committee shall be deemed dissolved and the Future Demand Holders' Representative's employment shall be deemed terminated. All reasonable and necessary post-Effective Date fees and expenses of the professionals retained by the Trust Advisory Committee and the Future Demand Holders' Representative shall be paid exclusively by the Asbestos PI Trust in accordance with the terms of the Asbestos PI Trust Agreement, and Reorganized Quigley shall not be liable for any such fees and expenses. If there shall be any dispute regarding the payment of such fees and expenses, the parties shall attempt to resolve such dispute in good faith and if they shall fail to resolve such dispute, they shall submit the dispute to the Bankruptcy Court for resolution.

Section 10.10 Recovery Actions. Except to the extent released pursuant to the Plan, the Confirmation Order or any other Plan Document (including, without limitation, Section 10.7(b) of the Plan), any rights, Claims, or Causes of Action accruing to Quigley pursuant to the Bankruptcy Code or pursuant to any statute or legal theory, including any rights to, Claims, or Causes of Action for recovery under any policies of insurance issued to or on behalf of, or which provides indemnity or liability payments to or on behalf of Quigley, and any rights, Claims, and Causes of Action against third parties related to or arising out of Allowed Claims, except Claims that shall, pursuant to this Plan, be retained and resolved by Reorganized Quigley, shall be transferred to the Asbestos PI Trust on the Effective Date.

The Asbestos PI Trust shall be deemed to be the appointed representative to, and may, pursue, litigate, and compromise and settle any rights, Claims, or Causes of Action transferred to it, as appropriate, in accordance the best interests, and for the benefit, of the Asbestos PI Trust and the beneficiaries thereof.

ARTICLE XI

RELEASES, INJUNCTIONS AND WAIVERS OF CLAIMS

Section 11.1 Discharge of Quigley. Except as specifically provided in the Plan, the Plan Documents or in the Confirmation Order, pursuant to section 1141(d)(1)(A) of the Bankruptcy Code, confirmation of the Plan shall discharge Quigley and Reorganized Quigley from any and all Claims of any nature whatsoever and Demands, including, without limitation, any Claims, Demands and Liabilities that arose before the Confirmation Date, and all debts of the kind specified in section 502(g), 502(h) and 502(i) of the Bankruptcy Code, whether or not: (a) a Proof of Claim based on such Claim was filed or deemed filed under section 501 of the Bankruptcy Code, or such Claim was listed on the Schedules of Quigley; (b) such Claim is or was Allowed under section 502 of the Bankruptcy Code; or (c) the holder of such Claim has voted on or accepted the Plan. Except as specifically provided for in the Plan or other Plan Documents, as of the Effective Date, the rights provided for in the Plan shall be in exchange for and in complete satisfaction, settlement and discharge of, all Claims (including, without limitation, Asbestos PI Claims) or Demands against, Liens on, and interests (other than the Equity Interests) in Quigley or Reorganized Quigley or any of their assets or properties.

Section 11.2 **Injunction. Except as otherwise expressly provided in the Plan or in the Confirmation Order, all entities who, (i) on or prior to the Confirmation Date have held or hold Claims against Quigley, or (ii) may in the future hold Demands against Quigley, are permanently enjoined, on and after the Confirmation Date, from: (a) commencing or continuing in any manner any action or other proceeding of any kind against Quigley with respect to any such Claim or Demand; (b) the enforcement, attachment, collection or recovery by any manner or means of any judgment, award, decree or order against Quigley on account of any such Claim or Demand; (c) creating, perfecting or enforcing any Encumbrance of any kind against Quigley or against the property or interest in property of Quigley on account of any such Claim or Demand; and (d) asserting any right of setoff, subrogation or recoupment of any kind against any obligation due from Quigley or against the property or interests in property of Quigley on account of any such Claim or Demand. The foregoing injunction shall extend to the successors of Quigley (including, without limitation, Reorganized Quigley) and their respective properties and interests in property.**

Section 11.3 **Exculpation. To the fullest extent permitted under section 1125(e) of the Bankruptcy Code, none of the following parties (but solely in respect of their specific capacities as listed below): (a) the Creditors' Committee and the present and former members thereof (including *ex officio* members, if any); (b) Quigley; (c) Reorganized Quigley; (d) the Future Demand Holders' Representative; (e) the Asbestos Protected Parties; and (f) all present or former Representatives of the foregoing**

(collectively, but solely in respect of the capacities listed above, the "Released Parties") shall have or incur any liability to any holder of a Claim or Equity Interest for any act or omission in connection with, related to, or arising out of: (i) the Chapter 11 Case; (ii) pursuit of confirmation of the Plan; (iii) consummation of the Plan or the administration of the Plan or the property to be distributed under the Plan or the Asbestos PI Trust Distribution Procedures; (iv) the Plan; or (v) the negotiation, formulation and preparation of the Plan and the other Plan Documents and any of the terms and/or settlements and compromises reflected in the Plan and the other Plan Documents, except for gross negligence, willful misconduct, breach of fiduciary duty that resulted in personal profit at expense of the Estate, or, in the case of attorneys, breaches of professional responsibility, and, in all respects, Quigley, Reorganized Quigley, and each of the Released Parties shall be entitled to rely upon the advice of counsel with respect to their duties and responsibilities under the Plan and the other Plan Documents.

Section 11.4 **Release of Quigley's Officers and Directors. The acceptance of (a) any Distribution by any holder of a Claim and (b) the Quigley Contribution by the Asbestos PI Trust shall constitute a waiver and release of any and all causes of action that such holder, including any holder of an Asbestos PI Claim, could have commenced against any officer or director of Quigley serving in such capacity from and after the Petition Date, that is based upon, related to or arising from any actions or omissions of such officers or directors occurring prior to the Effective Date in connection with or related to their capacities as officers or directors of Quigley, to the fullest extent permitted under section 524(e) of the Bankruptcy Code and applicable law as now in effect or as subsequently extended; provided, however, that the forgoing shall not operate as a waiver or release from (a) any causes of action arising out of willful misconduct, gross negligence of any such person or entity, or breach of fiduciary duty by any such person or entity that resulted in personal profit at expense of the Estate; (b) any claim by any federal, state or local authority under the Internal Revenue Code or any applicable environmental or criminal laws; or (c) any contractual obligations arising from or out of a loan or advance from Quigley to any officer or director of Quigley.**

Section 11.5 **Limited Release of Released Parties by Entities Accepting Distributions Under the Plan. Except as otherwise specifically provided in the Plan or the Confirmation Order, any Entity who has accepted the Plan or who is entitled to receive any Distribution pursuant to the Plan shall be presumed conclusively to have released the Released Parties from any Claim or cause of action based on, arising from, or in any way connected with the same subject matter as the Claim for which a Distribution is received. The foregoing release shall be enforceable as a matter of contract law against any Entity who has accepted the Plan or who is entitled to receive any Distribution pursuant to the Plan.**

Section 11.6 **Asbestos PI Channeling Injunction.**

(a) **Terms. Subject to Section 11.6(b) below, pursuant to section 524(g) of the Bankruptcy Code, the sole recourse of any holder of an Asbestos PI Claim on account of such Asbestos PI Claim shall be to the Asbestos PI Trust pursuant to the provisions of the Asbestos PI Channeling Injunction as described in this Section 11.6 of the**

Plan, the Asbestos PI Trust Agreement, and the Asbestos PI Trust Distribution Procedures. Each such holder shall be enjoined from taking legal action directed against Quigley, Reorganized Quigley or any other Asbestos Protected Party or the property of any of them for the purpose of directly or indirectly collecting, recovering or receiving payment or recovery with respect to such Asbestos PI Claim, other than from the Asbestos PI Trust in accordance with this Asbestos PI Channeling Injunction and pursuant to the Asbestos PI Trust Agreement and the Asbestos PI Trust Distribution Procedures.

(b) **Reservations. Notwithstanding anything to the contrary above, this Asbestos PI Channeling Injunction shall not enjoin:**

(i) **the rights of Entities to the treatment accorded them under Articles III and IV of the Plan, as applicable, including the rights of Entities with Asbestos PI Claims to assert Asbestos PI Claims against the Asbestos PI Trust in accordance with the Asbestos PI Trust Distribution Procedures;**

(ii) **the rights of Entities to assert any Claim, debt, obligation, or liability for payment of Trust Expenses against the Asbestos PI Trust;**

(iii) **the rights of the Asbestos PI Trust and/or Reorganized Quigley to take any action with respect to any and all of the Quigley Transferred Insurance Rights, subject to any applicable Insurance Settlement Agreement, the AIG Insurance Settlement Agreement, the Insurance Relinquishment Agreement, the AIG Assignment Agreement, and any Asbestos PI Insurer Coverage Defense;**

(iv) **the rights of any Entity to which the Asbestos PI Trust, Reorganized Quigley and/or any Pfizer Protected Party has assigned any of the Quigley Transferred Insurance Rights to take any action with respect to any such Quigley Transferred Insurance Right, subject to any applicable Insurance Settlement Agreement, the AIG Insurance Settlement Agreement, the Insurance Relinquishment Agreement, the AIG Assignment Agreement, and any Asbestos PI Insurer Coverage Defense;**

(v) **the rights of the Asbestos PI Trust, Reorganized Quigley, any Pfizer Protected Party or any other Entity to assert any Claim, debt, obligation, or liability for payment against any Settling Asbestos Insurance Entity to the extent any insurance policies or insurance coverages were not resolved or released in the Insurance Settlement Agreement or the AIG Insurance Settlement Agreement, as applicable, with that Settling Asbestos Insurance Entity, subject to any applicable Insurance Settlement Agreement, the AIG Insurance Settlement Agreement, the Insurance Relinquishment Agreement, the AIG Assignment Agreement, and any Asbestos PI Insurer Coverage Defense;**

(vi) **the rights of any Entity to assert or prosecute any Claim, debt, obligation, or liability for payment against any Asbestos Insurance Entity, subject to the Quigley Insurance Transfer, any applicable Insurance Settlement Agreement, the Insurance Relinquishment Agreement and any Asbestos PI Insurer Coverage Defense;**

(vii) **the rights of holders of Secured Bond Claims to prosecute such Claims against Quigley or Reorganized Quigley in accordance with Section 4.2(b), (c), (d), or (e) of the Plan, as applicable; and**

(viii) **solely to the extent that such claim is permitted by the ruling of the Second Circuit Court of Appeals (the "Second Circuit") in *Quigley Co., Inc. v. Law Offices of Peter G. Angelos (In re Quigley, Co., Inc.)*, 676 F.3d 45 (2d Cir. 2012), the rights of a holder of an Asbestos PI Claim to assert or prosecute, on account of such Asbestos PI Claim, a claim against a Pfizer Protected Party alleging a theory of apparent manufacturer liability under Section 400 of the Restatement (Second) of Torts or other applicable non-bankruptcy law. Nothing contained herein shall preclude any party from seeking a determination in the Bankruptcy Court or any other court of competent jurisdiction that, consistent with the Second Circuit's ruling or other applicable law, such asserted claims are channeled under Section 524(g) of the Bankruptcy Code. For the avoidance of doubt, if at any time the Second Circuit's ruling is overruled, amended or modified in any fashion, this section 11.6(b)(viii) will automatically be deemed amended or modified consistent with such ruling as of the date such ruling is entered, without need for any further act or amendment to this Plan.**

Section 11.7 **Settling Asbestos Insurance Entity Injunction**.

(a) **Terms. Subject to Section 11.7(b) below, in order to preserve and promote the property of the Estate, as well as the settlements contemplated by and provided for in this Plan, and the agreements approved by the Bankruptcy Court, pursuant to section 524(g) of the Bankruptcy Code, the sole recourse of any holder of an Asbestos PI Claim on account of such Asbestos PI Claim shall be to the Asbestos PI Trust pursuant to the provisions of the Settling Asbestos Insurance Entity Injunction as described in this Section 11.7 of the Plan, the Asbestos PI Trust Agreement, and the Asbestos PI Trust Distribution Procedures. Each such holder shall be enjoined from taking legal action directed against any Settling Asbestos Insurance Entity or its property for the purpose of directly or indirectly collecting, recovering or receiving payment or recovery with respect to such Asbestos PI Claim, other than from the Asbestos PI Trust in accordance with this Asbestos PI Channeling Injunction and pursuant to the Asbestos PI Trust Agreement and the Asbestos PI Trust Distribution Procedures.**

(b) **Reservations. Notwithstanding anything to the contrary above, this Settling Asbestos Insurance Entity Injunction shall not enjoin:**

(i) **the rights of Entities to the treatment accorded them under Articles III and IV of the Plan, as applicable, including the rights of Entities with Asbestos PI Claims to assert Asbestos PI Claims against the Asbestos PI Trust in accordance with the Asbestos PI Trust Distribution Procedures;**

(ii) **the rights of Entities to assert any Claim, debt, obligation, or liability for payment of Trust Expenses against the Asbestos PI Trust;**

(iii) **the rights of the Asbestos PI Trust and/or Reorganized Quigley to take any action with respect to any and all of the Quigley Transferred Insurance Rights, subject to any applicable Insurance Settlement Agreement, the AIG Insurance Settlement Agreement, the Insurance Relinquishment Agreement, the AIG Assignment Agreement, and any Asbestos PI Insurer Coverage Defense;**

(iv) **the rights of any Entity to which the Asbestos PI Trust, Reorganized Quigley and/or any Pfizer Protected Party has assigned any of the Quigley Transferred Insurance Rights to take any action with respect any such Quigley Transferred Insurance Right, subject to any applicable Insurance Settlement Agreement, the AIG Insurance Settlement Agreement, the Insurance Relinquishment Agreement, the AIG Assignment Agreement, and any Asbestos PI Insurer Coverage Defense;**

(v) **the rights of the Asbestos PI Trust, Reorganized Quigley, any Pfizer Protected Party or any other Entity to assert any Claim, debt, obligation, or liability for payment against any Settling Asbestos Insurance Entity to the extent any insurance policies or insurance coverages were not resolved or released in the Insurance Settlement Agreement or the AIG Insurance Settlement Agreement, as applicable, with that Settling Asbestos Insurance Entity, subject to any applicable Insurance Settlement Agreement, the AIG Insurance Settlement Agreement, the Insurance Relinquishment Agreement, the AIG Assignment Agreement, and any Asbestos PI Insurer Coverage Defense; and**

(vi) **the rights of any Entity to assert or prosecute any Claim, debt, obligation, or liability for payment against any Asbestos Insurance Entity, subject to the Quigley Insurance Transfer, any applicable Insurance Settlement Agreement, the Insurance Relinquishment Agreement and any Asbestos PI Insurer Coverage Defense.**

Section 11.8 **Non-Settling Asbestos Insurance Entity Injunction**.

(a) **Terms. Subject to Sections 11.8(b) and (c) below, in order to preserve and promote the property of the Estate, pursuant to section 105(a) of the Bankruptcy Code, holders of Asbestos PI Claims shall have no right whatsoever at any time to assert their Asbestos PI Claims against a Non-Settling Asbestos Insurance Entity or any property or interest in property of a Non-Settling Asbestos Insurance Entity. Each such holder of Asbestos PI Claims shall be enjoined from taking legal action directed against Non-Settling Asbestos Insurance Entity or its property for the purpose of directly or indirectly collecting, recovering, or receiving payment or recovery with respect to such Asbestos PI Claim, other than from the Asbestos PI Trust in accordance with this Non-Settling Asbestos Insurance Entity Injunction and pursuant to the Asbestos PI Trust Agreement and the Asbestos PI Trust Distribution Procedures.**

(b) **Reservations. Notwithstanding anything to the contrary above, this Non-Settling Asbestos Insurance Entity Injunction shall not enjoin:**

(i) **the rights of Entities to the treatment accorded them under Articles III and IV of the Plan, as applicable, including the rights of Entities with Asbestos PI Claims to assert Asbestos PI Claims against the Asbestos PI Trust in accordance with the Asbestos PI Trust Distribution Procedures;**

(ii) **the rights of Entities to assert any Claim, debt, obligation, or liability for payment of Trust Expenses against the Asbestos PI Trust;**

(iii) **the rights of the Asbestos PI Trust and/or Reorganized Quigley to take any action with respect to any and all of the Quigley Transferred Insurance Rights, subject to any applicable Insurance Settlement Agreement, the AIG Insurance Settlement Agreement, the Insurance Relinquishment Agreement, the AIG Assignment Agreement, and any Asbestos PI Insurer Coverage Defense;**

(iv) **the rights of any Entity to which the Asbestos PI Trust, Reorganized Quigley and/or any Pfizer Protected Party has assigned any of the Quigley Transferred Insurance Rights to take any action with respect any such Quigley Transferred Insurance Right, subject to any applicable Insurance Settlement Agreement, the AIG Insurance Settlement Agreement, the Insurance Relinquishment Agreement, the AIG Assignment Agreement, and any Asbestos PI Insurer Coverage Defense;**

(v) **the rights of the Asbestos PI Trust, Reorganized Quigley, any Pfizer Protected Party or any other Entity to assert any Claim, debt, obligation, or liability for payment against any Settling Asbestos Insurance Entity to the extent any insurance policies or insurance coverages were not resolved or released in the Insurance Settlement Agreement or the AIG Insurance Settlement Agreement, as applicable, with that Settling Asbestos Insurance Entity, subject to any applicable Insurance Settlement Agreement, the AIG Insurance Settlement Agreement, the Insurance Relinquishment Agreement, the AIG Assignment Agreement, and any Asbestos PI Insurer Coverage Defense; and**

(vi) **the rights of any Entity to assert or prosecute any Claim, debt, obligation, or liability for payment against any Asbestos Insurance Entity, subject to the Quigley Insurance Transfer, any applicable Insurance Settlement Agreement, the Insurance Relinquishment Agreement and any Asbestos PI Insurer Coverage Defense.**

(c) **Notwithstanding anything in this Section 11.8 to the contrary, (i) the Non-Settling Asbestos Insurance Entity Injunction is issued solely for the benefit of the Asbestos PI Trust and not for the benefit of any other Entity, including, but not limited to, any Non-Settling Asbestos Insurance Entity, and no Non-Settling Asbestos Insurance Entity is intended to be a third-party beneficiary of the Non-Settling Asbestos Insurance Entity Injunction; (ii) the Asbestos PI Trust shall have the sole right to enforce the Non-Settling Asbestos Insurance Entity Injunction; and (iii) the Asbestos PI Trust has the sole discretion to waive the Non-Settling Asbestos Insurance Entity Injunction as to any Asbestos PI Claim or any Non-Settling Asbestos Insurance Entity upon express written notice to such Non-Settling Asbestos Insurance Entity.**

Section 11.9 Limitations of Injunctions. Notwithstanding any other provision of this Plan to the contrary, the releases set forth in the Plan and the injunctions set forth in Sections 11.6, 11.7 and 11.8, respectively, shall not serve to satisfy, discharge, release, or enjoin claims by any Entity against: (a) the Asbestos PI Trust for payment of Asbestos PI Claims in accordance with the Asbestos PI Trust Distribution Procedures; or (b) the Asbestos PI Trust for the payment of Trust Expenses.

Section 11.10 **Releases and Indemnification by Quigley. As of the Effective Date, except to the extent otherwise provided for in the Plan, the other Plan Documents or the Confirmation Order, Quigley and Reorganized Quigley hereby release and are permanently enjoined from any prosecution or attempted prosecution of any and all Causes of Action that they have, may have or claim to have, which are property of, assertable on behalf of or derivative of Quigley, against the Released Parties (but solely in their capacities as Released Parties); provided, however, that the foregoing release shall not serve to release or enjoin any Settling Asbestos Insurance Entity from its obligations under the relevant Insurance Settlement Agreement, other settlement agreement or Shared Asbestos Insurance Policy.**

Section 11.11 **Confidentiality Injunction. Reorganized Quigley and the Asbestos PI Trust may not make any use of any information entrusted to either or both of them by an Asbestos Record Party, except as necessary to fulfill the obligations of Reorganized Quigley and/or the Asbestos PI Trust under the Plan Documents or as expressly permitted by the terms of any agreement between Reorganized Quigley and/or the Asbestos PI Trust, on the one hand, and an Asbestos Record Party, on the other hand. Any Asbestos Record Party harmed or likely to be harmed by the actual or threatened violation of this Section shall be entitled to enforce the Confidentiality Injunction through any remedy available under any applicable principle of law or equity.**

ARTICLE XII

CONDITIONS PRECEDENT TO CONFIRMATION AND CONSUMMATION OF THE PLAN

Section 12.1 Conditions Precedent to the Confirmation of the Plan. The following are conditions precedent to confirmation of the Plan that must be satisfied, unless waived in accordance with Section 12.3 of the Plan:

(a) The Bankruptcy Court shall have entered an order, in form and substance reasonably acceptable to Quigley and Pfizer, after consulting with the Creditors' Committee and the Future Demand Holders' Representative, approving the Disclosure Statement with respect to this Plan as containing adequate information within the meaning of section 1125 of the Bankruptcy Code.

(b) Any order entered by the Bankruptcy Court or the District Court that modifies, clarifies, or interprets the scope of the Preliminary Injunction Order or the Asbestos PI Channeling Injunction shall be in form and substance acceptable to Quigley and Pfizer.

(c) The Confirmation Order shall be in form and substance acceptable to Quigley and Pfizer, after consulting with the Creditors' Committee and the Future Demand Holders' Representative.

(d) The Confirmation Order shall, among other things:

(i) order that the assets revesting in Reorganized Quigley shall be free and clear of all Claims, Liens, and Encumbrances (other than Liens granted pursuant to the terms of the Plan);

(ii) order that the Confirmation Order shall supersede any Bankruptcy Court orders issued prior to the Confirmation Date that may be inconsistent with the Confirmation Order;

(iii) provide that, except with respect to obligations specifically preserved in the Plan, including, without limitation, Section 7.5 of the Plan, Quigley is discharged effective on the Confirmation Date (in accordance with the Plan) from any Claims, Demands, and any "debts" (as that term is defined in section 101(12) the Bankruptcy Code), and Quigley's liability in respect thereof, whether reduced to judgment or noncontingent, asserted or unasserted, fixed or not, matured or unmatured, disputed or undisputed, legal or equitable, or known or unknown, that arose from any agreement of Quigley entered into or obligation of Quigley incurred before the Confirmation Date, or from any conduct of Quigley prior to the Confirmation Date, or whether such interest accrued before or after the Petition Date, is extinguished completely;

(iv) provide that Pfizer is obligated to make the Pfizer Contribution;

(v) provide that, subject to the limitations expressly set forth in Section 10.4 of the Plan, all transfers of assets of Quigley contemplated under the Plan, and the transfer of the common stock of Reorganized Quigley by Pfizer, shall be free and clear of all Claims, Liens and all Encumbrances against or on such assets and common stock;

(vi) authorize the implementation of the Plan in accordance with its terms;

(vii) provide that any transfers effected or entered into, or to be effected or entered into, under the Plan, including, without limitation, Pfizer's contribution or transfer of the Quigley Operations to Reorganized Quigley, shall be and are exempt from any state, city or other municipality transfer taxes, mortgage recording taxes and any other stamp or similar tax under section 1146(a) of the Bankruptcy Code;

(viii) approve the other settlements, transactions and agreements to be effected pursuant to the Plan in all respects;

(ix) provide that all Executory Contracts or unexpired leases assumed by Quigley and assigned during the Chapter 11 Case or under the Plan shall remain in full force and effect for the benefit of Reorganized Quigley or the assignee thereof

notwithstanding any provision in such contract or lease (including those provisions described in sections 365(b)(2) and (f) of the Bankruptcy Code) that prohibits such assignment or transfer or that enables or requires termination of such contract or lease;

(x) provide that the transfers of property by Quigley to Reorganized Quigley in accordance with the Plan (A) are or will be legal, valid, and effective transfers of property; (B) vest or will vest Reorganized Quigley with good title to such property free and clear of all Liens, Claims, Encumbrances, and interests, except as expressly provided in the Plan or Confirmation Order; (C) do not and will not constitute avoidable transfers under the Bankruptcy Code or under applicable bankruptcy or non-bankruptcy law; and (D) do not and will not subject Reorganized Quigley to any liability by reason of such transfer under the Bankruptcy Code or under applicable non-bankruptcy law, including, without limitation, any laws affecting successor or transferee liability;

(xi) find that the Plan does not provide for the liquidation of all or substantially all of the property of Quigley, that Reorganized Quigley will continue to conduct business as an ongoing reorganized debtor, and that confirmation of the Plan is not likely to be followed by the liquidation of Reorganized Quigley or the need for further financial reorganization;

(xii) find that the Plan complies with all applicable provisions of the Bankruptcy Code, including, without limitation, that the Plan was proposed in good faith and that the Confirmation Order was not procured by fraud;

(xiii) provide that any attorney-client, work product or other privilege that applies to the Asbestos Records transferred by the Asbestos Record Parties to the Asbestos PI Trust shall not be destroyed, waived, or otherwise affected by the transfer of the Asbestos Records to the Asbestos PI Trust; and

(xiv) find that Pfizer has waived and shall be deemed to have waived any and all obligations or requirements of holders of Asbestos PI Claims who become Settling Plaintiffs under the terms of the Pfizer Claimant Settlement Agreements to reduce the amount of distributions they are entitled to receive from the Asbestos PI Trust; provided, however, that such waiver shall be null and void and of no further force and effect in the event that the Effective Date does not occur.

(e) In addition to the foregoing, the Confirmation Order shall contain the following findings of fact and conclusions of law, among others:

(i) The Asbestos PI Trust will have the sole and exclusive authority as of the Effective Date to defend all Asbestos PI Claims;

(ii) The Quigley Insurance Transfer, the Insurance Relinquishment Agreement and the AIG Assignment Agreement do not violate any consent-to-assignment provisions of any Shared Asbestos Insurance Policy, any Insurance Settlement Agreement, the AIG Insurance Settlement Agreement or any other applicable insurance policy, agreement, or contract;

(iii) The Quigley Insurance Transfer pursuant to the Plan is valid, effective and enforceable, and effectuates the transfer to the Asbestos PI Trust of the Quigley Transferred Insurance Rights; provided, however, that all Asbestos PI Insurer Coverage Defenses are preserved to the extent set forth in Section 10.4 of this Plan;

(iv) The duties, obligations and liabilities of any Asbestos Insurance Entity under all insurance policies, all Shared Asbestos Insurance Policies, all Insurance Settlement Agreements, the AIG Insurance Settlement Agreement, and all other settlement agreements, are not diminished, reduced or eliminated by: (A) the discharge of Quigley and Reorganized Quigley from all Asbestos PI Claims; (B) the injunctive protection provided to Quigley, Reorganized Quigley, the Asbestos Protected Parties, and the Settling Asbestos Insurance Entities with respect to Asbestos PI Claims; or (C) the assumption of responsibility and liability for all Asbestos PI Claims by the Asbestos PI Trust; provided, however, that all Asbestos PI Insurer Coverage Defenses are preserved to the extent set forth in Section 10.4 of this Plan;

(v) The Asbestos PI Channeling Injunction, the Settling Asbestos Insurance Entity Injunction, the Non-Settling Asbestos Insurance Entity Injunction, and the Confidentiality Injunction are essential to the Plan and Quigley's reorganization efforts;

(vi) Pfizer's contribution of the Pfizer Contribution, and Quigley's contribution of the Quigley Contribution, to the Asbestos PI Trust or Reorganized Quigley, as applicable, constitute substantial assets of the Plan and the reorganization; and

(vii) The Plan and its acceptance otherwise comply with section 1126 of the Bankruptcy Code.

(f) Pursuant to section 524(g) of the Bankruptcy Code, as a condition precedent to the issuance of the Asbestos PI Channeling Injunction, the Confirmation Order shall contain the following findings of fact and conclusions of law:

(i) At least 75% of those holders of Asbestos PI Claims actually voting on the Plan voted to accept the Plan;

(ii) The Asbestos PI Channeling Injunction, the Settling Asbestos Insurance Entity Injunction and the Non-Settling Asbestos Insurance Entity Injunction are to be implemented in accordance with the Plan and the Asbestos PI Trust, and the Confidentiality Injunction is to be implemented in accordance with the Plan;

(iii) As of the Petition Date, Quigley had been named as a defendant in personal injury, wrongful death, or property damage actions seeking recovery for damages allegedly caused by the presence of, or exposure to, asbestos or asbestos-containing products;

(iv) The Asbestos PI Trust is to be funded by securities of Quigley, the Quigley Contribution and the Pfizer Contribution, and future payment of dividends by Reorganized Quigley;

(v) The Asbestos PI Trust, on the Effective Date, will own one hundred percent (100%) of the common stock of Reorganized Quigley;

(vi) The Asbestos PI Trust is to use its assets and income to pay Asbestos PI Claims;

(vii) Quigley is likely to be subject to substantial future Demands for payment arising out of the same or similar conduct or events that gave rise to the Asbestos PI Claims, which are addressed by the Asbestos PI Channeling Injunction, the Settling Asbestos Insurance Entity Injunction and the Non-Settling Asbestos Insurance Entity Injunction;

(viii) The actual amounts, numbers, and timing of Demands cannot be determined;

(ix) Pursuit of Demands outside the procedures prescribed by the Plan and the Asbestos PI Trust Distribution Procedures is likely to threaten the Plan's purpose to deal equitably with Asbestos PI Claims;

(x) The terms of the Asbestos PI Channeling Injunction, the Settling Asbestos Insurance Entity Injunction, the Non-Settling Asbestos Insurance Entity Injunction, and the Confidentiality Injunction, including any provisions barring actions against third parties, are described in specific and conspicuous language in the Plan and the Disclosure Statement;

(xi) Pursuant to (A) the Asbestos PI Trust Distribution Procedures; (B) court order; or (C) otherwise, the Asbestos PI Trust will operate through mechanisms such as structured, periodic, or supplemental payments, pro rata distributions, matrices, or periodic review of estimates of the numbers and values of Asbestos PI Claims or other comparable mechanisms, that provide reasonable assurance that the Asbestos PI Trust will value, and be in a financial position to pay, similar Asbestos PI Claims in substantially the same manner;

(xii) The Future Demand Holders' Representative was appointed by the Bankruptcy Court as part of the proceedings leading to the issuance of the Asbestos PI Channeling Injunction, the Settling Asbestos Insurance Entity Injunction and the Non-Settling Asbestos Insurance Entity Injunction for the purpose of, among other things, protecting the rights of persons that might subsequently assert Demands of the kind that would constitute Asbestos PI Claims and are addressed in the Asbestos PI Channeling Injunction, the Settling Asbestos Insurance Entity Injunction and the Non-Settling Asbestos Insurance Entity Injunction and channeled to the Asbestos PI Trust; and

(xiii) In light of the benefits provided, or to be provided, to the Asbestos PI Trust on behalf of each Asbestos Protected Party or Settling Asbestos Insurance Entity, as applicable, the Asbestos PI Channeling Injunction and the Settling Asbestos Insurance Entity Injunction are fair and equitable with respect to the persons that might subsequently assert Demands that would constitute Asbestos PI Claims against any Asbestos Protected Party or Settling Asbestos Insurance Entity, as applicable.

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Section 12.2 Conditions Precedent to the Effective Date of the Plan. The Effective Date shall not occur and the Plan shall not become effective unless and until the following conditions shall have been satisfied or waived in accordance with Section 12.3 of the Plan:

(a) The Confirmation Date shall have occurred and the Confirmation Order, in form and substance acceptable to Quigley and Pfizer, shall have been entered by the Bankruptcy Court and affirmed by the District Court or issued by the District Court, and shall have become a Final Order.

(b) No request for revocation of the Confirmation Order under section 1144 of the Bankruptcy Code shall have been made, or, if made, shall remain pending.

(c) All conditions precedent to the Confirmation Date shall have been satisfied or waived and shall continue to be satisfied or waived.

(d) The following agreements and documents, in form and substance satisfactory to Quigley and Pfizer, shall have been executed and delivered, and all conditions precedent thereto shall have been satisfied:

(i) Amended Charter Documents;

(ii) Asbestos PI Trust Agreement;

(iii) AIG Assignment Agreement;

(iv) Insurance Relinquishment Agreement; and

(v) Documents related to Quigley Operations.

(e) All other actions, Plan Documents, and other documents and agreements necessary to implement those provisions of the Plan to be effectuated on or prior to the Effective Date, in form and substance satisfactory to Quigley and Pfizer, shall have been effected or executed and delivered.

(f) The Confirmation Order shall contain the Asbestos PI Channeling Injunction, the Settling Asbestos Insurance Entity Injunction, the Non-Settling Asbestos Insurance Entity Injunction, and the Confidentiality Injunction.

(g) Quigley shall have obtained an opinion of counsel stating that the Asbestos PI Trust qualifies as a "qualified settlement fund" within the meaning of regulations issued pursuant to section 468B of the Internal Revenue Code.

(h) On the Effective Date, Pfizer will pay to Quigley and shall satisfy the Pfizer Tax Sharing Receivable outstanding as of the last day of the month immediately preceding the Effective Date, as adjusted for any tax consequences to Pfizer and Quigley as a result of the transactions contemplated by and undertaken in the Plan.

Section 12.3 Waiver of Conditions Precedent. To the fullest extent permitted by law, each of the conditions precedent in Sections 12.1 and 12.2 hereof may be waived or modified, in whole or in part, by Quigley with the written consent of Pfizer, after consulting with the Creditors' Committee and the Future Demand Holders' Representative. Any such waiver or modification of a condition precedent in Sections 12.1 and 12.2 hereof may be effected at any time, without notice, without leave or order of the Bankruptcy Court or District Court and without any other formal action.

Section 12.4 Effect of Failure or Absence of Waiver of Conditions Precedent to the Effective Date of the Plan. In the event that one or more of the conditions specified in Section 12.2 of the Plan have not been satisfied, or waived, as applicable, by Quigley and Pfizer (after consulting with the Creditors' Committee and the Future Demand Holders' Representative), within 90 days of entry of the District Court's issuance or affirmance of an order confirming the Plan pursuant to section 524(g)(3)(A) of the Bankruptcy Code, upon notification submitted by Quigley in its discretion to the Bankruptcy Court: (a) the Confirmation Order shall be vacated; (b) no Distributions under the Plan shall be made; (c) Quigley and all holders of Claims against and Equity Interests in Quigley shall be restored to the *status quo ante* as of the day immediately preceding the Confirmation Date as though the Confirmation Date never occurred; and (d) Quigley's obligations with respect to Claims and Equity Interests shall remain unchanged. If the Confirmation Order is vacated pursuant to this Section 12.4, nothing contained in this Plan shall: (x) constitute or be deemed a waiver or release of any Claims or Equity Interests by, against, or in Quigley or any other Entity; or (y) prejudice in any manner the rights of Quigley or any other Entity in the Chapter 11 Case or any other or further proceedings involving Quigley.

ARTICLE XIII

JURISDICTION OF BANKRUPTCY COURT

Section 13.1 Retention of Jurisdiction. Pursuant to sections 105(a) and 1142 of the Bankruptcy Code, the Bankruptcy Court shall, to the fullest extent permitted by law, retain and have exclusive jurisdiction over all matters arising out of and related to the Chapter 11 Case and this Plan, including, among other things, jurisdiction to:

(a) Hear and determine any and all objections to and proceedings involving the allowance, estimation, classification, and subordination of Claims (other than Asbestos PI Claims) or Equity Interests;

(b) Hear and determine any and all adversary proceedings, applications, motions, and contested or litigated matters that may be pending on the Effective Date or that, pursuant to the Plan, may be instituted by the Asbestos PI Trust after the Effective Date, to recover assets for the benefit of the Estate or the Asbestos PI Trust;

(c) Hear and determine all objections to the termination of the Asbestos PI Trust;

(d) Hear and determine such other matters that may be set forth in or arise in connection with the Plan, the Confirmation Order, the Asbestos PI Channeling Injunction, the Settling Asbestos Insurance Entity Injunction, the Non-Settling Asbestos Insurance Entity Injunction, the Confidentiality Injunction, or the Asbestos PI Trust Agreement;

(e) Hear and determine any proceeding that involves the validity, application, construction, enforceability, or modification of the Asbestos PI Channeling Injunction, the Settling Asbestos Insurance Entity Injunction, the Non-Settling Asbestos Insurance Entity Injunction, or the Confidentiality Injunction;

(f) Hear and determine any conflict or other issues that may arise in the Chapter 11 Case and the administration of the Asbestos PI Trust;

(g) Enter such orders as are necessary to implement and enforce the injunctions described herein, including, if necessary, orders extending the protections afforded by section 524(g) of the Bankruptcy Code to the Settling Asbestos Insurance Entities and the Asbestos Protected Parties;

(h) Hear and determine any and all applications for allowance of Fee Claims and any other fees and expenses authorized to be paid or reimbursed under the Bankruptcy Code or the Plan;

(i) Enter such orders authorizing non-material modifications to the Plan as may be necessary to comply with section 468B of the Internal Revenue Code;

(j) Hear and determine any applications pending on the Effective Date for the assumption, rejection or assumption and assignment, as the case may be, of Executory Contracts to which Quigley is a party or with respect to which Quigley may be liable, and to hear and determine and, if necessary, liquidate any and all Claims arising therefrom;

(k) Hear and determine any and all applications, Claims, causes of action, adversary proceedings, and contested or litigated matters that may be pending on the Effective Date or commenced by Reorganized Quigley or any other party in interest subsequent to the Effective Date;

(l) Consider any modifications of the Plan, remedy any defect or omission or reconcile any inconsistency in any order of the Bankruptcy Court, including the Confirmation Order, to the extent authorized by the Bankruptcy Code;

(m) Hear and determine all controversies, suits, and disputes that may arise in connection with the interpretation, enforcement, or consummation of the Plan or any Entity's obligations hereunder, including, but not limited to, performance of Quigley's duties under the Plan;

(n) Hear and determine any proposed compromise and settlement of any Claim against or cause of action by or against Quigley;

(o) Issue orders in aid of confirmation, consummation and execution of the Plan to the extent authorized by section 1142 of the Bankruptcy Code;

(p) Hear and determine such other matters as may be set forth in the Confirmation Order or other orders of the Bankruptcy Court, or which may arise in connection with the Plan, the Confirmation Order, or the Effective Date, as may be authorized under the provisions of the Bankruptcy Code or any other applicable law;

(q) Hear and determine any timely objections to Administrative Claims or to Proofs of Claim filed, both before and after the Confirmation Date, including any objections to the classification of any Claim, and to Allow or Disallow any Disputed Claim, in whole or in part;

(r) Hear and determine matters concerning state, local and federal taxes in accordance with sections 346, 505, and 1146 of the Bankruptcy Code;

(s) Compel the conveyance of property and other performance contemplated under the Plan and documents executed in connection herewith;

(t) Enforce remedies upon any default under the Plan;

(u) Hear and determine any other matter not inconsistent with the Bankruptcy Code; and

(v) Enter a final decree closing the Chapter 11 Case.

If and to the extent that the Bankruptcy Court is not permitted under applicable law to exercise jurisdiction over any of the matters specified above, the reference to the "Bankruptcy Court" in the preamble to this Section 13.1 shall be deemed to be a reference to the "District Court." Notwithstanding the terms of this Section 13.1, the Bankruptcy Court shall retain continuing, but not exclusive, jurisdiction over Asbestos Insurance Actions; provided, however, that this Section 13.1 shall not confer or grant jurisdiction to the Bankruptcy Court when the Asbestos Insurance Action is governed by an otherwise applicable arbitration provision. Notwithstanding anything in this Section 13.1 to the contrary, the Asbestos PI Trust Agreement and the Asbestos PI Trust Distribution Procedures shall govern the satisfaction of Asbestos PI Claims and the forum in which such Asbestos PI Claims shall be determined.

Section 13.2 Modification of Plan. Quigley may alter, amend, or modify this Plan or any Schedules or Exhibits thereto, with the consent of Pfizer, under section 1127(a) of the Bankruptcy Code at any time prior to the Confirmation Date and may include any such amended Schedules or Exhibits in the Plan or the Plan Supplement, provided that the Plan, as modified, meets the requirements of sections 1122 and 1123 of the Bankruptcy Code, and Quigley shall have complied with section 1125 of the Bankruptcy Code, to the extent necessary. Quigley may alter, amend, or modify this Plan or any Schedules or Exhibits thereto, with the written consent of Pfizer, at any time after entry of the Confirmation Order and before the Plan's substantial consummation; provided, however, that: (a) the Plan, as modified, altered, or amended, meets the requirements of sections 1122 and 1123 of the Bankruptcy Code; and (b) the Bankruptcy Court, after notice and a hearing, confirms the Plan, as modified, under section 1129

of the Bankruptcy Code, and the circumstances warrant such modification. A holder of a Claim that has accepted or rejected the Plan shall be deemed to have accepted or rejected, as the case may be, such Plan as modified, unless, within the time fixed by the Bankruptcy Court, if any, such holder changes its previous acceptance or rejection.

Section 13.3 Compromises of Controversies. From and after the Effective Date, Reorganized Quigley shall be authorized to compromise controversies not involving the Asbestos PI Trust or Asbestos PI Claims on such terms as Reorganized Quigley may determine, in its sole discretion, to be appropriate.

Section 13.4 Petition for Final Decree. The Chapter 11 Case shall not be deemed fully administered until all Claims (other than Asbestos PI Claims) and contested matters brought or to be brought by Quigley or Reorganized Quigley, as the case may be, have been adjudicated by Final Order, and all Distributions to be made under this Plan (other than distributions to be made by the Asbestos PI Trust to the holders of Asbestos PI Claims) have been completed. At such time, Reorganized Quigley shall petition the Bankruptcy Court for entry of a final decree declaring the case fully administered. Upon entry of an order of the Bankruptcy Court granting Reorganized Quigley's application for a final decree, which order shall have become a Final Order, the Chapter 11 Case shall be closed.

Section 13.5 Preservation of Rights under Rule 2004 of the Bankruptcy Rules. From and after the Effective Date and until the Chapter 11 Case is closed in accordance with Section 13.4 above, Reorganized Quigley shall continue to have all rights available to Quigley prior to the Effective Date pursuant to Rule 2004 of the Bankruptcy Rules.

Section 13.6 Revocation or Withdrawal of the Plan. Quigley reserves the right to revoke or withdraw the Plan, with the written consent of Pfizer, at any time prior to entry of the Confirmation Order. If Quigley revokes or withdraws the Plan or if confirmation of the Plan does not occur, then: (a) this Plan shall be null and void in all respects; (b) any settlement or compromise embodied in this Plan (including the fixing or limiting to an amount any Claim or Equity Interest or Class of Claims or Equity Interests), assumption or rejection of Executory Contracts or leases effected by this Plan, and any document or agreement executed pursuant to this Plan, shall be deemed null and void; (c) Pfizer's waiver of any obligations or requirements of holders of Asbestos PI Claims who become Settling Plaintiffs under the terms of the Pfizer Claimant Settlement Agreements to reduce the amount of distributions they are entitled to receive from the Asbestos PI Trust shall be null and void and of no further force or effect; and (d) nothing contained in this Plan, and no acts taken in preparation for consummation of this Plan, shall: (x) constitute or be deemed to constitute a waiver or release of any Claims by or against, or any Equity Interests in, Quigley or any other Entity; (y) prejudice in any manner the rights of Quigley or any Entity in any further proceedings involving Quigley; or (z) constitute an admission of any sort by Quigley or any other Entity.

ARTICLE XIV

MISCELLANEOUS PROVISIONS

Section 14.1 Governing Law. Unless a rule of law or procedure is supplied by federal law (including the Bankruptcy Code and Bankruptcy Rules), or a Schedule or Exhibit hereto or instrument, agreement or other document executed under the Plan provides otherwise, the rights, duties and obligations arising under the Plan, and the instruments, agreements and other documents executed in connection with the Plan, shall be governed by, and construed and enforced in accordance with, the internal laws of the State of New York without giving effect to the principles of conflicts of law thereof.

Section 14.2 Notices. Any notice, statement, or other report required or permitted by this Plan must be: (i) in writing and shall be deemed given when: (a) delivered personally to the recipient; (b) sent by facsimile before 5:00 p.m. prevailing New York time on a Business Day with a copy of such facsimile sent to the recipient by reputable overnight courier service (charges prepaid) on the same day; (c) five (5) days after deposit in the United States mail, mailed by registered or certified mail, return receipt requested, postage prepaid; or (d) one (1) Business Day after being sent to the recipient by reputable overnight courier service (charges prepaid); and (ii) addressed to the parties to whom such notice, statement or report is directed (and, if required, its counsel) at the addresses set forth below, or at such other address as such party may designate from time to time in writing in accordance with this Section 14.2.

If to Quigley:

Quigley Company, Inc.
235 East 42nd Street
Mail Stop 235/7/88
New York, New York 10017
Attention: Kim D. Jenkins

with a copy (which will not constitute notice) to:

Schulte Roth & Zabel LLP
919 Third Avenue
New York, New York 10022
Attention: Michael L. Cook, Esq.
Lawrence V. Gelber, Esq.

If to the Creditors' Committee:

Caplin & Drysdale, Chartered
399 Park Avenue
New York, New York 10022
Attention: Elihu Inselbuch, Esq.
Rita C. Tobin, Esq.

-and-

Caplin & Drysdale, Chartered
One Thomas Circle, NW
Washington, D.C. 20005
Attention: Ronald Reinsel, Esq.

If to Pfizer:

Pfizer Inc
235 East 42nd Street
New York, New York 10017
Attention: Daniel Thacker, Esq.
Malini Moorthy, Esq.

with a copy (which will not constitute notice) to:

Skadden, Arps, Slate, Meagher & Flom LLP
Four Times Square
New York, New York 10036
Attention: Jay Goffman, Esq.
George Zimmerman, Esq.

-and-

Quinn Emanuel Urquhart & Sullivan LLP
51 Madison Avenue
New York, New York 10010
Attention: Sheila Birnbaum, Esq.
Bert L. Wolff, Esq.

If to the Future Demand Holders' Representative:

Togut, Segal & Segal LLP
One Penn Plaza
Suite 3335
New York, New York 10119
Attention: Albert Togut, Esq.

with a copy (which will not constitute notice) to:

Togut, Segal & Segal LLP
One Penn Plaza
Suite 3335
New York, New York 10119
Attention: Richard K. Milin, Esq.

Section 14.3 Further Documents and Action. Quigley, with the written consent of Pfizer, or Reorganized Quigley shall execute and be authorized to file with the Bankruptcy Court such agreements and other documents, take or cause to be taken such action, and deliver

such documents or information as may be necessary or appropriate to effect and further evidence the terms and conditions of the Plan and to consummate the transactions and transfers contemplated by the Plan. Quigley and Reorganized Quigley, and all other parties, including all holders of Claims entitled to receive Distributions under the Plan, shall execute any and all documents and instruments that must be executed under or in connection with the Plan in order to implement the terms of the Plan or to effectuate the Distributions under the Plan, provided that such documents and instruments are reasonably acceptable to such party or parties.

Section 14.4 Plan Supplement. Any and all Exhibits, lists, or Schedules referred to herein but not filed with this Plan shall be contained in the Plan Supplement and filed with the Clerk of the Bankruptcy Court at least five (5) Business Days prior to the deadline for the filing and service of objections to the Plan. Thereafter, the Plan Supplement will be available for inspection in the office of the Clerk of the Bankruptcy Court during normal court hours and at Quigley's Internet site (http://www.bmcgroup.com/quigley). Claimants also may obtain a copy of the Plan Supplement, once filed, from Quigley by written request sent to the following address:

If Sent by U.S. Mail:
BMC Group, Inc.
Quigley Company, Inc.
PO Box 3020
Chanhassen, MN 55317-3020

If by Overnight Courier or Hand Delivery:
BMC Group, Inc.
Quigley Company, Inc.
18750 Lake Drive East
Chanhassen, MN 55317

Section 14.5 Inconsistencies. To the extent the Plan is inconsistent with the Disclosure Statement, the provisions of the Plan shall be controlling. To the extent the Plan is inconsistent with the Confirmation Order, the provisions of the Confirmation Order shall be controlling.

Section 14.6 Reservation of Rights. If the Plan is not confirmed by a Final Order, or if the Plan is confirmed and does not become effective, the rights of all parties in interest in the Chapter 11 Case are and shall be reserved in full. Any concessions or settlements reflected herein, if any, are made for purposes of the Plan only, and if the Plan does not become effective, no party in interest in the Chapter 11 Case shall be bound or deemed prejudiced by any such concession or settlement.

Section 14.7 Tax Reporting and Compliance. In connection with the Plan and all instruments issued in connection therewith and Distributions thereon, Quigley, and Reorganized Quigley, shall comply with all withholding and reporting requirements imposed by any federal, state, local or foreign taxing authority and all Distributions hereunder shall be subject to any such withholding and reporting requirements. No holder of an Allowed Claim against Quigley shall effectuate any withholding with respect to the cancellation or satisfaction

of such Allowed Claim under the Plan. Reorganized Quigley is hereby authorized to request an expedited determination of taxes under section 505(b) of the Bankruptcy Code for all taxable periods of Quigley ending after the Petition Date through, and including, the Effective Date of the Plan.

Section 14.8 Exemption from Transfer Taxes. Pursuant to section 1146(a) of the Bankruptcy Code, applicable to the Chapter 11 Case, the issuance, transfer, or exchange of notes or equity securities under the Plan, the creation of any mortgage, deed of trust, or other security interest, the making or assignment of any lease or sublease, or the making or delivery of any deed or other instrument of transfer under, in furtherance of, or in connection with the Plan, including, without limitation, Pfizer's contribution or transfer of the Quigley Operations to Reorganized Quigley, shall be exempt from all taxes as provided in such section 1146(a).

Section 14.9 Binding Effect. The rights, benefits and obligations of any Entity named or referred to in the Plan, or whose actions may be required to effectuate the terms of the Plan shall be binding on, and shall inure to the benefit of, any heir, executor, administrator, successor or assign of such Entity (including, but not limited to, any trustee appointed for Quigley under chapters 7 or 11 of the Bankruptcy Code). The Confirmation Order shall provide that the terms and provisions of the Plan and the Confirmation Order shall survive and remain effective after entry of any order which may be entered converting the Chapter 11 Case to a case under chapter 7 of the Bankruptcy Code, and the terms and provisions of the Plan shall continue to be effective in this or any superseding case under the Bankruptcy Code.

Section 14.10 Severability. At the option of Quigley or Reorganized Quigley, as the case may be, Pfizer, the Creditors' Committee and the Future Demand Holders' Representative, acting jointly, any provision of the Plan, the Confirmation Order, the Asbestos PI Channeling Injunction, the Settling Asbestos Insurance Entity Injunction, the Non-Settling Asbestos Insurance Entity Injunction, the Confidentiality Injunction, or any of the Exhibits to the Plan that is determined to be prohibited, unenforceable, or invalid by a court of competent jurisdiction or any other governmental Entity with appropriate jurisdiction shall, as to any jurisdiction in which such provision is prohibited, unenforceable, or invalidated, be ineffective to the extent of such prohibition, unenforceability, or invalidation without invalidating the effectiveness of the remaining provisions of the Plan, the Confirmation Order, the Asbestos PI Channeling Injunction, the Settling Asbestos Insurance Entity Injunction, the Non-Settling Asbestos Insurance Entity Injunction, the Confidentiality Injunction, and the Exhibits to the Plan or affect the validity or enforceability of such provisions in any other jurisdiction.

Section 14.11 Further Authorizations. Quigley, and, after the Effective Date, the Asbestos PI Trust, if and to the extent necessary, may seek such orders, judgments, injunctions, and rulings that it deems necessary to carry out further the intentions and purposes of, and to give full effect to the provisions of, the Plan.

Section 14.12 Payment of Statutory Fees. All fees payable under section 1930 of title 28 of the United States Code, as determined by the Bankruptcy Court at the Confirmation Hearing, shall be paid on or before the Effective Date. Reorganized Quigley shall pay all such fees that arise after the Effective Date but before the closing of the Chapter 11 Case.

Section 14.13 Prepayment. Except as otherwise provided in this Plan, the Plan Documents, or the Confirmation Order, Reorganized Quigley shall have the right to prepay, without penalty, all or any portion of an Allowed Claim at any time; provided, however, that any such prepayment shall not be violative of, or otherwise prejudice, the relative priorities and parities among the Classes of Claims.

Section 14.14 Effective Date Actions Simultaneous. Unless the Plan or the Confirmation Order provides otherwise, actions required to be taken on the Effective Date shall take place and be deemed to have occurred simultaneously, and no such action shall be deemed to have occurred prior to the taking of any other such action.

[END OF TEXT]

IN WITNESS WHEREOF, the undersigned has duly executed the Plan as of the date first above written.

Respectfully submitted,

QUIGLEY COMPANY, INC.

By: /s/ Kim D. Jenkins
Name: Kim D. Jenkins
Title: President

New York, New York
June 29, 2012
(As modified, June 26, 2013)

SCHULTE ROTH & ZABEL LLP
Attorneys for Quigley Company, Inc.,
Debtor and Debtor-in-Possession

By: /s/ Michael L. Cook

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Lawrence V. Gelber
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New York, New York 10022
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Facsimile: (212) 593-5955

SCHEDULE 1

TO

QUIGLEY COMPANY, INC. FIFTH AMENDED AND RESTATED PLAN OF REORGANIZATION UNDER CHAPTER 11 OF THE BANKRUPTCY CODE

PFIZER INC AFFILIATES

Pfizer Inc. Entities as of June 25, 2013

Company Name	Country
Pfizer Pharm Algerie	Algeria
Pfizer Saidal Manufacturing	Algeria
Pfizer Limitada	Angola
Pfizer S.R.L.	Argentina
Fort Dodge Australia Pty. Limited - In Liquidation	Australia
Pfizer (Perth) Pty Limited	Australia
Pfizer Australia Holdings Pty Limited	Australia
Pfizer Australia Investments Pty. Ltd.	Australia
Pfizer Australia Pty Limited	Australia
Pfizer ESP Pty Ltd	Australia
Pfizer WBB Australia Pty Ltd	Australia
Wyeth Consumer Healthcare Pty. Limited - in Liquidation	Australia
Pfizer Corporation Austria Gesellschaft m.b.H.	Austria
Wyeth Whitehall Export GmbH	Austria
Parke Davis International Limited - In Liquidation	Bahamas
AHP FSC (Barbados) Ltd. - In Liquidation	Barbados
Continental Pharma, Inc.	Belgium
Lothian Developments V SPRL	Belgium
Pfizer Financial Services N.V./S.A.	Belgium
Pfizer Manufacturing Belgium N.V.	Belgium
Pfizer S.A. (Belgium)	Belgium
Pfizer Service Company BVBA	Belgium
Wyeth Lederle Vaccines S.A.	Belgium
Pfizer International Investments Ltd.	Bermuda
Searle Ltd. (In Liquidation 12/17/2012)	Bermuda
Pfizer Bolivia S.A.	Bolivia
Pfizer BH D.o.o.	Bosnia and Herzegovina
Fort Dodge Manufatura Ltda.	Brazil
Laboratorio Teuto Brasileiro S.A.	Brazil
Laboratorios Pfizer Ltda.	Brazil
PAH Brasil Participacoes Ltda	Brazil
Pfizer Medicamentos Genericos e Participacoes Ltda.	Brazil
Pfizer Prev - Sociedade de Previdencia Privada	Brazil
Pharmacia Brasil Ltda.	Brazil
RMV Produtos Veterinarios Ltda.	Brazil
Sao Cristovao Participacoes Ltda.	Brazil
Wyeth Industria Farmaceutica Ltda.	Brazil
Wyeth Prev-Sociedade de Previdencia Privada	Brazil
412357 Ontario Inc. - In Liquidation	Canada
Coley Pharmaceutical Group, Ltd.	Canada

Encysive Canada Inc.	Canada
Pfizer Canada Inc.	Canada
Wyeth Canada ULC	Canada
Pfizer Pharmaceuticals Limited	Cayman Islands
Laboratorios Wyeth LLC	Chile
Pfizer Chile S.A.	Chile
Roerig S.A.	Chile
Pfizer (China) Research and Development Co. Ltd.	China
Pfizer (Wuhan) Research and Development Co. Ltd.	China
Pfizer Finance Share Service (Dalian) Co., Ltd.	China
Pfizer International Trading (Shanghai) Limited	China
Pfizer Investment Co. Ltd.	China
Pfizer Pharmaceutical (Wuxi) Co., Ltd.	China
Pfizer Pharmaceuticals Ltd.	China
Shanghai Wyeth Nutritional Company Limited - In Liquidation	China
Wyeth Pharmaceutical Co., Ltd.	China
Laboratorios Ayerst Hormona S.A. - En Liquidación	Colombia
Pfizer S.A.S.	Colombia
Pfizer Zona Franca, S.A.	Costa Rica
Pfizer, S.A.	Costa Rica
Pfizer Croatia d.o.o.	Croatia
Pfizer, spol. s r.o.	Czech Republic
Ferrosan A/S	Denmark
Ferrosan Holding A/S	Denmark
Ferrosan International A/S	Denmark
Pfizer ApS	Denmark
Vesterålens Naturprodukter A/S	Denmark
Fort Dodge Dominicana, S.A. - In Liquidation	Dominican Republic
Pfizer Dominicana, S.A.	Dominican Republic
Pfizer Cia. Ltda.	Ecuador
Pfizer Africa & Middle East for Pharmaceuticals, Veterinary Products & Chemicals S.A.E.	Egypt
Pfizer Egypt S.A.E.	Egypt
Pfizer Middle East for Pharmaceuticals, Animal Health and Chemicals S.A.E.	Egypt
Warner-Lambert de El Salvador, S.A. de C.V.	El Salvador
Kiinteistö oy Espoon Pellavaniementie 14	Finland
Pfizer Oy	Finland
Vesterålens Naturprodukter OY	Finland
Pfizer (S.A.S.)	France
Pfizer France International Investments SAS	France
Pfizer France Investment Holdings	France
Pfizer Holding France (S.C.A.)	France
Pfizer International Operations (S.A.S.)	France
Pfizer PGM (S.A.S.)	France

Pfizer PGRD (S.A.S.)	France
Pfizer Santé Familiale SAS	France
Pfizer Services 1 (S.N.C.)	France
Pfizer Services 3 (S.N.C.)	France
Pfizer Services 4 (S.N.C.)	France
Rivepar (S.A.S.)	France
Coley Pharmaceutical GmbH	Germany
FPZ AG	Germany
FPZ GmbH	Germany
Pfizer Consumer Healthcare GmbH	Germany
Pfizer Deutschland GmbH	Germany
Pfizer Finance GmbH & Co. KG	Germany
Pfizer Finance Verwaltungs GmbH	Germany
Pfizer GmbH	Germany
Pfizer Manufacturing Deutschland GmbH	Germany
Pfizer Pharma GmbH	Germany
Pharmacia GmbH	Germany
Pfizer Specialities Ghana	Ghana
Pfizer Hellas, A.E.	Greece
Compania Farmaceutica Upjohn, S.A.	Guatemala
Industrial Santa Agape, S.A.	Guatemala
Warner-Lambert Guatemala, Sociedad Anonima	Guatemala
WL de Guatemala, Sociedad Anonima	Guatemala
Pfizer Caribe Limited - In Liquidation	Guernsey
Warner-Lambert de Honduras, Sociedad Anonima	Honduras
Fort Dodge (Hong Kong) Limited	Hong Kong
Korea Pharma Holding Company Limited	Hong Kong
Parke Davis Limited	Hong Kong
Pfizer (Far East) Limited	Hong Kong
Pfizer (H.K.) Holding Limited	Hong Kong
Pfizer Corporation Hong Kong Limited	Hong Kong
Pfizer HK Service Company Limited	Hong Kong
Wyeth (Far East) Limited	Hong Kong
C.P. Pharma Gyógyszerkereskedelmi Korlátolt Felelõsségû Társaság	Hungary
Pfizer Hungary Asset Management LLC - In Dissolution	Hungary
Pfizer Pharmaceutical Trading Limited Liability Company (a/k/a Pfizer Kft. or Pfizer LLC)	Hungary
Wyeth KFT.	Hungary
Pfizer Animal Pharma Private Limited	India
Pfizer Limited	India
Pfizer Products India Private Limited	India
Wyeth Limited	India
Wyeth Pharmaceuticals India Private Limited	India
PT. Fort Dodge Indonesia	Indonesia

PT. Pfidex Pharma - In Liquidation	Indonesia
PT. Pfizer Indonesia	Indonesia
Alpharma Ireland Limited	Ireland
Covx Technologies Ireland Limited	Ireland
Eurovita Trading Limited	Ireland
Grangematic Limited	Ireland
Monarch Pharmaceuticals Ireland Limited	Ireland
Pfizer Biologics Ireland Holdings Limited	Ireland
Pfizer Biotechnology Ireland	Ireland
Pfizer Cork Limited	Ireland
Pfizer Distribution Company	Ireland
Pfizer Export Company	Ireland
Pfizer Global Supply	Ireland
Pfizer Global Trading	Ireland
Pfizer Healthcare Ireland	Ireland
Pfizer Holding Ventures	Ireland
Pfizer Holdings Europe	Ireland
Pfizer International Business Europe	Ireland
Pfizer International Holdings	Ireland
Pfizer Investment Capital	Ireland
Pfizer Ireland Investments Limited	Ireland
Pfizer Ireland Pharmaceuticals	Ireland
Pfizer Ireland Ventures	Ireland
Pfizer Leasing Ireland Limited	Ireland
Pfizer Manufacturing Ireland	Ireland
Pfizer Manufacturing Services	Ireland
Pfizer PHF	Ireland
Pfizer Science and Technology Ireland Limited	Ireland
Pfizer Service Company Ireland	Ireland
Pfizer Shared Services	Ireland
Pfizer Transactions Ireland	Ireland
Pharmacia Ireland	Ireland
Prosec (Ireland) Limited - In Liquidation	Ireland
Trans-Europe Assurance Limited	Ireland
Warner-Lambert Pottery Road Limited - In Liquidation	Ireland
Wyeth (Ireland) Limited - In Voluntary Liquidation	Ireland
Wyeth Pharmaceuticals Limited	Ireland
Wyeth Research Ireland Limited	Ireland
Pfizer Pharmaceuticals Israel Ltd.	Israel
Fondazione Pfizer	Italy
Pfizer Italia S.r.l.	Italy
Pharmacia & Upjohn S.p.A. - In Liquidation	Italy
Wyeth Lederle S.r.l.	Italy
Pfizer Global Supply Japan Inc.	Japan

Pfizer Holdings K.K.	Japan
Pfizer Japan Inc.	Japan
Parke Davis & Co. Limited - In Liquidation	Jersey
Pfizer Domestic Ventures Limited	Jersey
Pfizer Healthcare Holdings Company Unlimited	Jersey
Pfizer Holdings Turkey Limited	Jersey
Pfizer Jersey Capital Limited	Jersey
Pfizer Jersey Company Limited	Jersey
Pfizer Jersey Finance Limited	Jersey
Pfizer Searle Investment Limited	Jersey
Pfizer Sterling Investments Limited	Jersey
Pfizer Strategic Investment Company Limited	Jersey
Pfizer Laboratories Limited	Kenya
Warner-Lambert (East Africa) Limited - In Liquidation	Kenya
Warner-Lambert Kenya Limited - In Liquidation	Kenya
Pfizer Pharmaceuticals Korea Limited	Korea, Republic of
Wyeth Korea, Inc.	Korea, Republic of
Alpha-Lux Investments S.àr.l.	Luxembourg
Alpharma International (Luxembourg) Sarl	Luxembourg
PAH Luxembourg 5 SARL	Luxembourg
PF PRISM Holdings S.a.r.l.	Luxembourg
PF Prism S.á.r.l.	Luxembourg
Pfizer AsiaPac Holdings SARL	Luxembourg
Pfizer Asset Management Luxembourg SARL	Luxembourg
Pfizer Atlantic Holdings S.a.r.l.	Luxembourg
Pfizer Continental Holdings SARL	Luxembourg
Pfizer Enterprises SARL	Luxembourg
Pfizer Europe Holdings SARL	Luxembourg
Pfizer Global Investments SARL	Luxembourg
Pfizer Holdings International Luxembourg (PHIL) Sarl	Luxembourg
Pfizer Holdings Luxembourg SARL	Luxembourg
Pfizer Holdings North America SARL	Luxembourg
Pfizer International Luxembourg SA	Luxembourg
Pfizer Investment Holdings S.a.r.l.	Luxembourg
Pfizer Luxco Holdings Sarl	Luxembourg
Pfizer Luxembourg Global Holdings SARL	Luxembourg
Pfizer Luxembourg SARL	Luxembourg
Pfizer Mexico Luxco SARL	Luxembourg
Pfizer Precision Holdings SARL	Luxembourg
Pfizer Shareholdings Intermediate SARL	Luxembourg
Pfizer Transactions Luxembourg SARL	Luxembourg
Pfizer Warner Lambert Luxembourg SARL	Luxembourg
PHIVCO Holdco S.à r.l.	Luxembourg
PHIVCO Luxembourg SARL	Luxembourg

Wyeth Ayerst SARL	Luxembourg
Wyeth Whitehall SARL	Luxembourg
Pfizer (Malaysia) Sdn Bhd	Malaysia
Pfizer Parke Davis Sdn. Bhd.	Malaysia
Blue Point Provider, S. de R.L. de C.V.	Mexico
Blue Umbrella First Aid, S. de R.L. de C.V.	Mexico
Blue Umbrella Services, S. de R.L. de C.V.	Mexico
C.P. Pharma Services Corporation, S. de R.L. de C.V.	Mexico
Cyanamid de Mexico, S. de R.L.de C.V. - In Liquidation	Mexico
Pfizer Mexico, S.A. de C.V.	Mexico
Pfizer, S.A. de C.V.	Mexico
Pharmacia & Upjohn, S.A. de C.V.	Mexico
Servicios P&U, S. de R.L. de C.V.	Mexico
Laboratoires Pfizer SA	Morocco
A S Ruffel (Mozambique) Limitada	Mozambique
Pfizer Namibia (Proprietary) Limited	Namibia
AHP Holdings B.V.	Netherlands
AHP Manufacturing B.V.	Netherlands
C.E. Commercial Holdings C.V.	Netherlands
C.E. Commercial Investments C.V.	Netherlands
C.E. Holdings Europe C.V.	Netherlands
C.P. Pharmaceuticals International C.V.	Netherlands
Jouveinal Holland B.V. - In Liquidation	Netherlands
PAH Panama B.V.	Netherlands
PF Americas Holding C.V.	Netherlands
PF Asia Manufacturing Coöperatief U.A.	Netherlands
PF PR Holdings C.V.	Netherlands
PF PRISM C.V.	Netherlands
Pfizer Alpine Holdings Cooperatief U.A.	Netherlands
Pfizer Australia Holdings B.V.	Netherlands
Pfizer Australia Investments B.V.	Netherlands
Pfizer B.V.	Netherlands
Pfizer Baltic Holdings B.V.	Netherlands
Pfizer Business Enterprises C.V.	Netherlands
Pfizer Commercial Holdings Coöperatief U.A.	Netherlands
Pfizer East India B.V.	Netherlands
Pfizer Eastern Investments B.V.	Netherlands
Pfizer France Coöperatief U.A.	Netherlands
Pfizer Global Holdings B.V.	Netherlands
Pfizer Himalaya Holdings Coöperatief U.A.	Netherlands
Pfizer Holdings Netherlands B.V. - In Liquidation	Netherlands
Pfizer Holland Holdings B.V.	Netherlands
Pfizer Investments Netherlands B.V.	Netherlands
Pfizer Manufacturing Holdings Coöperatief U.A.	Netherlands

Pfizer OTC B.V.	Netherlands
Pfizer Pacific Coöperatief U.A.	Netherlands
Pfizer Pacific Holdings B.V.	Netherlands
Pfizer Pacific Investments B.V.	Netherlands
Pfizer Pharmaceuticals B.V.	Netherlands
Pfizer Pharmaceuticals Global Coöperatief U.A.	Netherlands
Pfizer Philippines Holdings B.V.	Netherlands
Pfizer Spain Holdings Coöperatief U.A.	Netherlands
Pharmacia International B.V.	Netherlands
Pfizer New Zealand Limited	New Zealand
Pfizer Specialties Limited	Nigeria
Nordic Sales Group AS	Norway
Pfizer AS	Norway
Vesterålens Naturprodukter AS	Norway
Pfizer Pakistan Limited	Pakistan
Wyeth Pakistan Limited	Pakistan
Ferrosan Finance S.A.	Panama
Pfizer Corporation	Panama
Pfizer Free Zone Panama, S. de R.L.	Panama
Pfizer International S. de R.L.	Panama
Pharmacia de Centroamerica S.A.	Panama
Pfizer Luxembourg Sarl – Sucursal Paraguay	Paraguay
Industria Kolana S.A. - In Liquidation	Peru
Laboratorios Wyeth S.A.	Peru
Pfizer S.A.	Peru
A. H. Robins (Philippines) Company, Inc.	Philippines
Pfizer Parke Davis	Philippines
Pfizer Philippines Foundation, Inc	Philippines
Pfizer, Inc.	Philippines
Wyeth Philippines, Co. Ltd.	Philippines
Ferrosan Poland Sp. z o.o. w likwidacji	Poland
Pfizer Polska Sp. z.o.o.	Poland
Pfizer Trading Polska sp.z.o.o.	Poland
Carlerba - Produtos Químicos e Farmacêuticos, Lda.	Portugal
Farminova Produtos Farmaceuticos de Inovacao, Lda.	Portugal
Farmogene Productos Farmaceuticos Lda	Portugal
Instituto Pasteur de Lisboa Virginio Leitao Vieira dos Santos & Filhos S.A.	Portugal
Laboratórios Pfizer, Lda.	Portugal
Parke Davis Productos Farmaceuticos Lda	Portugal
Pfizer S.G.P.S. Lda.	Portugal
Roerig Produtos Farmaceuticos, Lda.	Portugal
Searle Laboratorios, Lda.	Portugal
Sinergis Farma-Produtos Farmaceuticos, Lda.	Portugal
Upjohn Laboratorios Lda.	Portugal

Warner-Lambert de Puerto Rico, Inc.	Puerto Rico
Wyeth Pharmaceuticals Company	Puerto Rico
Wyeth Puerto Rico, Inc.	Puerto Rico
Ferrosan S.R.L.	Romania
Pfizer Romania SRL	Romania
A/O Pfizer	Russian Federation
LLC Ferrosan Consumer Health	Russian Federation
Pfizer LLC	Russian Federation
Pfizer Saudi Limited	Saudi Arabia
Pfizer Afrique de L'Ouest	Senegal
Yusafarm D.O.O.	Serbia
Pfizer Asia Manufacturing Pte. Ltd.	Singapore
Pfizer Asia Pacific Pte Ltd.	Singapore
Pfizer CentreSource Asia Pacific Pte. Ltd.	Singapore
Pfizer Parke Davis Pte. Ltd.	Singapore
Pfizer Private Ltd.	Singapore
Pfizer Singapore Trading Pte. Ltd.	Singapore
Wyeth Regional Manufacturing (Singapore) PTE. LTD.	Singapore
G. D. Searle South Africa (Pty) Ltd. - In Liquidation	South Africa
Pfizer Laboratories (Pty) Limited	South Africa
Pharmacia South Africa (Pty) Ltd	South Africa
BINESA 2002, S.L.	Spain
Fundacion Pfizer	Spain
Invicta Farma, S.A.	Spain
Laboratorios Parke Davis, S.L.	Spain
Nostrum Farma, S.A.	Spain
Pfizer, S.L.	Spain
Pharmacia Grupo Pfizer, S.L.	Spain
Vinci Farma, S.A.	Spain
Wyeth Farma, S.A.	Spain
Ferrosan AB	Sweden
Hälseprodukter Forserum AB	Sweden
Kommanditbolaget Hus Gron	Sweden
Pfizer AB	Sweden
Pfizer Export AB	Sweden
Pfizer Health AB	Sweden
Pfizer International Sweden	Sweden
Pharmacia Holding AB	Sweden
Prosec Forsakrings AB (Prosec Insurance Co. Ltd.)	Sweden
Vesterålens Naturprodukter AB	Sweden
Wyeth AB	Sweden
Pfizer AG	Switzerland
Warner-Lambert Company AG	Switzerland
Pfizer Biotech Corporation	Taiwan

Pfizer Limited	Taiwan
Pfizer Limited	Tanzania, United Republic of
Warner-Lambert (Tanzania), Limited	Tanzania, United Republic of
O.C.T. (Thailand) Ltd.	Thailand
Pfizer (Thailand) Limited	Thailand
Pfizer Parke Davis (Thailand) Ltd.	Thailand
Warner-Lambert (Thailand) Limited	Thailand
Wyeth (Thailand) Ltd.	Thailand
Pfizer Pharmaceuticals Tunisie Sarl	Tunisia
Pfizer Tunisie SA	Tunisia
Nutrifarma Ferrosan Sağlik Ürün ve Hizmetieri A.Ş.	Turkey
Pfizer Ilaclari Limited Sirketi	Turkey
Warner Lambert Ilac Sanayi ve Ticaret Limited Sirketi	Turkey
Fort Dodge Animal Health Limited [Uganda] - Up for Closure	Uganda
Pfizer Limited	Uganda
Pfizer Ukraine LLC	Ukraine
Pfizer Gulf FZ-LLC	United Arab Emirates
Wyeth Pharmaceuticals FZ-LLC	United Arab Emirates
American Home Products Holdings (U.K.) Limited	United Kingdom
Catapult Systems Limited - In Liquidation	United Kingdom
Cyanamid Agriculture Limited - In Liquidation	United Kingdom
Cyanamid of Great Britain Limited	United Kingdom
Cyclofluidic Limited	United Kingdom
Encysive (UK) Limited	United Kingdom
Farmitalia Carlo Erba Limited	United Kingdom
Ferrosan Limited	United Kingdom
G. D. Searle & Co. Limited	United Kingdom
Haptogen Limited	United Kingdom
John Wyeth & Brother Limited	United Kingdom
Meridian Medical Technologies Limited	United Kingdom
MPP Trustee Limited	United Kingdom
Neusentis Limited	United Kingdom
Pfizer Animal Health MA EEIG	United Kingdom
Pfizer Consumer Healthcare Ltd.	United Kingdom
Pfizer Development LP	United Kingdom
Pfizer Development Services (UK) Limited	United Kingdom
Pfizer Europe MA EEIG	United Kingdom
Pfizer Group Limited - In Liquidation	United Kingdom
Pfizer Leasing UK Limited	United Kingdom
Pfizer Limited	United Kingdom
Pfizer Specialty UK Limited	United Kingdom
Pfizer UK Group Limited - In Liquidation	United Kingdom
Pharmacia Africa Limited - In Liquidation	United Kingdom
Pharmacia Animal Health Limited - In Liquidation	United Kingdom

Pharmacia Laboratories Limited	United Kingdom
Pharmacia Limited	United Kingdom
Pharmacia Searle Limited	United Kingdom
Pharmacia UK Limited - In Liquidation	United Kingdom
PowderJect Research Limited	United Kingdom
PowderMed Limited	United Kingdom
PZR Ltd.	United Kingdom
STI International Limited	United Kingdom
Thiakis Limited	United Kingdom
Warner Lambert (UK) Limited	United Kingdom
W-L (Europe) - In Liquidation	United Kingdom
W-L (Portugal) - In Liquidation	United Kingdom
W-L (Spain) - In Liquidation	United Kingdom
Wyeth Europa Limited	United Kingdom
Wyeth Research (U.K.) Limited - In Liquidation	United Kingdom
ACAHC LLC	United States
Agouron Pharmaceuticals, Inc.	United States
AH Robins LLC	United States
Alacer Corp.	United States
Alacer East, LLC	United States
Alpharma Holdings Inc.	United States
Alpharma Pharmaceuticals LLC	United States
Alpharma Specialty Pharma Inc.	United States
Alpharma USHP Inc.	United States
American Food Industries LLC	United States
Ayerst-Wyeth Pharmaceuticals LLC	United States
Barre Parent Corporation	United States
Bioren, Inc.	United States
BioRexis Pharmaceutical Corporation	United States
Blue Whale Re Ltd.	United States
CICL Corporation	United States
COC I Corporation	United States
Coley Pharmaceutical Group, Inc.	United States
CovX Research LLC	United States
Cyanamid de Argentina S.A.	United States
Cyanamid de Colombia, S.A.	United States
Cyanamid Inter-American Corporation	United States
Distribuidora Mercantil Centro Americana, S.A	United States
Encysive Pharmaceuticals Inc.	United States
Esperion LUV Development, Inc.	United States
Excaliard Pharmaceuticals, Inc.	United States
FoldRx Pharmaceuticals, Inc.	United States
G. D. Searle International Capital LLC	United States
G. D. Searle LLC	United States

Genetics Institute, LLC	United States
GenTrac, Inc.	United States
GI Europe, Inc.	United States
GI Japan, Inc.	United States
Greenstone LLC	United States
Icagen, Inc.	United States
ImmunoPharmaceutics, Inc.	United States
International Affiliated Corporation LLC	United States
JMI-Daniels Pharmaceuticals, Inc.	United States
King Pharmaceuticals Holdings LLC	United States
King Pharmaceuticals LLC	United States
King Pharmaceuticals Research and Development, Inc.	United States
Laboratorios Wyeth LLC	United States
MDP Holdings, Inc.	United States
Meridian Medical Technologies, Inc.	United States
Monarch Pharmaceuticals, Inc.	United States
MTG Divestitures LLC	United States
NextWave Pharmaceuticals Incorporated	United States
PAH Central America 1 LLC	United States
PAH Central America 2 LLC	United States
PAH USA IN8 LLC	United States
Parke, Davis & Company LLC	United States
Parkedale Pharmaceuticals, Inc.	United States
Parke-Davis Manufacturing Corp.	United States
P-D Co., LLC	United States
Peak Enterprises LLC	United States
Pfizer Colombia Spinco I LLC	United States
Pfizer Continental Services LLC	United States
Pfizer Enterprises Inc.	United States
Pfizer Europe Services LLC	United States
Pfizer H.C.P. Corporation	United States
Pfizer Health Solutions Inc.	United States
Pfizer Inc.	United States
Pfizer International LLC	United States
Pfizer Manufacturing Holdings LLC	United States
Pfizer Manufacturing LLC	United States
Pfizer North American Holdings Inc.	United States
Pfizer Overseas LLC	United States
Pfizer Pharmaceuticals LLC	United States
Pfizer Pigments Inc.	United States
Pfizer Production LLC	United States
Pfizer Products Inc.	United States
Pfizer Services LLC	United States
Pfizer Transactions LLC	United States

Pfizer Vaccines LLC	United States
Pharmacia & Upjohn Company LLC	United States
Pharmacia & Upjohn Company, Inc.	United States
Pharmacia & Upjohn LLC	United States
Pharmacia Hepar LLC	United States
Pharmacia Inter-American LLC	United States
Pharmacia International Inc.	United States
Pharmacia LLC	United States
PHIVCO Corp.	United States
PN Mexico LLC	United States
PowderJect Vaccines, Inc.	United States
PowderMed, Inc.	United States
Purepac Pharmaceutical Holdings, Inc.	United States
Renrall LLC	United States
Rinat Neuroscience Corp.	United States
Shiley International	United States
Shiley LLC	United States
Site Realty, Inc.	United States
Solinor LLC	United States
Sugen, Inc.	United States
Tabor LLC	United States
The Pfizer Incubator LLC	United States
Vermont Whey Company	United States
Vicuron Holdings LLC	United States
Warner-Lambert Company LLC	United States
Warner-Lambert, S.A.	United States
Whitehall International Inc.	United States
Whitehall Laboratories Inc.	United States
W-L LLC	United States
Wyeth (Asia) Limited	United States
Wyeth Advertising Inc.	United States
Wyeth Ayerst Inc.	United States
Wyeth Consumer Healthcare LLC	United States
Wyeth Holdings Corporation	United States
Wyeth LLC	United States
Wyeth Pharmaceuticals Inc.	United States
Wyeth Subsidiary Illinois Corporation	United States
Wyeth-Ayerst (Asia) Limited	United States
Wyeth-Ayerst International LLC	United States
Wyeth-Ayerst Promotions Limited	United States
Warner Lambert del Uruguay S.A.	Uruguay
Whitehall Laboratorios S.A.	Uruguay
Laboratorios Wyeth S.A.	Venezuela, Bolivarian Republic of

Pfizer Venezuela, S.A.	Venezuela, Bolivarian Republic of
Roerig, S.A.	Venezuela, Bolivarian Republic of
Durgon Holdings Limited	Virgin Islands, British
A.S. Ruffel (Private) Limited	Zimbabwe

EXHIBIT A

TO

QUIGLEY COMPANY, INC. FIFTH AMENDED AND RESTATED PLAN OF REORGANIZATION UNDER CHAPTER 11 OF THE BANKRUPTCY CODE

ASBESTOS PI TRUST AGREEMENT

June 25, 2013

Exhibit A
to Fifth Amended and Restated Quigley Company, Inc. Plan of Reorganization
Under Chapter 11 of the Bankruptcy Code

QUIGLEY COMPANY, INC.
ASBESTOS PERSONAL INJURY TRUST AGREEMENT

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EXHIBITS

QUIGLEY COMPANY, INC.
ASBESTOS PERSONAL INJURY TRUST AGREEMENT

This QUIGLEY COMPANY, INC. ASBESTOS PERSONAL INJURY TRUST AGREEMENT (this "Asbestos PI Trust Agreement"), effective as of the Effective Date, is among Quigley Company, Inc. ("Quigley" or the "Debtor" or the "Settlor"), a New York corporation and the debtor and debtor-in-possession in case number 04-15739 (SMB) in the United States Bankruptcy Court for the Southern District of New York, as settlor, the Future Demand Holders' Representative, the Trust Advisory Committee, and the Trustees identified on the signature page hereof and appointed on the Confirmation Date pursuant to the Confirmation Order approving the Quigley Company, Inc. Fifth Amended and Restated Plan of Reorganization under chapter 11 of the United States Bankruptcy Code, as amended, modified or supplemented from time to time (the "Plan").

RECITALS

WHEREAS, at the time of the entry of the order for relief in the Chapter 11 Case, personal-injury and wrongful-death claims based on the presence of, or exposure to, asbestos or asbestos-containing products had been asserted against the Debtor, Pfizer and certain other Pfizer Protected Parties; and

WHEREAS, the Debtor has reorganized under the provisions of chapter 11 of the Bankruptcy Code in a case pending in the Bankruptcy Court, known as *In re Quigley Company, Inc.*, Case No. 04-15739 (SMB); and

WHEREAS, the Plan, filed by the Debtor and supported by the Creditors' Committee and the Future Demand Holders' Representative, has been confirmed by the Bankruptcy Court; and

WHEREAS, the Plan Documents provide for, among other things, the creation of the Asbestos Personal Injury Trust (the "Asbestos PI Trust"); and

WHEREAS, all Asbestos PI Claims are channeled to the Asbestos PI Trust pursuant to the Asbestos PI Channeling Injunction;

WHEREAS, pursuant to the Plan, the Asbestos PI Trust is to use its assets and income to pay Asbestos PI Claims as and to the extent provided for herein and in the Quigley Company, Inc. Asbestos Personal Injury Trust Distribution Procedures (the "Asbestos PI Trust Distribution Procedures"); and

WHEREAS, pursuant to the Plan, the Asbestos PI Trust is intended to qualify as a "qualified settlement fund" (within the meaning of section 1.468B-1(c) of the Treasury Regulations promulgated under section 468B of the Internal Revenue Code); and

WHEREAS, it is the intent of the Settlor, the Trustees, the Future Demand Holders' Representative, and the Trust Advisory Committee that the Asbestos PI Trust be administered, maintained, and operated at all times as a qualified settlement fund through mechanisms that provide reasonable assurance that the Asbestos PI Trust will value, and be in a financial position to pay, all Asbestos PI Claims that involve similar claims in substantially the same manner in strict compliance with the terms of this Asbestos PI Trust Agreement and the Asbestos PI Trust Distribution Procedures; and

WHEREAS, the Plan provides for, among other things, the complete treatment of all liabilities and obligations of the Debtor (among others) with respect to Asbestos PI Claims; and

WHEREAS, the Bankruptcy Court has determined that the Asbestos PI Trust and the Plan satisfy all the prerequisites for the injunctions pursuant to section 524(g) of the Bankruptcy Code provided for in the Plan, and such injunctions have been entered by the Bankruptcy Court; and

WHEREAS, the Confirmation Order has been entered or affirmed by the District Court, and such Confirmation Order has become a Final Order.

NOW, THEREFORE, in consideration of the mutual covenants and understandings contained herein, and subject to and on the terms and conditions herein set forth, the parties hereby agree as follows:

ARTICLE I

DEFINITIONS AND INTERPRETATION

Section 1.01 Definitions. All capitalized terms used herein but not otherwise defined shall have the respective meanings given to such terms in the Plan, and such definitions are incorporated herein by reference. All capitalized terms not defined herein or in the Plan, but defined in the Bankruptcy Code or Bankruptcy Rules, shall have the meanings given to them in such code or rules, and such definitions are incorporated herein by reference.

In addition, the following four terms shall have the meanings specified below:

(a) "Non-Releasing Asbestos PI Claimant" means a holder of an Asbestos PI Claim who is not a Releasing Asbestos PI Claimant.

(b) "Releasing Asbestos PI Claimant" means any claimant who is a holder of a Pre September 2010 Settled Asbestos PI Claim and any Other Asbestos PI Claimant who is a participant in the Ad Hoc Committee Settlement and each holder of a Pre-Petition Liquidated Asbestos PI Claim except for those Pre Petition Liquidated Asbestos PI Claims that are defined at Section 5.02(a) (iii), (iv) or (v) of the Asbestos PI Trust Distribution Procedures.

(c) "Releasors' Payment Percentage" shall mean the Payment Percentage payable by the Asbestos PI Trust to Releasing Asbestos PI Claimants.

(d) "Non-Releasors' Payment Percentage" shall mean the Payment Percentage payable by the Asbestos PI Trust to Non-Releasing Asbestos PI Claimants under the Trust Distribution Procedures.

Section 1.02 References. Unless indicated otherwise, all references in this Asbestos PI Trust Agreement to a particular Article or Section number are references to Articles or Sections of this Asbestos PI Trust Agreement.

ARTICLE II

AGREEMENT OF TRUST

Section 2.01 Creation and Name. The Settlor hereby creates a trust known as the "Quigley Asbestos PI Trust," which is the Asbestos PI Trust to be created on the Effective Date pursuant to the Plan. The Trustees of the Asbestos PI Trust may transact the business and affairs of the Asbestos PI Trust in the name "Quigley Asbestos PI Trust."

Section 2.02 Purpose. The purpose of the Asbestos PI Trust is to assume all Asbestos PI Claims (whether now existing or arising at any time hereafter) and to use the Asbestos PI Trust Assets to pay holders of such Asbestos PI Claims in accordance with this Agreement and the Asbestos PI Trust Distribution Procedures, and in such a way that all holders of Asbestos PI Claims that involve similar claims are treated in a substantially equivalent manner and to otherwise comply in all respects with the requirements of a trust set forth in section 524(g)(2)(B) of the Bankruptcy Code. All Asbestos PI Claims shall be paid in accordance with this Agreement and the Asbestos PI Trust Distribution Procedures.

Section 2.03 Transfer of Assets. Pursuant to Section 9.3(d) of the Plan, the Settlor and Pfizer will transfer, issue or assign, as appropriate, and deliver to the Asbestos PI Trust the Asbestos PI Trust Assets at the time and in the manner contemplated by the Plan Documents, in each case free and clear of any Claims, Encumbrances or interests of the Debtor or any creditor, shareholder, or other Entity. The Settlor and Pfizer shall execute and deliver, or cause to be executed and delivered, such documents as the Trustees may reasonably request from time to time to reflect the transfer, issuance and assignment, as applicable, of the Asbestos PI Trust Assets to the Asbestos PI Trust.

Section 2.04 Acceptance of Assets and Assumption of Liabilities.

(a) In furtherance of the purposes of the Asbestos PI Trust, the Asbestos PI Trust hereby expressly accepts the transfer, issuance and assignment, as applicable, to the Asbestos PI Trust of the Asbestos PI Trust Assets at the time and in the manner contemplated by the Plan Documents.

(b) In furtherance of the purposes of the Asbestos PI Trust, the Asbestos PI Trust hereby expressly assumes all liability for all Asbestos PI Claims (whether now existing or

arising at any time hereafter) and all obligations owed by the Asbestos PI Trust under the Plan, any Shared Asbestos Insurance Policy, or any Insurance Settlement Agreement and shall indemnify Quigley and Pfizer and Settling Asbestos Insurance Entities for Medicare Related Claims as provided at Section 2.07 herein..

(c) As set forth in the Plan,the Asbestos PI Trust shall have all defenses, cross-claims, offsets, and recoupments, as well as rights of indemnification, contribution, subrogation, and similar rights, regarding Asbestos PI Claims that any of the Debtor, Reorganized Quigley or the Pfizer Protected Parties has or would have had under applicable law or under any agreement related thereto No provision herein or in the Asbestos PI Trust Distribution Procedures shall be construed to mandate distributions on any claims or other actions that would contravene the Asbestos PI Trust's status as a qualified settlement trust within the meaning of Treas. Reg. 1-468B-1, *et seq.*

(d) Nothing in this Agreement shall be construed in any way to limit the scope, enforceability, or effectiveness of (i) the injunctions issued in connection with the Plan, including the Asbestos PI Channeling Injunction and the Asbestos Insurance Entity Injunction, or (ii) the Asbestos PI Trust's assumption of all liability with respect to the Asbestos PI Claims.

2.05 <u>Claims Reporting</u>

(a) Unless and until there is definitive regulatory, legislative, or judicial authority (as embodied in a final non-appealable decision from the United States Court of Appeals for the Second Circuit or the United States Supreme Court), or a letter from the Secretary of Health and Human Services confirming that Reorganized Quigley, Pfizer, and the Settling Asbestos Insurance Entities have no reporting obligations under MMSEA with respect to any settlements, payments, or other awards made by the Asbestos PI Trust or with respect to contributions Quigley, Reorganized Quigley, Pfizer and the Settling Asbestos Insurance Entities have made or will make to the Asbestos PI Trust, the Asbestos PI Trust shall, at its sole expense and solely in connection with the implementation of the Plan, act as a reporting agent for Reorganized Quigley, Pfizer, and the Settling Asbestos Insurance Entities, and shall timely submit all reports that would be required to be made by Reorganized Quigley, Pfizer, or any of the Settling Asbestos Insurance Entities under MMSEA on account of any claims settled, resolved, paid, or otherwise liquidated by the Asbestos PI Trust or with respect to contributions to the Asbestos PI Trust including, but not limited to, reports that would be required if Reorganized Quigley, Pfizer, and the Settling Asbestos Insurance Entities were determined to be "applicable plans" for purposes of MMSEA, or any of Reorganized Quigley, Pfizer, and the Settling Asbestos Insurance Entities were otherwise found to have MMSEA reporting requirements. The Asbestos PI Trust, in its role as reporting agent for Reorganized Quigley, Pfizer, and the Settling Asbestos Insurance Entities, shall follow all applicable guidance published by the Centers for Medicare & Medicaid Services of the United States Department of Health and Human Services and/or any other agent or successor Entity charged with responsibility for monitoring, assessing, or receiving reports made under MMSEA (collectively, "CMS") to determine whether or not, and, if so, how, to report to CMS pursuant to MMSEA.

(b) If the Asbestos PI Trust is required to act as a reporting agent for Reorganized Quigley, Pfizer, or the Settling Asbestos Insurance Entities pursuant to the provisions of Section 2.05(a) above, the Asbestos PI Trust shall provide a written certification to each of Reorganized Quigley, Pfizer and the Settling Asbestos Insurance Entities within ten (10) days following the end of each calendar quarter, confirming that all reports to CMS required by Section 2.05(a) have been submitted in a timely fashion, and identifying (i) any reports that were rejected or otherwise identified as noncompliant by CMS, along with the basis for such rejection or noncompliance, and (ii) any payments to Medicare benefits recipients or Medicare eligible beneficiaries that the Asbestos PI Trust did not report to CMS.

(c) With respect to any reports rejected or otherwise identified as noncompliant by CMS, the Asbestos PI Trust shall, upon request by Reorganized Quigley, Pfizer, or any of the Settling Asbestos Insurance Entities, promptly provide copies of the original reports submitted to CMS, as well as any response received from CMS with respect to such reports; provided, however, that the Asbestos PI Trust may redact from such copies the names, social security numbers other than the last four digits, health insurance claim numbers, taxpayer identification numbers, employer identification numbers, mailing addresses, telephone numbers, and dates of birth of the injured parties, claimants, guardians, conservators and/or other personal representatives, as applicable.

(d) If the Asbestos PI Trust is required to act as a reporting agent for Reorganized Quigley, Pfizer, or the Settling Asbestos Insurance Entities pursuant to the provisions of Section 2.05(a) above, with respect to each claim of a Medicare benefits recipient or Medicare-eligible beneficiary that was paid by the Asbestos PI Trust and not disclosed to CMS, the Asbestos PI Trust shall, upon request by Reorganized Quigley, Pfizer, or any of the Settling Asbestos Insurance Entities, promptly provide the last four digits of the claimant's social security number, the year of the claimant's birth, the claimants' asbestos-related disease, and any other information that may be necessary in the reasonable judgment of Reorganized Quigley, Pfizer or the Settling Asbestos Insurance Entities to satisfy their obligations, if any, under MMSEA, as well as the basis for the Asbestos PI Trust's failure to report the payment. In the event Reorganized Quigley, Pfizer, or any of the Settling Asbestos Insurance Entities inform the Asbestos PI Trust that it disagrees with the Asbestos PI Trust's decision not to report a claim paid by the Asbestos PI Trust, the Asbestos PI Trust shall promptly report the payment to CMS. All documentation relied upon by the Asbestos PI Trust in making a determination that a payment did not have to be reported to CMS shall be maintained for a minimum of six years following such determination.

(e) If the Asbestos PI Trust is required to act as a reporting agent for Reorganized Quigley, Pfizer, or the Settling Asbestos Insurance Entities pursuant to the provisions of Section 2.05(a) above, the Asbestos PI Trust shall make the reports and provide the certifications required by Sections 2.05(a) and (b) above until such time as each of Reorganized Quigley, Pfizer, and the Settling Asbestos Insurance Entities all determine, in their reasonable judgment, that they have no further legal obligation under MMSEA or otherwise to report any settlements, resolutions, payments, or liquidation determinations made by the Asbestos PI Trust or contributions to the Asbestos PI Trust. Furthermore, following any permitted cessation of reporting, or if reporting has not previously commenced due to the satisfaction of one or more of

the conditions set forth in section 2.05(a) above, and if Reorganized Quigley, Pfizer, or any of the Settling Asbestos Insurance Entities reasonably determine, based on subsequent legislative, administrative, regulatory, or judicial developments, that reporting is required, then the Asbestos PI Trust shall promptly perform its obligations under Sections 2.05(a) and (b).

(f) Section 2.05 (a) above is intended to be purely prophylactic in nature, and does not imply, and shall not constitute an admission, that Reorganized Quigley, Pfizer, and/or the Settling Asbestos Insurance Entities are in fact “applicable plans” within the meaning of MMSEA, or that they have any legal obligation to report any actions undertaken by the Asbestos PI Trust or contributions to the Asbestos PI Trust under MMSEA or any other statute or regulation.

(g) In the event that CMS concludes that reporting done by the Asbestos PI Trust in accordance with Section 2.05(a) above is or may be deficient in any way, and has not been corrected to the satisfaction of CMS in a timely manner, or if CMS communicates to the Asbestos PI Trust, Reorganized Quigley, Pfizer, or any of the Settling Asbestos Insurance Entities a concern with respect to the sufficiency or timeliness of such reporting, or there appears to Reorganized Quigley, Pfizer, or any of the Settling Asbestos Insurance Entities a reasonable basis for a concern with respect to the sufficiency or timeliness of such reporting or non-reporting based upon the information received pursuant to Section 2.05(b), (c) or (d) or other credible information, then each of Reorganized Quigley, Pfizer, and the Settling Asbestos Insurance Entities shall have the right to submit its own reports to CMS under MMSEA, and the Asbestos PI Trust shall provide to any party that elects to file its own reports such information as the electing party may require in order to comply with MMSEA, including, without limitation, the full reports filed by the Asbestos PI Trust pursuant to Section 2.05(a) without any redactions. Reorganized Quigley, Pfizer, and the Settling Asbestos Insurance Entities shall keep any information they receive from the Asbestos PI Trust pursuant to this Section 2.05(g) confidential and shall not use such information for any purpose other than meeting obligations under MMSEA.

(h) Notwithstanding any other provisions hereof, if the Asbestos PI Trust is required to act as a reporting agent for Reorganized Quigley, Pfizer, or the Settling Asbestos Insurance Entities, then such entities shall take all steps necessary and appropriate as required by CMS to permit any reports contemplated by this section to be filed. Furthermore, until Reorganized Quigley, Pfizer, or the Settling Asbestos Insurance Entities provide the Asbestos PI Trust with any necessary information that may be provided by CMS’s Coordination of Benefits Contractor (the “COBC”) to effectuate reporting, the Asbestos PI Trust shall have no obligation to report under section 2.05(a) with respect to any such entity that has not provided such information.

2.06 Payment of MSP Obligations

In connection with the implementation of the Plan, the Trustees shall obtain prior to remittance of funds to claimants' counsel or the claimant, if pro se, in respect of any Asbestos PI Claim a certification from the claimant to be paid that said claimant has paid or will provide for the payment and/or resolution of any obligations owing or potentially owing under 42 U.S.C. § 1395y(b),or any related rules, regulations, or guidance, in connection with, or relating to, such

Asbestos PI Claim. The Asbestos PI Trust shall provide a quarterly certification of its compliance with this section to each of Reorganized Quigley, Pfizer, and the Settling Asbestos Insurance Entities, and permit reasonable audits by such entities, no more often than quarterly, to confirm the Asbestos PI Trust's compliance with this section. For the avoidance of doubt, the Asbestos PI Trust shall be obligated to comply with the requirements of this section regardless of whether Reorganized Quigley, Pfizers, or any of the Settling Asbestos Insurance Entities elects to file its own reports under MMSEA pursuant to section 2.05(g) above.

2.07 Indemnification for Medicare Claims Reporting and Payment Obligations

The Asbestos PI Trust shall defend and indemnify each of Reorganized Quigley, Pfizer and the Settling Asbestos Insurance Entities for any claims of any nature in respect of Medicare claims reporting and payment obligations in connection with Asbestos PI Claims, including any obligations owing or potentially owing under MMSEA or 42 U.S.C. § 1395y(b) or any related rules, regulations, or guidance issued in connection therewith, or relating thereto, and any claims arising from or related to the Asbestos PI Trust's obligations under sections 2.05 and 2.06 above ("Medicare Related Claims"). Reorganized Quigley, Pfizer and the Settling Asbestos Insurance Entities shall not be responsible for any costs, fees, expenses in connection with the defense or payment of any Medicare Related Claims or any judgments regarding any Medicare Related Claim.

ARTICLE III

POWERS AND TRUST ADMINISTRATION

Section 3.01 Powers.

(a) Each Trustee is and shall act as a fiduciary to the Asbestos PI Trust in accordance with the provisions of this Agreement, the Plan, and applicable New York law. The Trustees shall, at all times, administer the Asbestos PI Trust and the Asbestos PI Trust Assets in accordance with Section 2.02.

(b) Subject to the limitations set forth in this Agreement and the Asbestos PI Trust Distribution Procedures, the Trustees shall have the power to take any and all actions that, in the reasonable judgment of the Trustees, are necessary or proper to fulfill the purposes of the Asbestos PI Trust, including, without limitation, each power expressly granted in this Section 3.01, any power reasonably incidental thereto, and any statutory trust power now or hereafter permitted under the laws of the State of New York.

(c) Except as otherwise specified herein, the Trustees need not obtain the order or approval of any court in the exercise of any power or discretion conferred hereunder.

(d) Without limiting the generality of Section 3.01(a), and except as limited below, the Trustees shall have the power to:

(i) receive and hold the Asbestos PI Trust Assets, and exercise all rights with respect thereto;

(ii) invest the monies held from time to time by the Asbestos PI Trust;

(iii) subject to the terms of the Insurance Relinquishment Agreement, the Plan and the Confirmation Order, sell, transfer, or exchange any or all of the Asbestos PI Trust Assets at such prices and upon such terms as they may consider proper and consistent with the other terms of this Agreement;

(iv) enter into leasing and financing agreements with third parties to the extent such agreements are reasonably necessary to permit the Asbestos PI Trust to operate;

(v) pay liabilities and expenses of the Asbestos PI Trust, including, but not limited to, Trust Expenses;

(vi) establish such funds, reserves and accounts within the Asbestos PI Trust estate, as deemed by the Trustees to be useful in carrying out the purposes of the Asbestos PI Trust;

(vii) sue and be sued and participate, as a party or otherwise, in any judicial, administrative, arbitrative, or other proceeding or legal action;

(viii) subject to the provisions of Section 3.02(f) hereof, adopt and amend the Asbestos Personal Injury Trust Bylaws (the "Trust Bylaws"), a copy of which is attached as Exhibit A, in accordance with the terms thereof;

(ix) establish, supervise and administer the Asbestos PI Trust in accordance with the Asbestos PI Trust Distribution Procedures and the terms hereof;

(x) subject to the provisions of Section 3.02(f) hereof, administer, amend, supplement, or modify the Asbestos PI Trust Distribution Procedures in accordance with the terms thereof,

(xi) appoint such officers and hire such employees and engage such legal, financial, accounting, investment, auditing and forecasting, and other consultants or alternative dispute resolution panelists, and agents as the business of the Asbestos PI Trust requires, and to delegate to such persons such powers and authorities as the fiduciary duties of the Trustees permit and as the Trustees, in their discretion, deem advisable or necessary in order to carry out the terms of the Asbestos PI Trust;

(xii) pay employees, legal, financial, accounting, investment, auditing and forecasting, and other consultants, advisors, and agents reasonable compensation, including without limitation, compensation at rates approved by the Trustees for services rendered prior to the execution hereof;

(xiii) compensate the Trustees, the members of the Trust Advisory Committee, the Future Demand Holders' Representative, and their respective Representatives and

reimburse all out of pocket costs and expenses incurred by such entities in connection with the performance of their duties hereunder, including, without limitation, costs and expenses incurred prior to the execution hereof;

(xiv) execute and deliver such instruments as the Trustees consider proper in administering the Asbestos PI Trust;

(xv) enter into such other arrangements with third parties, including without limitation, Reorganized Quigley as are deemed by the Trustees to be useful in carrying out the purposes of the Asbestos PI Trust, provided, however, that such arrangements do not conflict with any other provision of this Agreement or the Asbestos PI Trust Distribution Procedures and subject to the provisions of Section 3.02(f) hereof;

(xvi) in accordance with Section 5.10, defend, indemnify and hold harmless each of the Trustees and each of the (A) the Trust Advisory Committee and its members, (B) the Future Demand Holders' Representative, and (C) the officers and employees of the Asbestos PI Trust, and any agents, advisors and consultants of the Asbestos PI Trust, the Trust Advisory Committee or the Future Demand Holders' Representative (collectively, the "Additional Indemnitees"), to the fullest extent that a corporation or trust organized under the laws of the State of New York is from time to time entitled to indemnify and/or insure its Representatives, and purchase insurance for the Asbestos PI Trust and those Entities for whom the Asbestos PI Trust has an indemnification obligation hereunder;

(xvii) delegate any or all of the authority herein conferred with respect to the investment of all or any portion of the Asbestos PI Trust Assets to any one or more reputable individuals or recognized institutional investment advisors or investment managers without liability for any action taken or omission made because of any such delegation, except as provided in Sections 5.04, 6.07 and 7.08;

(xviii) consult with Reorganized Quigley, Pfizer, or their successors at such times and with respect to such issues relating to the conduct of the Asbestos PI Trust as the Trustees consider desirable;

(xix) subject to the terms of the Insurance Relinquishment Agreement, the Plan and the Confirmation Order, make, pursue (by litigation or otherwise), collect, compromise or settle, in the name of the Asbestos PI Trust or the name of Reorganized Quigley or any successor in interest, any claim, right, action or cause of action, included in the Asbestos PI Trust Assets;

(xx) subject to the provisions of Section 3.02(f) hereof, acquire an interest in, merge or contract with other claims resolution facilities that are not specifically created by this Asbestos PI Trust Agreement or the Asbestos PI Trust Distribution Procedures including, without limitation, Reorganized Quigley; provided, however, that such interest acquisition, merger or contract shall not (a) subject Reorganized Quigley or any successor in interest to any risk of having any Asbestos PI Claims asserted against it or them, (b) result in the imposition of any federal, state or local tax or assessment on

Reorganized Quigley, or (c) otherwise jeopardize the validity or enforceability of the injunctions;

(xxi) object to Asbestos PI Claims as provided in the Plan and the Asbestos PI Trust Distribution Procedures;

(xxii) procure insurance policies and establish claims handling agreements and other arrangements as provided in Section 8.02(a)(ii); and

(xxiii) obtain a Federal Employer Identification Number for the Asbestos PI Trust, communicate with the Internal Revenue Service and state and local taxing authorities on behalf of the Asbestos PI Trust, make payment of taxes on behalf of the Asbestos PI Trust, and file all applicable tax returns for the Asbestos PI Trust.

(e) The Trustees shall not have the power to guarantee or cause the Asbestos PI Trust to guarantee any debt of other Entities.

(f) The Trustees shall give the Future Demand Holders' Representative and the Trust Advisory Committee prompt notice of any act performed or taken pursuant to Sections 3.01(c)(iii), (vii) and (xvii) and any act proposed to be taken pursuant to Section 3.02(f) below.

Section 3.02 General Administration.

(a) To the extent not inconsistent with the terms of this Asbestos PI Trust Agreement, the Trust Bylaws shall govern the affairs of the Asbestos PI Trust, and each Trustee shall act in accordance with the Trust Bylaws. In the event of an inconsistency between the Trust Bylaws and this Asbestos PI Trust Agreement, this Asbestos PI Trust Agreement shall govern. In the event of an inconsistency between this Asbestos PI Trust Agreement and the Plan, the Plan shall govern.

(b) Tax Returns and Reports.

(i) The Trustees shall cause to be obtained, at the cost and expense of the Asbestos PI Trust, a Federal Employer Identification Number for the Asbestos PI Trust and shall cause such income tax and other returns and statements as are required by the applicable provisions of the Internal Revenue Code and the Treasury Regulations and such other state or local laws and regulations as may be applicable to be timely filed on behalf of the Asbestos PI Trust. The Trustees shall take all steps necessary to ensure that any tax obligations imposed upon the Asbestos PI Trust are paid and shall otherwise comply with section 1.468B-2 of the Treasury Regulations and all other reporting obligations of the Asbestos PI Trust. The Trustees shall comply with all applicable withholding obligations as required under the applicable provisions of the Internal Revenue Code and such other state and local laws as may be applicable, and the regulations promulgated thereunder.

(ii) The Trustees shall cause the Asbestos PI Trust to qualify and maintain qualification as a "qualified settlement fund" within the meaning of section 1.468B-1(c)

of the Treasury Regulations promulgated under section 468B of the Internal Revenue Code.

(c) The Trustees shall timely account to the Bankruptcy Court as follows:

(i) The Trustees shall cause to be prepared and filed with the Bankruptcy Court, as soon as available, but, in any event, no later than one hundred twenty (120) days following the end of each fiscal year, an annual report containing financial statements of the Asbestos PI Trust (including, without limitation, a balance sheet of the Asbestos PI Trust as of the end of such fiscal year and a statement of operations for such fiscal year) audited by a firm of independent certified public accountants selected by the Trustees and accompanied by an opinion of such firm that such financial statements present fairly in all material respects the financial portion of the Asbestos PI Trust as of such year end and the results of its operations as of the year then ended in conformity with GAAP. The Trustees shall provide a copy of such reports to the Future Demand Holders' Representative, the Trust Advisory Committee and Reorganized Quigley when such reports are filed with the Bankruptcy Court.

(ii) Simultaneously with delivery of each set of financial statements referred to in Section 3.02(c)(i), the Trustees shall cause to be prepared and filed with the Bankruptcy Court a report containing a summary regarding the number and type of Asbestos PI Claims disposed of during the period covered by the financial statements. The Trustees shall provide a copy of such reports to the Future Demand Holders' Representative, the Trust Advisory Committee and Reorganized Quigley when such report is filed.

(iii) All materials required to be filed with the Bankruptcy Court by this Section 3.02(c) shall be available for inspection by the public in accordance with procedures, if any, established by the Bankruptcy Court.

(d) The Trustees shall cause to be prepared as soon as practicable prior to the commencement of each fiscal year a budget and cash flow projections covering such fiscal year and the succeeding four fiscal years. The Trustees shall provide a copy of the budget and cash flow to the Future Demand Holders' Representative, the Trust Advisory Committee and Reorganized Quigley.

(e) The Trustees shall consult with the Future Demand Holders' Representative and the Trust Advisory Committee (i) on the implementation of the Asbestos PI Trust Distribution Procedures, (ii) on the implementation and administration of the Asbestos PI Trust and (iii) on such other matters as may be required under this Asbestos PI Trust Agreement and the Asbestos PI Trust Distribution Procedures. The Trustees may consult with the Future Demand Holders' Representative and the Trust Advisory Committee with respect to any other matter affecting the Asbestos PI Trust.

(f) In addition to the other provisions contained in this Asbestos PI Trust Agreement or in the Asbestos PI Trust Distribution Procedures requiring the consent of the Future Demand Holders' Representative and the Trust Advisory Committee, the Trustees shall

be required to obtain the consent of the Future Demand Holders' Representative and the consent of the Trust Advisory Committee to:

(i) amend any provision of this Asbestos PI Trust Agreement;

(ii) terminate the Asbestos PI Trust pursuant to Section 8.02;

(iii) settle the liability of any insurer under any Asbestos Insurance Policy or settle any Shared Transferred Insurance Rights;

(iv) change the compensation of the Trustees (other than cost-of-living increases);

(v) amend, supplement or modify the Asbestos PI Trust Distribution Procedures;

(vi) remove the Managing Trustee without good cause.

(vii) establish and/or change the Claims Materials to be provided to holders of Asbestos PI Claims under Section 6.1 of the Asbestos PI Trust Distribution Procedures;

(viii) require that claimants provide additional kinds of medical evidence pursuant to Section 7.1 of the Asbestos PI Trust Distribution Procedures;

(ix) change the form of release to be provided pursuant to Section 7.8 of the Asbestos PI Trust Distribution Procedures;

(x) adopt the Trust Bylaws in accordance with Section 3.01(d)(viii) above or thereafter to amend the Trust Bylaws;

(xi) if and to the extent required by Section 6.5 of the Asbestos PI Trust Distribution Procedures, disclose any information, documents or other materials to preserve, litigate, resolve or settle coverage or to comply with an applicable obligation under an insurance policy or settlement agreement pursuant to Section 6.5 of the Asbestos PI Trust Distribution Procedures;

(xii) acquire an interest in, merge or contract with other claims resolution facilities that are not specifically created by this Asbestos PI Trust Agreement or the Asbestos PI Trust Distribution Procedures provided, however, that such interest acquisition, merger or contract shall not (a) subject Reorganized Quigley or any successor in interest to any risk of having any Asbestos PI Claims asserted against it or them, (b) result in the imposition of any federal, state or local tax or assessment on Reorganized Quigley or (c) otherwise jeopardize the validity or enforceability of the injunctions.

(g) The Trustees, upon notice from either the Trust Advisory Committee or the Future Demand Holders' Representative, if practicable in view of pending business, shall, at their next regular meeting (or, if appropriate, at a specially called meeting), place on their

agenda, and consider, issues submitted by the Trust Advisory Committee or the Future Demand Holders' Representative.

(h) The Trustees shall meet with the Trust Advisory Committee and the Future Demand Holders' Representative not less often than quarterly. The Trustees shall meet in the interim with the Trust Advisory Committee and the Future Demand Holders' Representative when so requested by either.

(i) Books and Records.

On the Effective Date, and in accordance with instructions to be provided by the Asbestos PI Trust, the Asbestos Record Parties shall transfer the Asbestos Records or cause the same to be transferred to the Asbestos PI Trust. The Asbestos Records may be used by the Asbestos PI Trust and its Representatives only to assist in the processing and determination of, objection to, or otherwise in connection with, Asbestos PI Claims pursuant to the Asbestos PI Trust Distribution Procedures and in connection with any Quigley Transferred Insurance Rights. All privileges belonging to the Asbestos Records Parties shall belong to the Trust as of the Effective Date. The Asbestos Record Parties do not waive any privilege, including but not limited to the attorney-client privilege or work-product doctrine, that may protect any Asbestos Record, and nothing in this Trust Agreement shall be construed as a waiver of any privilege by virtue of entering this Trust Agreement or providing or disclosing any Asbestos Record under this Trust Agreement.

The Asbestos PI Trust shall treat the Asbestos Records as confidential and shall maintain all privileges including any attorney-client, work product or other privilege applicable to the Asbestos Records. The Asbestos PI Trust shall cooperate with each Asbestos Record Party with respect to the Asbestos Records to the extent necessary for such Asbestos Record Party to comply with any discovery, subpoena, or other process or with respect to seeking or collecting payment from an insurer of any Asbestos Record Party.

Section 3.03 Claims Administration. The Trustees shall promptly proceed to implement the Asbestos PI Trust Distribution Procedures.

ARTICLE IV

ACCOUNTS, INVESTMENTS, AND PAYMENTS

Section 4.01 Accounts. The Trustees may, from time to time, establish and maintain such accounts and reserves within the Asbestos PI Trust estate as they may deem necessary, prudent, or useful in order to provide for the payment of Trust Expenses payable hereunder and Asbestos PI Claims in accordance with the Asbestos PI Trust Distribution Procedures, and may, with respect to any such account or reserve, restrict the use of monies therein. The Trustees shall include a reasonably detailed description of the creation of any account or reserve in accordance with Section 4.01 and, with respect to any such account, the transfers made to such account, the proceeds of or earnings on the assets held in each such account and the payments from each such account in the annual report to be filed with the Bankruptcy Court pursuant to Section 3.02(c) above.

Investments.

Investment of monies held in the Asbestos PI Trust shall be administered in a manner consistent with the standards set forth in the Uniform Prudent Investor Act, subject to the following limitations and provisions:

(a) The Asbestos PI Trust shall not acquire, directly or indirectly, equity in any Entity or business enterprise if, immediately following such acquisition, the Asbestos PI Trust would hold more than 5% of the equity in such Entity or business enterprise.

(b) The Asbestos PI Trust shall not acquire or hold any long-term debt securities unless (i) such securities are Asbestos PI Trust Assets under the Plan, (ii) such securities have a maturity of not less than one (1) year from the date of purchase and are rated "A" or higher by Moody's Investors Services, Inc. ("Moody's"), by Standard & Poor's Corporation ("S&P"), or has been given an equivalent investment grade rating by another nationally recognized statistical rating agency, or (iii) such securities have been issued or fully guaranteed as to principal and interest by the United States of America or any agency or instrumentality thereof and have a maturity of not more than two (2) years from the date of purchase.

(c) The Asbestos PI Trust shall not acquire or hold for longer than ninety (90) days any commercial paper unless such commercial paper is rated "P-1" or higher by Moody's or "A-1" or higher by S&P or has been given an equivalent rating by another nationally recognized statistical rating agency.

(d) The Trust shall not acquire or hold any promissory note of a domestic corporation unless the note has a maturity of not more than two (2) years from the date of purchase and such note is rated "A" or higher by Moody's or S&P or has been given an equivalent rating by another nationally recognized statistical rating agency.

(e) The Trust shall not acquire or hold any foreign or domestic banker's fee, certificate of deposit, time deposit or note, unless that instrument has a maturity of not more than one (1) year from the date of purchase and is rated "A" or higher by Moody's or S&P or has been given an equivalent rating by another nationally recognized statistical rating agency.

(f) The Trust may acquire an issue which is a direct or indirect obligation of any state, county, city or other qualifying entity. A short term issue may be rated no lower than "MIG-1" or "SP-1"; a long-term issue may be rated no lower than "A" by S&P or Moody's. Issuers must have a maturity or redemption option of not more than two (2) years from the date of purchase.

(g) The Trust may invest in a money market fund if the fund has minimum net assets of $550 million and an average portfolio maturity of not more than 180 days.

(h) The Trust shall not acquire or hold any common or preferred stock or convertible securities unless such stock or securities are rated "A" or higher by Moody's or "A" or higher by S&P, or has been given an equivalent rating by another nationally recognized

statistical rating agency, and have a maturity of not less than one (1) year from the date of purchase.

(i) The Trust shall not acquire any securities or other instruments issued by any Entity (other than debt securities or other instruments issued or fully guaranteed as to principal and interest by the United States of America or any agency or instrumentality thereof) if, following such acquisition, the aggregate fair market value, as determined in good faith by the Trustees, of all securities and instruments issued by such Entity held by the Asbestos PI Trust would exceed 2% of the aggregate value of the Asbestos PI Trust estate. The Asbestos PI Trust shall not hold any securities or other instruments issued by any Entity other than debt securities or other instruments issued or fully guaranteed as to principal and interest by the United States of America or any agency or instrumentality thereof to the extent that the aggregate fair market value, as determined in good faith by the Trustees, of all securities and instruments issued by such Entity end held by the Asbestos PI Trust would exceed 5% of the aggregate value of the Asbestos PI Trust estate.

(j) The Asbestos PI Trust shall not acquire or hold any certificates of deposit unless all publicly held, long-term debt securities, if any, of the financial institution issuing the certificate of deposit and the holding company, if any, of which such financial institution is a subsidiary, meet the standards set forth in Section 4.02(b).

(k) The Asbestos PI Trust shall not acquire or hold any options or derivatives.

(l) The Asbestos PI Trust shall not acquire or hold any repurchase obligations unless, in the opinion of the Trustees, they are adequately collateralized.

(m) Notwithstanding the foregoing, the Asbestos PI Trust may acquire and hold (A) equity or debt securities or instruments of the type described in clauses (a) through (l) of this Section 4.02, which are issued by the Debtor, Reorganized Quigley or any of their Affiliates or successors, and (B) any other property or asset included in kind in the Asbestos PI Trust Assets, in each case without regard to any of the limitations set forth in such clauses (a) through (l).

Section 4.02 <u>Source and Allocation of Payments</u>. All Trust Expenses and all liabilities with respect to the Asbestos PI Claims shall be payable solely by the Asbestos PI Trust out of the Asbestos PI Trust Assets pursuant to an account to be established in the name of the Quigley Asbestos PI Trust. Neither the Debtor, Reorganized Quigley, the Pfizer Protected Parties, their respective Affiliates or subsidiaries, any successor in interest or the present or former stockholders, directors, officers, employees or agents of the Debtor, Reorganized Quigley, the Pfizer Protected Parties, or their subsidiaries, nor the Trustees, the Future Demand Holders' Representative, the Trust Advisory Committee or any of their officers, agents, advisors, or employees shall be liable for the payment of any Asbestos PI Claims, Trust Expenses or any other liability of the Asbestos PI Trust. Notwithstanding the foregoing, any time on or after the Effective Date, the Asbestos PI Trust, as the sole owner of the common stock of Reorganized Quigley, may, in accordance with applicable law, cause Reorganized Quigley to declare a dividend payable to the Asbestos PI Trust, and such dividend may be used by the Asbestos PI

Trust to pay Trust Expenses and Asbestos PI Claims in accordance with the Asbestos PI Trust Distribution Procedures.

(a) The Asbestos PI Trust shall indemnify the Debtor and Pfizer pursuant to Section 2.07 of this Agreement.

(b) Any claim for indemnification from the Asbestos PI Trust and all costs and expenses associated therewith shall be satisfied solely from Asbestos PI Trust Assets.

ARTICLE V

TRUSTEES

Section 5.01 Number. The three (3) initial Trustees shall be appointed by the Bankruptcy Court pursuant to Section 9.3(b) of the Plan and named on the signature page hereof. As soon as practicable after the Effective Date, one Trustee shall be designated the Managing Trustee (the "Managing Trustee"), by vote of the Trustees, to serve in accordance with the Trust Bylaws.

Section 5.02 Term of Service.

(a) The initial Trustees named pursuant to Section 5.01 shall serve staggered terms of three (3), four (4), and five (5) years as shown on the signature page hereof. Thereafter, each term of service shall be five (5) years. Each of the initial Trustees shall serve from the Effective Date until the earlier of (i) his or her death, (ii) the end of his or her term, (iii) his or her resignation pursuant to Section 5.02(b), (iv) his or her removal pursuant to Section 5.02(c), and (v) the termination of the Asbestos PI Trust pursuant to Section 8.02.

(b) Any Trustee may resign at any time by written notice to the remaining Trustees, the Trust Advisory Committee and the Future Demand Holders' Representative. Such notice shall specify a date when such resignation shall take effect, which shall not be less than ninety (90) days after the date such notice is given, where practicable.

(c) A Trustee may be removed by the unanimous vote of the remaining Trustees in the event that such Trustee becomes unable to discharge his or her duties hereunder due to accident, physical or mental deterioration, or for other good cause; provided, however, that the consent of the Trust Advisory Committee and the Future Demand Holders' Representative shall be required for the removal of the Managing Trustee without good cause. Good cause shall be deemed to include, without limitation, any substantial failure to comply with Section 3.02, a consistent pattern of neglect and failure to perform or participate in performing the duties of a Trustee hereunder, or repeated non-attendance at scheduled meetings. Such removal shall require the approval of the Bankruptcy Court and shall take effect at such time as the Bankruptcy Court shall determine.

Section 5.03 Appointment of Successor Trustee(s).

(a) In the event there is a vacancy in the position of Trustee, the remaining Trustees shall consult with the Trust Advisory Committee and the Future Demand Holders' Representative concerning appointment of a successor Trustee. The vacancy shall be filled by the unanimous vote of the remaining Trustees unless the Trust Advisory Committee or the Future Demand Holders' Representative vetoes the appointment. In the event the remaining Trustees cannot agree on a successor Trustee, or the members of the Trust Advisory Committee or the Future Demand Holders' Representative vetoes appointment of a successor Trustee, the Bankruptcy Court shall fill the vacancy. Nothing shall prevent appointment of a Trustee for successive terms.

(b) Immediately upon the appointment of any successor Trustee, all rights, titles, duties, powers and authority of the predecessor Trustee hereunder shall be vested in, and undertaken by, the successor Trustee without any further act. No successor Trustee shall be liable personally for any act or omission of his or her predecessor Trustee.

(c) Each successor Trustee shall serve until the earlier of (i) the end of a full term of five (5) years if the predecessor to such Trustee has completed his or her term, (ii) the end of the remainder of the term of the predecessor Trustee whom he or she is replacing if such Trustee did not complete his or her term, (iii) his or her death, (iv) his or her resignation pursuant to Section 5.02(b), (v) his or her removal pursuant to Section 5.02(c), and (vi) termination of the Asbestos PI Trust pursuant to Section 8.02.

Section 5.04 Liability of Trustees; Officers and Employees. No Trustee, officer, or employee of the Asbestos PI Trust shall be liable to the Asbestos PI Trust, to any Entity holding an Asbestos PI Claim, or to any other Entity, except for breach of trust committed in bad faith by such individual or willful misappropriation by such individual. Such protection may, in the discretion of the Trustees, be extended to the agents, advisors or consultants of the Asbestos PI Trust. No Trustee, officer, or employee of the Asbestos PI Trust shall be liable for any act or omission of any other officer, employee, agent or consultant of the Asbestos PI Trust, unless such Trustee, officer, employee or consultant of the Asbestos PI Trust, respectively, acted with bad faith in the selection or retention of such other officer, employee, agent, or consultant of the Asbestos PI Trust.

Section 5.05 Compensation and Expenses of Trustees.

(a) Each Trustee shall receive a retainer from the Asbestos PI Trust for his or her services as a Trustee in the amount of $65,000 per annum, which amount shall be payable in quarterly installments; provided, however, that the Trustee serving as Managing Trustee shall receive an annual retainer in the amount of $75,000. In addition, for all time expended attending meetings, preparing for such meetings and working on authorized projects, each Trustee shall receive the sum of $600 per hour and the sum of $300 per hour for non-working travel time, in both cases computed on a quarter-hour basis. The per annum and hourly compensation payable to the Trustees shall be reviewed every three (3) years and appropriately adjusted for changes in the cost of living.

(b) The Asbestos PI Trust will promptly reimburse each Trustee for all reasonable out-of-pocket costs and expenses incurred by each Trustee in connection with the performance of his or her duties hereunder.

(c) The Asbestos PI Trust will include a description of the amounts paid under this Section 5.05 in the report to be filed pursuant to Section 3.02(c)(i).

Section 5.06 Trustees' Employment of Professionals.

The Trustees may, but shall not be required to, retain and/or consult with counsel, accountants, appraisers, auditors and forecasters and other Entities deemed by the Trustees to be qualified as experts on the matters submitted to them, and the opinion of any such Entities on any matters submitted to them by the Trustees shall be full and complete authorization and protection in respect of any action taken or not taken by the Trustees hereunder in good faith and in accordance with the written opinion of any such Entity, in the absence of gross negligence.

Section 5.07 Trustees' Independence. No Trustee shall, during the term of his or her service, hold a financial interest in, act as attorney or agent for, or serve as any other professional for Reorganized Quigley, Pfizer, or any of their successors. No Trustee shall act as an attorney for any Entity who holds an asbestos claim.

Section 5.08 Bond. The Trustees shall not be required to post any bond or other form of surety or security unless otherwise ordered by the Bankruptcy Court.

Section 5.09 Indemnification of Trustees and Additional Indemnitees.

(a) The Asbestos PI Trust shall indemnify and defend the Trustees and the Additional Indemnitees in the performance of their duties hereunder to the fullest extent that a corporation or trust organized under the laws of the State of New York is from time to time entitled to indemnify and defend its directors, trustees, officers and employees against any and all liabilities, expenses, claims, damages or losses incurred by them in the performance of their duties hereunder. Notwithstanding the foregoing, neither the Trustees nor any officer or employee of the Asbestos PI Trust, nor the Future Demand Holders' Representative, nor any member of the Trust Advisory Committee shall be indemnified or defended in any way for any liability, expense, claim, damage, or loss for which they are ultimately liable under Section 5.04, 6.07 or 7.08.

(b) Additionally, any of the Additional Indemnitees who was or is a party, or is threatened to be made a party to any threatened or pending judicial, administrative, or arbitrative action, by reason of any act or omission of such Additional Indemnitees with respect to (i) the Chapter 11 Case and any act or omission undertaken by them prior to the commencement thereof, (ii) the liquidation of any Asbestos PI Claim, (iii) the administration of the Asbestos PI Trust and the implementation of the Asbestos PI Trust Distribution Procedures, or (iv) any activities in connection with this Asbestos PI Trust Agreement, shall be indemnified and defended by the Asbestos PI Trust, to the fullest extent that a corporation or trust organized under the laws of New York is from time to time entitled to indemnify and defend its officers, directors, trustees, and employees, against reasonable expenses, costs and fees (including attorneys' fees and costs), judgments, awards, amounts paid in settlement, and liabilities of all kinds incurred by each Additional Indemnitee in connection with or resulting from such action, suit, or proceeding, if he or she acted in good faith and in a manner such Additional Indemnitee reasonably believed to be in, or not opposed to, the best interests of the holders of Asbestos PI Claims whom the Additional Indemnitees represent.

(c) Reasonable expenses, costs and fees (including reasonable attorneys' fees and costs) incurred by or on behalf of a Trustee or any Additional Indemnitee in connection with any action, suit, or proceeding, whether civil, administrative or arbitrative from which he or she is indemnified by the Asbestos PI Trust pursuant to Section 5.10, shall be paid by the Asbestos PI Trust in advance of the final disposition thereof upon receipt of an undertaking, by or on behalf of such Trustee or Additional Indemnitee, to repay such amount in the event that it shall be determined ultimately by Final Order that such Trustee or any Additional Indemnitee is not entitled to be indemnified by the Asbestos PI Trust.

(d) The Trustees may purchase and maintain reasonable amounts and types of insurance on behalf of the Asbestos PI Trust and pay any individual who is or was a Trustee, officer, employee, agent or representative of the Asbestos PI Trust or an Additional Indemnitee against liability asserted against or incurred by such individual in that capacity or arising from his or her status as a Trustee, Future Demand Holders' Representative, member of the Trust Advisory Committee, officer, employee, agent or other representative.

(e) Any indemnification under Section 5.10(a) of this Asbestos PI Trust Agreement shall be made by the Asbestos PI Trust upon a determination by the Trustees that indemnification of such Entity is proper under the circumstances.

Section 5.10 Liens of Trustees and Additional Indemnitees. The Trustees and the Additional Indemnitees shall have a first priority Lien upon the Asbestos PI Trust Assets and all proceeds thereof and all accounts into which such proceeds of the Asbestos PI Trust Assets are deposited or maintained to secure the payment of any amounts payable to them pursuant to Section 5.05, 5.10, 6.05 or 7.06. The Asbestos PI Trust shall take such actions as may be necessary or reasonably requested by any of the Trustees, the Future Demand Holders' Representative, the Trust Advisory Committee or any of the other Additional Indemnitees to evidence such encumbrance (including, without limitation, filing appropriate financing statements).

ARTICLE VI

THE FUTURE DEMAND HOLDERS' REPRESENTATIVE

Section 6.01 Duties. The Future Demand Holders' Representative shall serve in a fiduciary capacity, for the purpose of protecting the rights of persons that might subsequently assert Demands. Where provided in this Asbestos PI Trust Agreement or the Asbestos PI Trust Distribution Procedures, certain actions of the Trustees are subject to the consent of the Future Demand Holders' Representative.

Section 6.02 Term of Office.

(a) The Future Demand Holders' Representative shall serve until the earlier of (i) his or her death, (ii) his or her resignation pursuant to Section 6.02(b), (iii) his or her removal pursuant to Section 6.02(c), and (iv) the termination of the Asbestos PI Trust pursuant to Section 8.02.

(b) The Future Demand Holders' Representative may resign at any time by written notice to the Trustees. Such notice shall specify a date when such resignation shall take effect, which shall not be less than ninety (90) days after the date such notice is given, where practicable.

(c) The Future Demand Holders' Representative may be removed in the event he or she becomes unable to discharge his or her duties hereunder due to accident, physical or mental deterioration, or for other good cause. Good cause shall be deemed to include, without limitation, a consistent pattern of neglect and failure to perform or to participate in performing the duties of the Future Demand Holders' Representative hereunder and under the Asbestos PI Trust Distribution Procedures, such as repeated non-attendance at scheduled meetings. Such removal shall be made by decision of the Trustees and the Trust Advisory Committee, and shall take effect at such time as the Trustees and the Trust Advisory Committee jointly shall determine.

Section 6.03 Appointment of Successor. A vacancy caused by resignation shall be filled with an individual nominated prior to the effective date of the resignation by the resigning Future Demand Holders' Representative. A vacancy for any other reason, or in the absence of a nomination by the former Future Demand Holders' Representative, shall be filled with an individual selected by the majority vote of the Trustees and the members of the Trust Advisory Committee. The successor Future Demand Holders' Representative shall, in either case, be subject to Bankruptcy Court approval.

Section 6.04 Future Demand Holders' Representative's Employment of Professionals. The Future Demand Holders' Representative may retain and/or consult with counsel, accountants, appraisers, auditors, forecasters, asbestos experts and other Entities deemed by the Future Demand Holders' Representative to be qualified as experts on matters submitted to them, and the opinion of any such Entities on any matters submitted to them shall be full and complete authorization and protection in support of any action taken or not taken by the Future Demand Holders' Representative hereunder in good faith and in accordance with the written opinion of any such Entity, and in the absence of gross negligence. The Future Demand Holders' Representative and his or her experts shall at all times have complete access to the Asbestos PI Trust's officers, employees and agents, and the accountants, appraisers, auditors, forecasters and other experts retained by the Asbestos PI Trust as well as to all information generated by them or otherwise available to the Asbestos PI Trust or the Trustees.

Section 6.05 Compensation and Expenses of the Future Demand Holders' Representative.

(a) The Future Demand Holders' Representative shall receive monthly compensation from the Asbestos PI Trust for his or her services as the Future Demand Holders' Representative in an amount the greater of: (i) his normal hourly rate for the services provided; and (ii) $5,000 per month, such compensation being subject to an annual review and adjustment by the Trustees. Such compensation shall constitute a Trust Expense.

(b) The Asbestos PI Trust will promptly reimburse, or pay directly if so instructed, the Future Demand Holders' Representative for all reasonable out-of-pocket costs and expenses, including (i) fees and costs associated with the employment of professionals pursuant to Section 6.04, (ii) reasonable fees and costs incurred in connection with the performance of his or her duties in connection with the implementation of the Plan and Plan Documents, and (iii) reasonable fees and costs associated with the procurement and maintenance of insurance incurred by the Future Demand Holders' Representative in connection with the performance of his or her duties hereunder. Such reimbursement or direct payment shall be deemed a Trust Expense.

Section 6.06 Procedures for Consultation with and Obtaining Consent of the Future Demand Holders' Representative.

(a) Consultation Process.

(i) In the event the Trustees are required to consult with the Future Demand Holders' Representative pursuant to Section 3.02(e) or on any other matters specified herein or in the Asbestos PI Trust Distribution Procedures, the Trustees shall provide the

Future Demand Holders' Representative with written advance notice of the matter under consideration and with such relevant information concerning the matter as is reasonably practicable under the circumstances. The Trustees also shall provide the Future Demand Holders' Representative with such reasonable access to professionals and other experts retained by the Asbestos PI Trust and its staff (if any) as the Future Demand Holders' Representative may reasonably request during the time that the Trustees are considering such matter, and shall also provide the Future Demand Holders' Representative the opportunity, at reasonable times and for reasonable periods of time, to discuss and comment on such matter with the Trustees.

(ii) The Trustees shall take into consideration the time required for the Future Demand Holders' Representative to engage and consult, if he or she so wishes, with his or her own independent legal, financial or investment advisors as to such matter.

(b) Consent Process.

(i) In the event the consent of the Future Demand Holders' Representative is required pursuant to Section 3.02(f) or on any other matters specified in this Asbestos PI Trust Agreement or in the Asbestos PI Trust Distribution Procedures, the Trustees shall promptly provide the Future Demand Holders' Representative with a written notice stating that his or her consent is being sought, describing in detail the nature and scope of the action or decision the Trustees propose to implement, and explaining in detail the reasons why the Trustees desire to implement such action or decision. The Trustees shall provide the Future Demand Holders' Representative with as much relevant additional information concerning the proposed action or decision as is reasonably practicable under the circumstances. The Trustees also shall provide the Future Demand Holders' Representative with such reasonable access to professionals and other experts retained by the Asbestos PI Trust and its staff (if any) as the Future Demand Holders' Representative may reasonably request during the time that the Trustees are considering such action or decision, and shall also provide the Future Demand Holders' Representative the opportunity, at reasonable times and for reasonable periods of time, to discuss and comment on such action or decision with the Trustees.

(ii) The Future Demand Holders' Representative must consider in good faith and in a timely fashion any request by the Trustees and may not withhold his or her consent unreasonably. If the Future Demand Holders' Representative does not notify the Trustees of his or her objection to such request within forty-five (45) days or such other time as has been approved by the Bankruptcy Court after receiving notice and information regarding such request, then the Future Demand Holders' Representative's consent shall be deemed to have been affirmatively granted.

(iii) In the event the Trustees are unable to obtain the consent of the Future Demand Holders' Representative on any action or decision for which consent of the Future Demand Holders' Representative is required, after following the procedure set forth in this section, or if the Trustees and the Future Demand Holders' Representative are unable to reach agreement on any matter on which the Future Demand Holders' Representative's consent is required, then the matter shall be submitted promptly to

alternative dispute resolution if mutually agreeable to the Trustees and the Future Demand Holders' Representative.

(iv) If the disagreement is not resolved by alternative dispute resolution, or if the Trustees and the Future Demand Holders' Representative do not agree to participate in any such alternative dispute resolution, the Trustees may apply to the Bankruptcy Court on an expedited basis for approval of such action or decision, and only if such approval is given by the Bankruptcy Court by entry of an appropriate order, shall the Trustees have the authority to implement such action or decision without the Future Demand Holders' Representative's consent.

Section 6.07 Liability of Future Demand Holders' Representative Officers and Employees. The Future Demand Holders' Representative shall not be liable to the Asbestos PI Trust, to any Entity holding an Asbestos PI Claim, or to any other Entity except for breach of trust committed in bad faith by such individual, or willful misappropriation by such individual. Such protection may, in the discretion of the Trustees, be extended to the agents, advisors, or consultants of the Future Demand Holders' Representative. Neither the Future Demand Holders' Representative nor any officer or employee of the Future Demand Holders' Representative shall be liable for any act or omission of any other officer, employee, agent, or consultant of the Asbestos PI Trust unless the Future Demand Holders' Representative, or officer or employee of the Future Demand Holders' Representative, acted with bad faith in the selection or retention of such other officer, employee, agent, or consultant of the Asbestos PI Trust.

ARTICLE VII

TRUST ADVISORY COMMITTEE

Section 7.01 Formulation and Number. The Trust Advisory Committee shall be formed pursuant to the Plan as of the Effective Date. The Trust Advisory Committee shall be composed of seven (7) members. The initial Trust Advisory Committee members shall be appointed by the Bankruptcy Court pursuant to Section 9.3(c) of the Plan and named on the signature page hereof. The Trust Advisory Committee shall have a chairperson who shall act as the Trust Advisory Committee's liaison with the Asbestos PI Trust and the Future Demand Holders' Representative, coordinate and schedule meetings of the Trust Advisory Committee, and handle all administrative matters that come before the Trust Advisory Committee. The Trust Advisory Committee shall act in all cases by majority vote.

Section 7.02 Duties. The Trust Advisory Committee and its members shall serve in a fiduciary capacity representing all holders of present Asbestos PI Claims. Where provided in this Asbestos PI Trust Agreement or the Asbestos PI Trust Distribution Procedures, certain actions by the Trustees are subject to the consent of the Trust Advisory Committee.

Section 7.03 Term of Office.

(a) The seven (7) initial members of the Trust Advisory Committee shall serve staggered terms of three (3), four (4), and five (5) years as shown on the signature page hereof. Thereafter, each term of service shall be five years. Each initial member of the Trust

Advisory Committee shall serve until the earlier of (i) the end of his or her term; (ii) his or her death, (iii) his or her resignation pursuant to Section 7.03(b), (iv) his or her removal pursuant to Section 7.03(c), and (v) the termination of the Asbestos PI Trust pursuant to Section 8.02.

(b) Any member of the Trust Advisory Committee may resign at any time by written notice to each of the remaining Trust Advisory Committee members. Such notice shall specify a date when such resignation shall take effect, which shall not be less than ninety (90) days after the date such notice is given, where practicable.

(c) Any member of the Trust Advisory Committee may be removed in the event he or she becomes unable to discharge his or her duties hereunder due to accident, physical or mental deterioration, or for other good cause. Good cause shall be deemed to include, without limitation, a consistent pattern of neglect and failure to perform or to participate in performing the duties of such member hereunder and under the Asbestos PI Trust Distribution Procedures, such as repeated non-attendance at scheduled meetings. Such removal shall be made at the recommendation of the remaining members of the Trust Advisory Committee and with the approval of the Bankruptcy Court.

Section 7.04 Appointment of Successors.

(a) In the event of a vacancy caused by the resignation or death of a Trust Advisory Committee member, his or her successor shall be pre-selected by the resigning or deceased Trust Advisory Committee member, or by his or her law firm in the event that such member has not pre-selected a successor. If neither the member nor the law firm exercised the right to make such a selection, the successor shall be chosen by a majority vote of the remaining Trust Advisory Committee members. If a majority of the remaining members cannot agree, the Bankruptcy Court shall appoint the successor. In the event of a vacancy caused by the removal of a Trust Advisory Committee member, the remaining members of the Trust Advisory Committee, by majority, shall name the successor. If the majority of the remaining members of the Trust Advisory Committee cannot reach agreement, the Bankruptcy Court shall appoint the successor.

(b) Each successor member of the Trust Advisory Committee shall serve until the earlier of (i) the end of a full term of five (5) years if his or her predecessor member completed his or her term, (ii) the end of the remainder of the term of the member whom he or she is replacing if said predecessor member did not complete said term, (iii) his or her death, (iv) his or her resignation pursuant to Section 7.03(b), (v) his or her removal pursuant to Section 7.03(c), and (vi) the termination of the Asbestos PI Trust pursuant to Section 8.02. Members of the Trust Advisory Committee shall be eligible to serve successive terms.

Section 7.05 The Trust Advisory Committee's Employment of Professionals. The Trust Advisory Committee may retain and/or consult with counsel, accountants, appraisers, auditors, forecasters, asbestos experts and other Entities deemed by the Trust Advisory Committee to be qualified as experts on matters submitted to them, and the opinion of any such Entities on any matters submitted to them shall be full and complete authorization and protection in support of any action taken or not taken by the Trust Advisory Committee hereunder in good faith and in accordance with the written opinion of any such Entity, and in the absence of gross

negligence. The Trust Advisory Committee and its experts shall at all times have complete access to the Asbestos PI Trust's officers, employees and agents, and the accountants, appraisers, auditors, forecasters and other experts retained by the Asbestos PI Trust as well as all information generated by them or otherwise available to the Asbestos PI Trust or the Trustees. The reasonable fees and expenses of such professionals shall constitute Trust Expenses.

Section 7.06 <u>Compensation for Attendance at Meetings and Expenses of the Trust Advisory Committee</u>. The members of the Trust Advisory Committee shall be compensated for attendance at meetings or other conduct of trust business (e.g., reviewing documents to be discussed at meetings and conference calls to discuss trust business) at a reasonable hourly rate set by the Trustees. The Asbestos PI Trust will promptly reimburse, or pay directly if so instructed, the Trust Advisory Committee and each Trust Advisory Committee member for all reasonable out-of-pocket costs and expenses, including reasonable fees and costs associated with employment of professionals pursuant to Section 7.05 and the procurement and maintenance of insurance incurred by the Trust Advisory Committee in connection with the performance of its members' duties hereunder. Such reimbursement or direct payment shall be deemed a Trust Expense.

Section 7.07 <u>Procedures for Consultation with and Obtaining Consent of the Trust Advisory Committee</u>.

(a) <u>Consultation Process</u>.

(i) In the event the Trustees are required to consult with the Trust Advisory Committee pursuant to Section 3.02(e) or on any other matters specified herein or in the Asbestos PI Claims Trust Distribution Procedures, the Trustees shall provide the Trust Advisory Committee with written advance notice of the matter under consideration and with such relevant information concerning the matter as is reasonably practicable under the circumstances. The Trustees also shall provide the Trust Advisory Committee with such reasonable access to professionals and other experts retained by the Asbestos PI Trust and its staff (if any) as the Trust Advisory Committee may reasonably request during the time that the Trustees are considering such matter, and shall also provide the Trust Advisory Committee the opportunity, at reasonable times and for reasonable periods of time, to discuss and comment on such matter with the Trustees.

(ii) The Trustees shall take into consideration the time required for the Trust Advisory Committee to engage and consult, if its members so wish, with its own independent legal, financial or investment advisors as to such matter.

(b) <u>Consent Process</u>.

(i) In the event the consent of the Trust Advisory Committee is required pursuant to Section 3.02(f) or on any other matters specified in this Asbestos PI Trust Agreement or in the Asbestos PI Trust Distribution Procedures, the Trustees shall promptly provide the Trust Advisory Committee with a written notice stating that its consent is being sought, describing in detail the nature and scope of the action or decision the Trustees propose to implement, and explaining in detail the reasons why the Trustees

desire to implement such action or decision. The Trustees shall provide the Trust Advisory Committee with as much relevant additional information concerning the proposed action or decision as is reasonably practicable under the circumstances. The Trustees also shall provide the Trust Advisory Committee with such reasonable access to professionals and other experts retained by the Asbestos PI Trust and its staff (if any) as the Trust Advisory Committee may reasonably request during the time that the Trustees are considering such action or decision, and shall also provide the Trust Advisory Committee the opportunity, at reasonable times and for reasonable periods of time, to discuss and comment on such action or decision with the Trustees.

(ii) The Trust Advisory Committee must consider in good faith and in a timely fashion any request by the Trustees and may not withhold its consent unreasonably. If the Trust Advisory Committee does not notify the Trustees of its objection to such request within forty-five (45) days or such other time as has been approved by the Bankruptcy Court after receiving notice and information regarding such request, then the Trust Advisory Committee's consent shall be deemed to have been affirmatively granted.

(iii) Except where otherwise provided for in this Asbestos PI Trust Agreement, the Trust Advisory Committee shall act in all cases by majority vote.

(iv) In the event the Trustees are unable to obtain the consent of the Trust Advisory Committee on any action or decision for which consent of the Trust Advisory Committee is required, after following the procedure set forth in this section, or if the Trustees and the Trust Advisory Committee are unable to reach agreement on any matter on which the Trust Advisory Committee's consent is required, then the matter shall be submitted promptly to alternative dispute resolution if mutually agreeable to the Trustees and the Trust Advisory Committee.

(v) If the disagreement is not resolved by alternative dispute resolution, or if the Trustees and the Trust Advisory Committee do not agree to participate in any such alternative dispute resolution, the Trustees may apply to the Bankruptcy Court on an expedited basis for approval of such action or decision, and only if such approval is given by the Bankruptcy Court by entry of an appropriate order, shall the Trustees have the authority to implement such action or decision without the Trust Advisory Committee's consent.

Section 7.08 Liability of the Trust Advisory Committee, Officers and Employees. No member of the Trust Advisory Committee shall be liable to the Asbestos PI Trust, to any Entity holding an Asbestos PI Claim, or to any other Entity except for such breach of trust committed in bad faith by such individual or willful misappropriation by such individual. Such protection may, in the discretion of the Trustees, be extended to the agents, advisors, or consultants of the Trust Advisory Committee. No member of the Trust Advisory Committee, nor any officer or employee of the Trust Advisory Committee, shall be liable for any act or omission of any other officer, employee, agent or consultant of the Trust Advisory Committee unless the Trust Advisory Committee, or officer or employee of the Trust Advisory Committee, acted with bad faith in the selection or retention of such other officer, employee, agent, or consultant of the Asbestos PI Trust.

ARTICLE VIII

GENERAL PROVISIONS

Section 8.01 Irrevocability.

The Asbestos PI Trust is irrevocable.

Section 8.02 Termination.

(a) The Asbestos PI Trust shall automatically terminate on the date that is ninety (90) days after the first to occur of the following events (the "Termination Date"):

(i) subject to Section 3.02(f), the Trustees in their discretion decide to terminate the Asbestos PI Trust because (A) they deem it unlikely that new Asbestos PI Claims will be filed against the Asbestos PI Trust, and (B) Asbestos PI Claims duly filed with the Asbestos PI Trust have been allowed and paid to the extent provided in this Asbestos PI Trust Agreement and the Asbestos PI Trust Distribution Procedures (and to the extent applicable, based upon the funds available through the Plan Documents), or Disallowed by a Final Order, and twelve (12) consecutive months have elapsed during which no new Asbestos PI Claims have been filed with the Asbestos PI Trust;

(ii) if the Trustees have procured and have in place irrevocable insurance policies and have established claims handling agreements and other necessary arrangements with suitable third parties adequate to discharge all expected remaining obligations and expenses of the Asbestos PI Trust in a manner consistent with this Asbestos PI Trust Agreement and the Asbestos PI Trust Distribution Procedures, the date on which the Bankruptcy Court enters an order approving such insurance and other arrangements and such order becomes a Final Order; or

(iii) to the extent that any rule against perpetuities shall be deemed applicable to the Asbestos PI Trust, twenty-one (21) years less ninety-one (91) days pass after the death of the last survivor of all of the descendants of the late Joseph P. Kennedy, Sr. of Massachusetts, father of the late President John F. Kennedy, living on the date hereof.

(b) On the Termination Date, after payment of all the Asbestos PI Trust's liabilities, including Trust Expenses, after all Demands have been provided for, and after liquidation of all properties and other non-cash Asbestos PI Trust Assets then held by the Asbestos PI Trust, all monies remaining in the Asbestos PI Trust estate shall be given to such organization or organizations exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code, which tax-exempt organizations shall be selected by the Trustees using their reasonable discretion; provided, however, that (i) if practicable, the tax-exempt organizations shall be related to the treatment of, research on, or the relief for individuals suffering from asbestos-related lung disorders, and (ii) the tax-exempt organizations shall not bear any relationship to Reorganized Quigley within the meaning of section 468B(d)(3) of the Internal Revenue Code. Notwithstanding any other provision of the Plan Documents, this Section 8.02(b) cannot be modified or amended.

Section 8.03 Amendments. The Trustees, subject to the consent of each of the Future Demand Holders' Representative and the Trust Advisory Committee, may modify or amend this Asbestos PI Trust Agreement or any document annexed to it, including, without limitation, the Trust Bylaws and the Asbestos PI Trust Distribution Procedures (provided, however, the provisions of the Asbestos PI Trust Distribution Procedures, if any, regarding any such modification or amendment are also followed). Any modification or amendment made pursuant to this Section 8.03 must be done in writing. Notwithstanding anything contained in this Asbestos PI Trust Agreement to the contrary, neither this Asbestos PI Trust Agreement, the Trust Bylaws, the Asbestos PI Trust Distribution Procedures nor any document annexed to any of the foregoing shall be modified or amended in any way that could jeopardize, impair, or modify the applicability of section 524(g) of the Bankruptcy Code, the efficacy or enforceability of the Asbestos PI Channeling Injunctions and the Asbestos Insurance Entity Injunction set out in the Plan and Confirmation Order, the Asbestos PI Trust's "qualified settlement fund" status under section 468B of the Internal Revenue Code or the rights and protections provided to the Debtor, Reorganized Quigley or Pfizer Protected Parties under the Plan Documents.

Section 8.04 Severability. Should any provision in this Asbestos PI Trust Agreement be determined to be unenforceable, such determination shall in no way limit or affect the enforceability and operative effect of any and all other provisions of this Asbestos PI Trust Agreement.

Section 8.05 Notices. Notices to Entities asserting Asbestos PI Claims against the Asbestos PI Trust shall be given at the address of such Entity, or, where applicable, such Entity's representative, in each case as provided on such person's claim form submitted to the Asbestos PI Trust with respect to his or her or its Asbestos PI Claim or as otherwise provided to the Asbestos PI Trust. All notices or other reports required or permitted by this Asbestos PI Trust Agreement must be (i) in writing and is deemed effective when (a) delivered personally to the recipient, (b) sent by facsimile before 5:00 p.m. prevailing New York time on a Business Day with a copy of such facsimile sent on the same day to the recipient by reputable overnight courier service (charges prepaid), (c) five (5) days after deposit in the U.S. mail, mailed by registered or certified mail, return receipt requested, postage prepaid, (d) one Business Day after being sent to the recipient by reputable overnight courier service (charges prepaid) or (e) if sent by email, when the communication is received at the designated address and confirmed by the recipient by return transmission; and (ii) sent to the Asbestos PI Trust (through the Trustees), the Trust Advisory Committee, the Future Demand Holders' Representative and the Debtor, Settlor or Reorganized Quigley at the addresses set forth below, or at such other address as such Entity now designates from time to time in writing in accordance with this Section 8.05.

To the Asbestos PI Trust through the Trustees:

_____
_____
_____
Attention: _____
Facsimile: _____
E-mail: _____

To the Trust Advisory Committee:

_____
_____
_____
Attention: _____
Facsimile: _____
E-mail: _____

To the Future Demand Holders' Representative:

Togut, Segal & Segal LLP
One Penn Plaza
Suite 3335
New York, New York 10119
Attention: Albert Togut
Facsimile: _____
E-mail: _____

With a copy to:

Togut, Segal & Segal LLP
One Penn Plaza
Suite 3335
New York, New York 10119
Attention: Scott E. Ratner, Esq.
Facsimile: _____
E-mail: _____

To Debtor, Settlor or Reorganized Quigley:

Quigley Company, Inc.

New York, New York 10017
Attention: President
Facsimile: ___________________
E-mail: _____________________

With a copy to:

Schulte Roth & Zabel LLP
919 Third Avenue
New York, New York 10022
Attention: Michael L. Cook, Esq.
Lawrence V. Gelber, Esq.
Facsimile: ___________________
E-mail: _____________________

Section 8.06 Successors and Assigns. The provisions of this Asbestos PI Trust Agreement shall be binding upon and inure to the benefit of the Debtor, Reorganized Quigley, Pfizer, the Asbestos PI Trust and the Trustees and their respective successors and assigns, except that neither the Debtor nor the Asbestos PI Trust nor the Trustees may assign or otherwise transfer any of its, or his or her rights or obligations under this Asbestos PI Trust Agreement, except, in the case of the Asbestos PI Trust and the Trustees, as contemplated by Section 3.01.

Section 8.07 Limitation on Claim Interests for Securities Laws Purposes. Asbestos PI Claims and any interests therein (a) shall not be assigned, conveyed, hypothecated, pledged or otherwise transferred, voluntarily or involuntarily, directly or indirectly, except by will or under the laws of descent and distribution and except that the foregoing shall not apply to the holder of a claim that is subrogated to an Asbestos PI Claim as a result of its satisfaction of such Asbestos PI Claim; (b) shall not be evidenced by a certificate or other instrument; (c) shall not possess any voting rights; and (d) shall not be entitled to receive any dividends or interest.

Section 8.08 Entire Agreement; No Waiver. The entire agreement of the parties relating to the subject matter of this Asbestos PI Trust Agreement is contained herein and in the documents referred to herein, and this Asbestos PI Trust Agreement and such documents supersede any prior oral or written agreements concerning the subject matter hereof. No failure to exercise or delay in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial use of any right, power or privilege hereunder preclude any further exercise thereof or of any other right, power or privilege. The rights and remedies herein provided are cumulative and are not exclusive of rights under law or in equity, except as otherwise provided in the injunctions.

Section 8.09 Headings. The headings used in this Asbestos PI Trust Agreement are inserted for convenience only and do not constitute a portion of this Asbestos PI Trust Agreement or in any manner affect the construction of the provisions of this Asbestos PI Trust Agreement

Section 8.10 Governing Law. This Asbestos PI Trust Agreement shall be governed by, and construed in accordance with, the laws of the State of New York without regard to New York conflict of laws principles.

Section 8.11 Dispute Resolution. Any disputes that arise under this Asbestos PI Trust Agreement or under the Asbestos PI Trust Distribution Procedures or the Trust Bylaws shall be resolved by the Bankruptcy Court pursuant to the Plan, except as otherwise provided herein, or in the Asbestos PI Trust Distribution Procedures or in the Trust Bylaws. Notwithstanding anything else contained herein, to the extent any provision of this Asbestos PI Trust Agreement is inconsistent with any provision of the Plan or the Asbestos PI Trust Distribution Procedures, the Plan or the Asbestos PI Trust Distribution Procedures shall control.

Section 8.12 Enforcement and Administration. The provisions of this Asbestos PI Trust Agreement and the annexes hereto shall be enforced by the Bankruptcy Court pursuant to the Plan. The parties hereby further acknowledge and agree that the Bankruptcy Court shall have exclusive jurisdiction over the settlement of the accounts of the Trustees.

Section 8.13 Effectiveness. This Asbestos PI Trust Agreement shall not become effective until such time as it has been approved by the Bankruptcy Court and executed and delivered by all the parties hereto, and the Effective Date of the Plan has occurred.

Section 8.14 Counterpart Signatures. This Asbestos PI Trust Agreement may be executed in any number of counterparts, each of which shall constitute an original, but such counterparts shall together constitute but one and the same instrument.

Section 8.15 Settlors. The Reorganized Debtor is hereby irrevocably designated as Settlor, and is hereby authorized to take any action required of the Settlor in connection with the Asbestos PI Trust.

[signature page to follow]

IN WITNESS WHEREOF, the parties have executed this Quigley Asbestos PI Trust Agreement this ____ day of _____, 2013.

SETTLOR:

Quigley Company, Inc.

By: _____
Name: _____
Title: _____

TRUSTEES:

_____
Name: **Anne M. Ferazzi**
(Three-year term)

_____
Name: **Charles Koppelman**
(Four-year term)

_____
Name: **Richard E. Neville**
(Five-year term)

FUTURE DEMAND HOLDERS' REPRESENTATIVE

_____
Name: **Albert Togut**

TRUST ADVISORY COMMITTEE

_____

Name: **Perry Weitz**
(Three-year term)

_____

Name: **Robert Phillips**
(Three-year term)

_____

Name: **James Ferraro**
(Four-year term)

_____

Name: **Alan R. Brayton**
(Four-year term)

_____

Name: **Steven T. Baron**
(Five-year term)

_____

Name: **John D. Cooney**
(Five-year term)

_____

Name: **Armand J. Volta, Jr.**
(Five-year term)

Exhibit A
to Quigley Company, Inc.
Asbestos Personal Injury Trust Agreement

RESERVED

Exhibit B
to Quigley Company, Inc.
Asbestos Personal Injury Trust Agreement

QUIGLEY COMPANY, INC.
ASBESTOS PI TRUST BYLAWS

QUIGLEY COMPANY, INC.
ASBESTOS PI TRUST BYLAWS

ARTICLE I

OFFICES

Section 1. Principal Office. The Trustees shall determine the location of the initial principal office of the Quigley Company, Inc. Asbestos PI Trust (the "Asbestos PI Trust") once they are appointed. The Trustees may change the principal office of the Asbestos PI Trust from time to time.

Section 2. Other Offices. The Asbestos PI Trust[1] may have such other offices at such other places as the Trustees may from time to time determine to be necessary for the efficient and cost-effective administration of the Asbestos PI Trust.

ARTICLE II

TRUSTEES

Section 1. Control of Property, Business, and Affairs. The property, business, and affairs of the Asbestos PI Trust shall be managed by or under the direction of the Trustees, provided that certain decisions of the Trustees shall be subject to the consent of the Trust Advisory Committee and the Future Demand Holders' Representative, as provided in the Quigley Company, Inc. Asbestos Personal Injury Trust Agreement (the "Asbestos PI Trust Agreement"), to which these Bylaws are attached.

Section 2. Quorum and Manner of Acting. A majority of the Trustees shall constitute a quorum for the transaction of business. In the absence of a quorum, the Trustees present may adjourn the meeting from time to time until a quorum shall be present. The vote, at a meeting at which a quorum is present, of a majority of Trustees shall be an act of the Trustees.

Section 3. Regular Meetings. Regular meetings of the Trustees with the Trust Advisory Committee and the Future Demand Holders' Representative may be held at such time and place as shall from time to time be determined by the Trustees, provided that the Trustees shall meet at least once per calendar quarter on a schedule announced as soon as practicable after the Effective Date, and on the anniversary of the Effective Date thereafter. After there has been such determination, and a notice thereof has been given to each Trustee, members of the Trust Advisory Committee and the Future Demand Holders' Representative, regular meetings may be held without further notice being given.

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[1] Capitalized terms used herein shall have the meanings ascribed to them in the Quigley Company, Inc. Fifth Amended and Restated Plan of Reorganization Under Chapter 11 of the Bankruptcy Code. All capitalized terms not defined therein, shall have the meanings ascribed to them in the Bankruptcy Code or Federal Rules of Bankruptcy Procedure, and such definitions are incorporated herein by reference.

Section 4. Special Meeting Notice. Special meetings of the Trustees shall be held whenever called by one or more of the Trustees. Notice of each such meeting shall be delivered by overnight courier to each Trustee, members of the Trust Advisory Committee, and the Future Demand Holders' Representative, addressed to them at the place designated by each of them for receipt of such notice, or, failing such designation, at their residence or usual place of business, at least three (3) days before the date on which the meeting is to be held, or shall be sent to them at such place by personal delivery or by telephone or telecopy not later than two (2) days before the day on which such meeting is to be held. Such notice shall state the place, date, and hour of the meeting and the purposes for which it is called. In lieu of the notice to be given as set forth above, a waiver thereof in writing, signed by the Trustee or Trustees, members of the Trust Advisory Committee, or the Future Demand Holders' Representative entitled to receive such notice, whether before or after the meeting, shall be deemed equivalent thereto for purposes of this Section 4. No notice or waiver by any Trustee, member of the Trust Advisory Committee, or the Future Demand Holders' Representative, with respect to any special meeting, shall be required if such person shall be present at said meeting. Members of the Trust Advisory Committee and Future Demand Holders' Representative shall be entitled to attend every special meeting of the Trustees.

Section 5. Action Without a Meeting; Meeting by Conference Call. Any action required or permitted to be taken at any meeting of the Trustees may be taken without a meeting if all Trustees, after notice to the Trust Advisory Committee and the Future Demand Holders' Representative, consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the Trustees.

The Trustees also may take any action required or permitted to be taken at any meeting by means of telephone conference or similar communication equipment provided that all persons participating in the meeting can hear each other. Participation in a meeting pursuant to this paragraph shall constitute presence in person at such meeting.

ARTICLE III

OFFICERS

Section 1. Principal Officers. The principal officer of the Asbestos PI Trust shall be the Managing Trustee, as appointed pursuant to Section 5.01 of the Asbestos PI Trust Agreement. The Managing Trustee shall have the authority to legally bind the Asbestos PI Trust upon an act of the Trustees pursuant to Section 2 of Article II hereof. The Asbestos PI Trust also may have such other officers as the Trustees may appoint after determining that such appointment will promote the efficient and cost-effective administration of the Asbestos PI Trust.

Section 2. Election and Term of Office. The principal officer or officers of the Asbestos PI Trust shall be chosen by the Trustees. Each such officer shall hold office until his or her successor shall have been duly chosen and qualified or until the earlier of his or her death, resignation, retirement, or removal.

Section 3. Subordinate Officers. In addition to the principal officer enumerated in Section 1 of this Article III, the Asbestos PI Trust may have such other subordinate officers, agents, and employees as the Trustees may deem necessary for the efficient and cost-effective administration of the Asbestos PI Trust, each of whom shall hold office for such period, have such authority, and perform such duties as the Trustees may from time to time determine. The Trustees may delegate to any principal officer the power to appoint and to remove any such subordinate officers, agents, or employees.

Section 4. Removal. The Managing Trustee may be removed pursuant to Section 5.02(c) of the Asbestos PI Trust Agreement. Any other officer may be removed with or without cause, at any time, by resolution adopted by the Trustees at any regular meeting of the Trustees or at any special meeting of the Trustees called for that purpose.

Section 5. Resignations. Any officer may resign at any time by giving written notice to the Trustees. The resignation of any officer shall take effect upon receipt of notice thereof or at such later time as shall be specified in such notice and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6. Powers and Duties. The officers of the Asbestos PI Trust shall have such powers and perform such duties as may be conferred upon or assigned to them by the Trustees.

ARTICLE IV

ADMINISTRATION

Section 1. Amendments. The Bylaws of the Asbestos PI Trust, other than Article II, Section 4 of Article III, and this Article IV, may be amended by the Trustees at any meeting of the Trustees, provided that notice of the proposed amendment is contained in the notice of such meeting. The remaining Bylaws may be amended by the Trustees only after receipt of the consent of the Trust Advisory Committee and the Future Demand Holders' Representative to the proposed amendment.

Section 2. Inconsistency. In the event of an inconsistency between these Bylaws and the Asbestos PI Trust Agreement, the Asbestos PI Trust Agreement shall govern. In the event of an inconsistency between these Bylaws and the Plan, the Plan shall govern.

EXHIBIT B

TO

QUIGLEY COMPANY, INC. FIFTH AMENDED AND RESTATED PLAN OF REORGANIZATION UNDER CHAPTER 11 OF THE BANKRUPTCY CODE

ASBESTOS PI TRUST DISTRIBUTION PROCEDURES

Exhibit B
to Quigley Company, Inc. Fifth Amended and Restated Plan of Reorganization
Under Chapter 11 of the Bankruptcy Code

QUIGLEY COMPANY, INC.
ASBESTOS PI TRUST DISTRIBUTION PROCEDURES

[ ] [ ], 2013

QUIGLEY COMPANY, INC.
ASBESTOS PI TRUST DISTRIBUTION PROCEDURES

TABLE OF CONTENTS

QUIGLEY COMPANY, INC.
ASBESTOS PI TRUST DISTRIBUTION PROCEDURES

The QUIGLEY COMPANY, INC. ASBESTOS PI TRUST DISTRIBUTION PROCEDURES ("Asbestos TDP") contained herein provide for resolving all Asbestos PI Claims (as that term is defined herein and in the Quigley Company, Inc. Fifth Amended and Restated Plan of Reorganization Under Chapter 11 of the Bankruptcy Code ("Plan")) as provided in and required by the Plan and by the Quigley Company, Inc. Asbestos PI Trust Agreement ("Asbestos PI Trust Agreement"). The Plan and Asbestos PI Trust Agreement establish the Quigley Company, Inc. Asbestos PI Trust ("Asbestos PI Trust"). The Trustees of the Asbestos PI Trust ("Trustees") shall implement and administer this Asbestos TDP in accordance with the Asbestos PI Trust Agreement.

SECTION I

Introduction

Section 1.1. Purpose

This Asbestos TDP has been adopted pursuant to the Asbestos PI Trust Agreement. It is designed to provide fair, equitable and substantially similar treatment for all Asbestos PI Claims that may presently exist or may arise in the future.

Section 1.2. Interpretation

Except as may otherwise be provided below, nothing in this Asbestos TDP shall be deemed to create a substantive right for any claimant. The rights and benefits provided herein to holders of Asbestos PI Claims shall vest in such holders as of the Effective Date.

Section 1.3. Definitions

Capitalized terms used herein and not otherwise defined shall have the meanings assigned to them in the Plan or in the Asbestos PI Trust Agreement.

SECTION II

Overview

Section 2.1. Asbestos PI Trust Goals

The goal of the Asbestos PI Trust is to treat all claimants equitably. This Asbestos TDP furthers that goal by setting forth procedures for processing and paying Quigley's several share of the unpaid portion of the liquidated value of Asbestos PI Claims on an impartial, first in first out ("FIFO") basis generally, with the intention of paying all claimants over time as equivalent a share as possible of the value of their claims based on historical values for substantially similar claims in the tort system. To this end, this Asbestos TDP establishes a schedule of seven

asbestos-related diseases ("Disease Levels") for the resolution of Asbestos PI Claims. All Disease Levels have presumptive medical and exposure requirements ("Medical/Exposure Criteria"), six have specific liquidated values ("Scheduled Values"), and all seven have anticipated average values ("Average Values") and caps on their liquidated values ("Maximum Values"). The Disease Levels, Medical/Exposure Criteria, Scheduled Values, Average Values and Maximum Values, which are set forth in Section 5.3 below, have all been selected and derived with the intention of achieving a fair allocation of the Asbestos PI Trust funds as among claimants suffering from different disease processes in light of the best available information considering the settlement histories of Quigley and the rights claimants would have in the tort system absent the Chapter 11 bankruptcy. A claimant may not assert more than one Asbestos PI Claim hereunder.

Section 2.2. <u>Claims Liquidation Procedures — General Overview</u>

Asbestos PI Claims shall be processed based on their place in a FIFO Processing Queue to be established pursuant to Section 5.1(a)(1) below. The Asbestos PI Trust shall take all reasonable steps to resolve Asbestos PI Claims as efficiently and expeditiously as possible at each stage of claims processing and arbitration, which steps may include, in the Asbestos PI Trust's sole discretion, conducting settlement discussions with claimants' representatives with respect to more than one claim at a time, provided that the claimants' respective positions in the FIFO Processing Queue are maintained and each claim is individually evaluated pursuant to the valuation factors set forth in Section 5.3(b)(2) below. The Asbestos PI Trust shall also make every effort to resolve each year at least that number of Asbestos PI Claims required to exhaust the Maximum Annual Payment and the Maximum Available Payment for Category A and Category B claims, as those terms are defined below.

(a) <u>General Process for Liquidation of Asbestos PI Claims</u>

The Asbestos PI Trust shall liquidate all Asbestos PI Claims except Foreign Claims (as defined below) that meet the presumptive Medical/Exposure Criteria of Disease Levels I-IV, VI, and VII under the Expedited Review Process described in Section 5.3(a) below. Claims involving Disease Levels I-IV, VI, and VII that do not meet the presumptive Medical/Exposure Criteria for the relevant Disease Level may undergo the Asbestos PI Trust's Individual Review Process described in Section 5.3(b) below. In such case, notwithstanding that the claim does not meet the presumptive Medical/Exposure Criteria for the relevant Disease Level, the Asbestos PI Trust can offer the claimant an amount up to the Scheduled Value of that Disease Level if the Asbestos PI Trust is satisfied that the claimant has presented a claim that would be cognizable and valid in the tort system.

Asbestos PI Claims involving Disease Levels III-VII tend to raise more complex valuation issues than the claims in Disease Levels I-II. Accordingly, in lieu of liquidating such claimant's claim under the Expedited Review Process, claimants holding Asbestos PI Claims involving Disease Levels III, IV, VI or VII may, in addition or alternatively, seek to establish a liquidated value for the claim that is greater than its Scheduled Value by electing the Asbestos PI Trust's Individual Review Process. However, the liquidated value of a more serious Disease Level III, IV, VI, or VII claim that undergoes the Individual Review Process for valuation purposes may be determined to be less than its Scheduled Value, and, in any event, shall not

exceed the Maximum Value for the relevant Disease Level set forth in Section 5.3(b)(3) below, unless the claim qualifies as an Extraordinary Claim as defined in Section 5.4(a) below, in which case its liquidated value cannot exceed the maximum extraordinary value specified in that provision for such claims. Level V (Lung Cancer 2) claims and all Foreign Claims may be liquidated only pursuant to the Asbestos PI Trust's Individual Review Process.

Based upon Quigley's claims settlement histories in light of applicable tort law and current projections of present and future unliquidated claims, the Scheduled Values and Maximum Values for Asbestos PI Claims set forth in Section 5.3(b)(3) have been established for each of the four more serious Disease Levels that are eligible for Individual Review of their liquidated values, with the expectation that the combination of settlements at the Scheduled Values and those resulting from the Individual Review Process should result in the Average Values also set forth in that provision.

(b) Unresolved Disputes

All unresolved disputes over a claimant's medical condition, exposure history and/or the liquidated value of the claim shall be subject to binding or non-binding arbitration as set forth in Section 5.10 below, at the election of the claimant, under the ADR Procedures to be established by the Asbestos PI Trust. Asbestos PI Claims that are the subject of a dispute with the Asbestos PI Trust that cannot be resolved by non-binding arbitration may enter the tort system as provided in Sections 5.11 and Section 7.6 below. However, if and when a claimant obtains a judgment in the tort system, the judgment shall be payable (subject to the Payment Percentage, the Maximum Available Payment, and the Claims Payment Ratio provisions set forth below) as provided in Section 7.7 below.

Section 2.3. Application of the Payment Percentage

After the liquidated value of an Asbestos PI Claim is determined pursuant to the procedures set forth herein for Expedited Review, Individual Review, arbitration, or litigation in the tort system, the claimant shall ultimately receive a pro rata share of that value based on the Payment Percentage as described and defined in Section 4.2 below. The Payment Percentage shall also apply to all Pre-Petition Liquidated Asbestos PI Claims as provided in Sections 4.2 and 5.2 below, to all Asbestos PI Deficiency Claims and to all sequencing adjustments paid pursuant to Section 7.5 below.

The initial Payment Percentage has been calculated on the assumption that the Average Values set forth in Section 5.3(b)(3) below shall be achieved with respect to existing present claims and projected future claims involving Disease Levels III-VII.

The Payment Percentage may thereafter be adjusted upwards or downwards from time to time by the Asbestos PI Trust with the consent of the Trust Advisory Committee and Future Demand Holders' Representative to reflect then-current estimates of the Asbestos PI Trust's assets and its liabilities, as well as the then-estimated value of pending and future Asbestos PI Claims. Any adjustment to the initial Payment Percentage shall be made only pursuant to Section 4.2 below. If the Payment Percentage is increased over time, claimants whose claims were liquidated and paid in prior periods under this Asbestos TDP shall receive additional

payments only as provided in Section 4.3 below. Because there is uncertainty in the prediction of both the number and severity of future Asbestos PI Claims, and the amount of the Asbestos PI Trust's assets, no guarantee can be made of any Payment Percentage of an Asbestos PI Claim's liquidated value.

Section 2.4. Asbestos PI Trust's Determination of the Maximum Annual Payment and Maximum Available Payment

After calculating the initial Payment Percentage and thereafter if the Payment Percentage is adjusted pursuant to Section 4.2, the Asbestos PI Trust shall model the cash flow, principal and income year-by-year to be paid over the entire life of the Asbestos PI Trust to ensure that all present and future holders of Asbestos PI Claims are and will be compensated at the appropriate Payment Percentage consistent with the overall goal. In each year, based upon the model of cash flow, the Asbestos PI Trust shall be empowered to pay out the portions of its funds payable for that year according to the model (the "Maximum Annual Payment"). The Asbestos PI Trust's distributions to all claimants for that year shall not exceed the Maximum Annual Payment for such year. The Payment Percentage and the Maximum Annual Payment figures are based on projections over the lifetime of the Asbestos PI Trust. As noted in Section 2.3 above, if such long-term projections are revised, the Payment Percentage may be adjusted accordingly, and if so, the Asbestos PI Trust shall create a new model of the Asbestos PI Trust's anticipated cash flow and a new calculation of the Maximum Annual Payment figures.

However, year-to-year variations in the Asbestos PI Trust's flow of claims or the value of its assets, including earnings thereon, will not necessarily mean that the long-term projections are inaccurate; they may simply reflect normal variations, both up and down, from the curve created by the Asbestos PI Trust's long-term projections. If, in a given year, however, asset values, including earnings thereon, are below projections, the Asbestos PI Trust may need to distribute less in that year than would otherwise be permitted based on the original Maximum Annual Payment derived from long-term projections. Accordingly, the original Maximum Annual Payment for a given year may be temporarily decreased if the present value of the relevant assets of the Asbestos PI Trust as measured on a specified date during the year is less than the present value of those assets projected for that date by the cash flow model described in the foregoing paragraph. The Asbestos PI Trust shall make such a comparison whenever the Trustee becomes aware of any information that suggests that such a comparison should be made and, in any event, no less frequently than once every six months. If the Asbestos PI Trust determines that as of the date in question, the present value of the Asbestos PI Trust's assets is less than the projected present value of its assets for such date, then it will remodel the cash flow year by year to be paid over the life of the Asbestos PI Trust based upon the reduced value of the total assets as so calculated and identify the reduced portion of its funds to be paid for that year, which shall become the Temporary Maximum Annual Payment (additional reductions in the Maximum Annual Payment can occur during the course of that year based upon subsequent calculations).

If in any year a Maximum Annual Payment was temporarily reduced as a result of an earlier calculation and, based upon a later calculation, the differential between the projected present value of the Asbestos PI Trust's assets and the actual present value of its assets has decreased, the Temporary Maximum Annual Payment shall be increased to reflect the decrease in the differential. In no event, however, shall a Temporary Maximum Annual Payment exceed

the original Maximum Annual Payment. As a further safeguard, the Asbestos PI Trust's distributions during the first nine (9) months of a year shall not exceed 85% of the Maximum Annual Payment determined for that year. If on December 31 of any given year the Asbestos PI Trust is employing a Temporary Maximum Annual Payment rather than the original Maximum Annual Payment for the year, the original Maximum Annual Payment for the following year shall be reduced appropriately.

In distributing the Maximum Annual Payment, the Asbestos PI Trust shall first allocate the amounts available for payment to claims in the following three categories: (a) any outstanding Pre-Petition Liquidated Asbestos PI Claims, (b) any Asbestos PI Claims that are liquidated by the Asbestos PI Trust and both (i) based on a diagnosis dated prior to the Effective Date and (ii) subsequently filed with the Asbestos PI Trust within one year following the date the Asbestos PI Trust first accepts for processing the proof of claim forms and other materials required to file a claim with the Asbestos PI Trust ("Existing Claims"), and (c) any Exigent Hardship Claims (as defined in Section 5.4(b) below).

If the Maximum Annual Payment is insufficient to pay all claims in the immediately foregoing categories (a), (b), and (c) to which that Maximum Annual Payment applies, then claims shall be paid in proportion to the aggregate value of each group of claims, and the available funds allocated to each group of claims shall be paid to the maximum extent to claimants in the particular group based on their place in their respective FIFO Payment Queue. Claims in any group for which there are insufficient funds shall be carried over to the next year and placed at the head of the FIFO Payment Queue. If there is a decrease in the Payment Percentage prior to the payment of such claims, any such claims shall, nevertheless, be entitled to be paid at the Payment Percentage that they would have been entitled to receive but for the application of the Maximum Annual Payment. The remaining portion of the Maximum Annual Payment (the "Maximum Available Payment"), if any, shall then be allocated and used to satisfy all other liquidated Asbestos PI Claims, subject to the Claims Payment Ratio set forth in Section 2.5 below; provided, however, that if the Maximum Annual Payment is reduced during a year pursuant to the provisions above, the Maximum Available Payment shall be adjusted accordingly. Claims in the groups described in (a), (b), and (c) above shall not be subject to the Claims Payment Ratio.

Section 2.5. Claims Payment Ratio

Based upon Quigley's claims settlement histories and analysis of present and future claims, a Claims Payment Ratio has been determined which, as of the Effective Date, has been set at 83% for Category A claims, which consist of Asbestos PI Claims involving severe asbestosis and malignancies (Disease Levels III-VII), and at 17% for Category B claims, which are Asbestos PI Claims involving non-malignant Asbestosis or Pleural Disease (Disease Levels I and II).

In each year, after the determination of the Maximum Available Payment described in Section 2.4 above, 83% of each Maximum Available Payment amount shall be available to pay Category A claims and 17% of that amount shall be available to pay Category B claims that have been liquidated since the Petition Date except for claims that have been liquidated which, pursuant to Section 2.4 above, are not subject to the Claims Payment Ratio; provided, however,

that if the Maximum Annual Payment is reduced during the year pursuant to the provisions of Section 2.4 above, the amounts available to pay Category A and Category B claims shall be recalculated based on the adjusted Maximum Available Payment.

In the event that there are insufficient funds in any year to pay the liquidated claims within either or both of the Categories, the available funds allocated to the particular Category shall be paid to the maximum extent to claimants in that Category based on their place in the FIFO Payment Queue described in Section 5.1(c) below, which shall be based upon the date of claim liquidation. Claims for which there are insufficient funds allocated to the relevant Category shall be carried over to the next year where they shall be placed at the head of the FIFO Payment Queue. If there is a decrease in the Payment Percentage prior to the payment of such claims, such claims shall, nevertheless, be entitled to be paid at the Payment Percentage that they would have been entitled to receive but for the application of the Claims Payment Ratio. If there are excess funds in either or both Categories, because there is an insufficient amount in liquidated claims to exhaust the Maximum Available Payment for that Category, then the excess funds for either or both Categories shall be rolled over and remain dedicated to the respective Category to which they were originally allocated. During the first nine months of a given year, the Asbestos PI Trust's payments to claimants in a Category shall not exceed the amount of any excess funds that were rolled over for such Category from the prior year plus 85% of the amount that would otherwise be available for payment to claimants in such Category.

The 83%/17% Claims Payment Ratio and its rollover provision shall be continued absent circumstances necessitating amendment to avoid a manifest injustice. In considering whether to make any amendments to the Claims Payment Ratio and/or its rollover provisions, the Trustees shall consider the reasons for which the Claims Payment Ratio and its rollover provisions were adopted, the settlement histories that gave rise to its calculation, and the foreseeability or lack of foreseeability of the reasons why there would be any need to make an amendment. In that regard, the Trustees should keep in mind the interplay between the Payment Percentage and the Claims Payment Ratio as it affects the net cash actually paid to claimants.

The Claims Payment Ratio shall not be amended until the first anniversary of the date the Asbestos PI Trust first accepts for processing proof of claim forms and the other materials required to file a claim with the Asbestos PI Trust. In any event, no amendment to the Claims Payment Ratio to reduce the percentage allocated to Category "A" claims may be made without the unanimous consent of the Trust Advisory Committee and Future Demand Holders' Representative, and the percentage allocated to Category A claims may not be increased without the consent of the Trust Advisory Committee and Future Demand Holders' Representative. The consent procedures set forth in Sections 6.06 and 7.07 of the Asbestos PI Trust Agreement shall apply in the event of any amendments to the Claims Payment Ratio. The Trust, with the consent of the Trust Advisory Committee and Future Demand Holders' Representative, may offer the option of a reduced Payment Percentage to holders of claims in either Category A or Category B in return for prompter payment (the "Reduced Payment Option").

Section 2.6. (Intentionally Omitted)

Section 2.7. Indirect Asbestos PI Claims

As set forth in Section 5.6 below, Indirect Asbestos PI Claims, if any, shall be subject to the same categorization, evaluation and payment provisions of this Asbestos TDP as all other Asbestos PI Claims.

SECTION III

Asbestos TDP Administration

Section 3.1. Asbestos PI Trust Advisory Committee and Future Demand Holders' Representative

Pursuant to the Plan and the Asbestos PI Trust Agreement, the Asbestos PI Trust and this Asbestos TDP shall be administered by the Trustees in consultation with the Trust Advisory Committee, which represents the interests of holders of present Asbestos PI Claims, and the Future Demand Holders' Representative, who shall serve in a fiduciary capacity for the purpose of protecting the rights of Future Demand Holders in accord with 11 U.S.C. § 524(g). The Trustees shall obtain the consent of the Trust Advisory Committee and the Future Demand Holders' Representative to any amendments to this Asbestos TDP pursuant to Section 8.1 below and to such other matters as are otherwise required below and in Section 3.02(f) of the Asbestos PI Trust Agreement. The Trustees shall also consult with the Trust Advisory Committee and the Future Demand Holders' Representative on such matters as are provided below and in Section 3.02(e) of the Asbestos PI Trust Agreement. The initial Trustees, the initial members of the Trust Advisory Committee, and the initial Future Demand Holders' Representative are identified in the Asbestos PI Trust Agreement.

Section 3.2. Consent and Consultation Procedures

In those circumstances in which consultation or consent is required, the Trustees shall provide written notice to the Trust Advisory Committee and the Future Demand Holders' Representative of the specific amendment or other action that is proposed. The Trustees shall not implement such amendment nor take such action unless and until the parties have engaged in the Consultation Process described in Sections 6.06(a) and 7.07(a) of the Asbestos PI Trust Agreement, or the Consent Process described in Sections 6.06(b) and 7.07(b) of the Asbestos PI Trust Agreement, respectively.

SECTION IV

Payment Percentage; Periodic Estimates

Section 4.1. Uncertainty of Quigley's Personal Injury Asbestos Liabilities

As discussed above, there is inherent uncertainty regarding Quigley's total asbestos-related tort liabilities, as well as the total value of the assets available to the Asbestos PI Trust to pay Asbestos PI Claims. Consequently, there is inherent uncertainty regarding the amounts that

holders of Asbestos PI Claims shall receive. To seek to ensure substantially equivalent treatment of all present and future Asbestos PI Claims, the Trustees must determine from time to time the percentage of full liquidated value that holders of present and future Asbestos PI Claims shall be likely to receive, i.e., the "Payment Percentage" described in Section 2.3 above and Section 4.2 below.

Section 4.2. Computation of Payment Percentage

All Asbestos PI Claims shall be entitled to receive a distribution based on the then-applicable Payment Percentage for the Quigley direct claim except as provided herein. The Payment Percentage for the Quigley direct claim shall initially be 7.5% of full liquidated value of the Claims as specified herein. The Payment Percentage for the Pfizer derivative claim shall initially be 23% of full liquidated value as specified herein. Because the Releasing Asbestos PI Claimants are entitled to receive payment for the Quigley direct claim and not for the Pfizer derivative claim, the Payment Percentage for all Releasing Asbestos PI Claimants shall initially be 7.5% of full liquidated value of the Claims as specified herein. Because the Non-Releasing Asbestos PI Claimants are entitled to receive payment for both the Quigley direct claim and the Pfizer derivative claim, the Payment Percentage for all Non-Releasing Asbestos PI Claimants shall initially be 30.5% (which is comprised of 7.5% initially for the Quigley direct claim and 23% initially for the Pfizer derivative claim) of full liquidated value as specified herein. The Payment Percentage shall be subject to change pursuant to the terms of this Asbestos TDP and the Asbestos PI Trust Agreement if the Trustees, with the consent of the Trust Advisory Committee and the Future Demand Holders' Representative, determine that the Payment Percentage should be changed to assure that the Asbestos PI Trust shall be in a financial position to pay holders of present and future Asbestos PI Claims in substantially the same manner. In making adjustments to the Payment Percentage, the Asbestos PI Trust shall ensure that (i) Releasing Asbestos PI Claimants and Non-Releasing Asbestos PI Claimants shall receive the same Payment Percentage, applicable at the time that such Asbestos PI Claims are liquidated, as provided herein with respect to the Quigley direct claim, and (ii) the ratio between the Payment Percentage for the Quigley direct claim (initially 7.5%) and the Payment Percentage for the Pfizer derivative claim (initially 23%) is maintained.

No less frequently than once every three (3) years, commencing with the first day of January occurring after the Effective Date, the Trustees shall reconsider the Payment Percentage to assure that it is based on accurate, current information and may, after such reconsideration, change the Payment Percentage, if necessary, with the consent of the Trust Advisory Committee and the Future Demand Holders' Representative. The Trustees shall also reconsider the Payment Percentage at shorter intervals if they deem such reconsideration to be appropriate or if requested to do so by the Trust Advisory Committee or the Future Demand Holders' Representative. In any event, no less frequently than once every twelve (12) months, commencing on the Initial Claims Filing Date, as defined in Section 5.1(a) below, the Trustees shall compare the liability forecast on which each component of the Payment Percentage is based with the actual claims filing and payment experience of the Asbestos PI Trust to date. If the results of the comparison call into question the ability of the Asbestos PI Trust to continue to rely upon the current liability forecast, the Trustees shall undertake a reconsideration of the Payment Percentage.

The Trustees must base their determination of the Payment Percentage on current estimates of the number, types, and values of present and future Asbestos PI Claims, the value of the assets then available to the Asbestos PI Trust for their payment, all anticipated administrative and legal expenses, and any other material matters that are reasonably likely to affect the sufficiency of funds to pay a comparable percentage of full value to all holders of Asbestos PI Claims, accounting for whether the Claims are asserted by Releasing or Non-Releasing Asbestos PI Claimants. When making these determinations, the Trustees shall exercise common sense and flexibly evaluate all relevant factors. Neither the Payment Percentage applicable to Category A claims nor the Payment Percentage applicable to Category B claims may be reduced to alleviate delays in payments of claims in the other Category. Both Categories of claims shall receive the same Payment Percentage, adjusted only to account for whether Claimants are Releasing or Non-Releasing Asbestos PI Claimants. However, payment may be deferred as needed, and a Reduced Payment Option may be instituted as described in Section 2.5 above.

Section 4.3. <u>Applicability of the Payment Percentage</u>

Except as otherwise provided in (a) Section 5.1(c) below for Asbestos PI Claims involving deceased or incompetent claimants for which approval of the Asbestos PI Trust's offer by a court or through a probate process is required, and (b) in the paragraph below with respect to Released Claims, no holder of any Asbestos PI Claim shall receive a payment that exceeds the liquidated value of the claim times the applicable Payment Percentage in effect at the time of payment; provided, however, that if there is a reduction in the applicable Payment Percentage, the Trustees, in their sole discretion, may cause the Asbestos PI Trust to pay an Asbestos PI Claim based on the Payment Percentage that was in effect prior to the reduction if such Asbestos PI Claim was filed and reviewable by the Asbestos PI Trust ninety (90) days or more prior to the date the Trustees proposed the new Payment Percentage in writing to the Trust Advisory Committee and the Future Demand Holders' Representative (the "Proposal Date") and the processing of such claim was unreasonably delayed due to circumstances beyond the control of the claimant or the claimant's counsel, but only if such claim had no deficiencies for the ninety (90) days prior to the Proposal Date.

If a redetermination of the Payment Percentage has been proposed in writing by the Trustees to the Trust Advisory Committee and the Future Demand Holders' Representative but has not yet been adopted, the claimant shall receive the lower of the current Payment Percentage or the proposed Payment Percentage. However, if the proposed Payment Percentage(s) was the lower amount but was not subsequently adopted, the claimant shall thereafter receive the difference between the lower proposed amount and the higher current amount. Conversely, if the proposed Payment Percentage was the higher amount and was subsequently adopted, the claimant shall thereafter receive the difference between the lower current amount and the higher adopted amount.

Notwithstanding anything contained herein, if the proposed Payment Percentage is lower than the current Payment Percentage, a claimant whose Asbestos PI Claim was liquidated prior to the Proposal Date and who either (a) transmitted[1] an executed release to the Asbestos PI Trust

[1] For purposes of this sentence, "transmitted" is defined as the date/time postmarked if submitted by mail or the date/time uploaded if submitted electronically.

prior to the Proposal Date or (b) with respect to those claimants who had received releases fewer than thirty (30) days prior to the Proposal Date, transmitted an executed release to the Asbestos PI Trust within thirty (30) days of the claimant's receipt of the release (the claims described in (a) and (b) are collectively referred to herein as the "Released Claims") shall be paid based on the current Payment Percentage (the "Released Claims Payment Percentage"). For purposes hereof, (a) a claimant represented by counsel shall be deemed to have received a release on the date that the claimant's counsel receives the release, (b) if the Asbestos PI Trust transmits a release electronically, the release shall be deemed to have been received on the date the Asbestos PI Trust transmits the offer notification, and (c) if the Asbestos PI Trust places the release in the U.S. mail, postage prepaid, the release shall be deemed to have been received three (3) business days after such mailing date. A delay in the payment of the Released Claims for any reason, including delays resulting from limitations on payment amounts in a given year pursuant to Sections 2.4 and 2.5 hereof, shall not affect the rights of the holders of the Released Claims to be paid based on the Released Claims Payment Percentage.

At least thirty (30) days prior to proposing in writing to the Trust Advisory Committee and Future Demand Holders' Representative a change in the Payment Percentage, the Trustees shall issue a written notice to claimants or claimants' counsel indicating that the Trustees are reconsidering the Payment Percentage. During the period of time when the Trustees are contemplating a change in the Payment Percentage, the Asbestos PI Trust shall continue processing claims and making offers in a manner consistent with its normal course of business.

There is uncertainty surrounding the amount of the Asbestos PI Trust's future assets. There is also uncertainty surrounding the totality of the Asbestos PI Claims to be paid over time, as well as the extent to which changes in existing federal and state law could affect the Asbestos PI Trust's liabilities under this Asbestos TDP. If the value of the Asbestos PI Trust's future assets increases significantly and/or if the value or volume of Asbestos PI Claims actually filed with the Asbestos PI Trust is significantly lower than originally estimated, the Asbestos PI Trust shall use those proceeds and/or claims savings, as the case may be, first to maintain the Payment Percentage then in effect. If the Trustees, with the consent of the Trust Advisory Committee and the Future Demand Holders' Representative, make a determination to increase the Payment Percentage due to a material change in the estimates of the Asbestos PI Trust's future assets and/or liabilities, the Trustees shall also make supplemental payments to all claimants who previously liquidated their claims against the Asbestos PI Trust and received payments based on a lower Payment Percentage. The amount of any such supplemental payment shall be the liquidated value of the claim in question times the applicable newly adjusted Payment Percentage less all amounts previously paid to the claimant with respect to the claim (excluding the portion of such previously paid amounts that was attributable to any sequencing adjustment paid pursuant to Section 7.5 below).

The Trustees' obligation to make a supplemental payment to a claimant shall be suspended in the event the payment in question would be less than $100.00, and the amount of the suspended payment shall be added to the amount of any prior supplemental payment/payments that was/were also suspended because it/they would have been less than $100.00. However, the Trustees' obligation shall resume and the Trustees shall pay any such aggregate supplemental payments due the claimant at such time that the total exceeds $100.00.

SECTION V

Resolution of Asbestos PI Claims

Section 5.1. Ordering, Processing and Payment of Claims

(a) Ordering of Claims

(1) Establishment of the FIFO Processing Queue

The Asbestos PI Trust shall order claims that are sufficiently complete to be reviewed for processing purposes on a FIFO basis except as otherwise provided herein (the "FIFO Processing Queue"). For all claims filed on or before the date six (6) months after the date that the Asbestos PI Trust first makes available the proof of claim forms and other claims materials required to file a claim with the Asbestos PI Trust (such six-month anniversary being referred to herein as the "Initial Claims Filing Date"), a claimant's position in the FIFO Processing Queue shall be determined as of the earliest of (i) the date prior to the Petition Date (if any) that the specific asbestos claim was either filed against Quigley in the tort system or was actually submitted to Quigley pursuant to an administrative settlement agreement; (ii) the date before the Petition Date that the asbestos claim was filed against another defendant in the tort system if at the time the claim was subject to a tolling agreement with Quigley; (iii) the date after the Petition Date but before the date that the Asbestos PI Trust first makes available the proof of claim forms and other claims materials required to file a claim with the Asbestos PI Trust that the asbestos claim was filed against another defendant in the tort system; (iv) the date after the Petition Date but before the Effective Date that a proof of claim was filed by the claimant against Quigley in Quigley's Chapter 11 proceeding; or (v) the date a ballot was submitted on behalf of the claimant for purposes of voting to accept or reject the Plan or an earlier version of the Plan pursuant to voting procedures approved by the Bankruptcy Court.

Following the Initial Claims Filing Date, the claimant's position in the FIFO Processing Queue shall be determined by the date the claim is filed with the Asbestos PI Trust. If any claims are filed on the same date, the claimant's position in the FIFO Processing Queue shall be determined by the date of the diagnosis of the claimant's asbestos-related disease. If any claims are filed and diagnosed on the same date, the claimant's position in the FIFO Processing Queue shall be determined by the claimant's date of birth, with older claimants given priority over younger claimants.

(2) Effect of Statutes of Limitation and Repose

All unliquidated Asbestos PI Claims must meet either (i) for claims first filed in the tort system against Quigley prior to the Petition Date, the applicable federal, state and foreign statute of limitation and repose that was in effect at the time of the filing of the claim in the tort system; or (ii) for claims not filed against Quigley in the tort system prior to the Petition Date, the applicable federal, state or foreign statute of limitation that was in effect at the time of the filing with the Asbestos PI Trust. However, the running of the relevant statute of limitation shall be tolled as of the earliest of (a) the actual filing of the claim against Quigley prior to the Petition Date, whether in the tort system or by submission of the claim to Quigley pursuant to an

administrative settlement agreement; (b) the tolling of the claim against Quigley prior to the Petition Date by an agreement or otherwise, provided such tolling is still in effect on the Petition Date; or (c) the Petition Date.

If an Asbestos PI Claim meets any of the tolling provisions described in the preceding sentence and the claim was not barred by the applicable federal, state or foreign statute of limitation at the time of the tolling event, it shall be treated as timely filed if it is actually filed with the Asbestos PI Trust within three (3) years after the Initial Claims Filing Date. In addition, any claims that were first diagnosed after the Petition Date, irrespective of the application of any relevant statute of limitation or repose, may be filed with the Asbestos PI Trust within three (3) years after the date of diagnosis or within three (3) years after the Initial Claims Filing Date, whichever occurs later. However, the processing of any Asbestos PI Claim by the Asbestos PI Trust may be deferred at the election of the claimant pursuant to Section 6.3 below.

(b) Processing of Claims

As a general practice, the Asbestos PI Trust shall review its claims files on a regular basis and notify all claimants whose claims are likely to come up in the FIFO Processing Queue in the near future.

(c) Payment of Claims

Asbestos PI Claims that have been liquidated by the Expedited Review Process as provided in Section 5.3(a) below, by the Individual Review Process as provided in Section 5.3(b) below, by arbitration as provided in Section 5.10 below, or by litigation in the tort system provided in Section 7.6 below, shall be paid in FIFO order based on the date their liquidation became final (the "FIFO Payment Queue"), all such payments being subject to Payment Percentage, Maximum Available Payments, and Claims Payment Ratios, and the sequencing adjustment provided for in Section 7.5 below, except as otherwise provided herein. Pre-Petition Liquidated Claims, as defined in Section 5.2 below, shall be subject to the Maximum Annual Payment and Payment Percentage limitations but not to the Maximum Available Payment and Claims Payment Ratio provisions set forth above.

Where the claimant is deceased or incompetent and the settlement and payment of his or her claim must be approved by a court of competent jurisdiction or through a probate process prior to acceptance of the claim by the claimant's representative, an offer made by the Asbestos PI Trust on the claim shall remain open so long as proceedings before that court or in that probate process remain pending, provided that the Asbestos PI Trust has been furnished with evidence that the settlement offer has been submitted to such court or in the probate process for approval. If the offer is ultimately approved by the court or through the probate process and accepted by the claimant's representative, the Asbestos PI Trust shall pay the claim in the amount so offered, multiplied by the Payment Percentage in effect at the time the offer was first made.

If any claims are liquidated on the same date, the claimant's position in the FIFO Payment Queue shall be determined by the date of the diagnosis of the claimant's asbestos-related disease. If any claims are liquidated on the same date and the respective holders'

asbestos-related diseases were diagnosed on the same date, the position of those claims in the FIFO Payment Queue shall be determined by the Asbestos PI Trust based on the dates of the claimants' birth, with older claimants given priority over younger claimants.

Section 5.2. Resolution of Pre-Petition Liquidated Asbestos PI Claims

(a) Processing and Payment

As soon as practicable after the Effective Date, the Asbestos PI Trust shall pay, upon submission by the claimant of the appropriate documentation, all Pre-Petition Liquidated Asbestos PI Claims. A Pre-Petition Liquidated Asbestos PI Claim is defined as an Asbestos PI Claim that (i) was liquidated by a binding settlement agreement for the particular claim entered into prior to the Petition Date that is judicially enforceable against Quigley by the claimant; (ii) was liquidated by a judgment that became final and non-appealable prior to the Petition Date; (iii) is a claim of a Disputed Settlement Plaintiff – defined as those claimants who are identified on Schedule 2 to the Settlement Agreement among Pfizer, each of the plaintiffs listed on Schedules 1, 2, 3, and 4 of the Agreement, and the law firm of Reaud, Morgan & Quinn, L.L.P. dated as of December 14, 2012, who shall be entitled to submit claims consistent with their respective settlement values in the Disputed Settlement Agreements to the Asbestos PI Trust; (iv) is a claim of or on behalf of an individual listed on Schedule 2 to the Settlement Agreement among Pfizer, those claimants listed on Schedule 1 to that Agreement, and the law firms of Hissey Keintz, L.L.P. and Hissey, Kientz & Herron P.L.L.C. dated as of December 14, 2012, who shall be entitled to submit pre-petition liquidated claims consistent with their respective settlement values, as listed on Schedule 2 to the Asbestos PI Trust; or (v) is a Pfizer Personal Injury Claim identified on Schedule 1 to the Agreement among Pfizer, each Pfizer Personal Injury Claimant listed on Schedule 1, and the law firm of Brayton Purcell dated as of November 28, 2012, who shall be entitled to submit pre-petition liquidated claims consistent with their respective settlement values, as listed on Schedule 1 to the Asbestos PI Trust. To receive payment from the Asbestos PI Trust as a Pre-Petition Liquidated Asbestos PI Claimant, the holder of a Pre-Petition Liquidated Asbestos PI Claim must submit all documentation necessary to demonstrate to the Asbestos PI Trust that the claim was liquidated in the manner described in this paragraph.

Asbestos PI Deficiency Claims shall also be deemed Pre-Petition Liquidated Asbestos PI Claims for purposes of this Section 5.2(a).

Claims in Classes 2.02 through 2.05 shall be deemed Pre-Petition Liquidated Asbestos PI Claims, however, if and only to the extent that such claim is an Asbestos PI Deficiency Claim and if and only to the extent that such claimant has complied with the provisions of Section 5.2(b) of this Asbestos TDP.

If the Final Judgment for any claim in Classes 2.02 through 2.05 ultimately reverses any extant judgment against Quigley, then any remaining Asbestos PI Claim that such holder may have will automatically and without further act, deed, or court order be channeled to and assumed by the Asbestos PI Trust and liquidated pursuant to this Asbestos TDP as an unliquidated Asbestos PI Claim.

The liquidated value of a Pre-Petition Liquidated Asbestos PI Claim defined in subsection (a)(i) above shall be the unpaid portion of the amount set forth with respect to both Quigley and Pfizer in the binding settlement agreement. The liquidated value of Pre-Petition Liquidated Asbestos PI Claims defined in subsection (a)(ii) above shall be the unpaid portion of the amount of the final judgment. The liquidated value of the Pre-Petition Liquidated Asbestos PI Claims in subsection (a)(i) and (a)(ii) shall include interest, if any, that has accrued on that amount up to and as of the Petition Date in accordance with specific terms of the binding settlement agreement, if any, or under applicable state law for settlements or judgments. The liquidated value of Pre-Petition Liquidated Asbestos PI Claims in subsection (a)(iii) above shall be the amount set forth in the Disputed Settlement Agreements, which are the disputed agreements dated February 2003 through November 2003 included as part of Exhibit B to the Verified Statement of Reaud, Morgan & Quinn, L.L.P. Pursuant to Rule 2019 of the Federal Rules of Bankruptcy Procedure filed in *In re Quigley Co., Inc.*, No. 04-15739 (B.Ct. SDNY Nov. 15, 2004) (No. 173). The liquidated value of Pre-Petition Liquidated Asbestos PI Claims in subsection (a)(iv) above shall be the amount set forth in the "Agreed Prepetition Settlement Amount" column on Schedule 2 referenced in subsection (a)(iv) above. The liquidated value of Pre-Petition Liquidated Asbestos PI Claims in subsection (a)(v) above shall be the amounts set forth in the "Prepetition Liquidated Claim Settlement Amount" column on Schedule 1 referenced in subsection (a)(v) above.

Except as otherwise provided in Section 7.4 below, the liquidated value of a Pre-Petition Liquidated Asbestos PI Claim shall not include any punitive or exemplary damages. In addition, the amounts payable with respect to such Pre-Petition Liquidated Asbestos PI Claims shall not be subject to or taken into account in consideration of the Claims Payment Ratio and the Maximum Available Payment limitations but shall be subject to the Maximum Annual Payment and Payment Percentage provisions. In the absence of a final order of the Bankruptcy Court determining whether a settlement agreement is binding and judicially enforceable, a dispute between the claimant and the Asbestos PI Trust over this issue shall be resolved pursuant to the same procedures in this Asbestos TDP that are provided for resolving the validity and/or liquidated value of an Asbestos PI Claim (i.e., arbitration and litigation in the tort system as set forth in Sections 5.10 and 7.6 below).

Pre-Petition Liquidated Asbestos PI Claims shall be processed and paid in accordance with their order in a separate FIFO queue to be established by the Asbestos PI Trust based on the date the Asbestos PI Trust received all required documentation for the particular claim; provided, however, the amounts payable with respect to such claims shall not be subject to or taken into account in consideration of the Claims Payment Ratio but shall be subject to the Maximum Annual Payment and Payment Percentage provisions set forth herein. If any Pre-Petition Liquidated Asbestos PI Claims were filed on the same date, the claimants' positions in the FIFO queue for such claims shall be determined by the dates on which the claims were liquidated. If any Pre-Petition Liquidated Asbestos PI Claims were both filed and liquidated on the same dates, the positions of the claimants in the FIFO queue shall be determined by the claimants' dates of birth, with older claimants given priority over younger claimants.

(b) Marshalling of Security

Holders of Pre-Petition Liquidated Asbestos PI Claims that are secured by letters of credit, appeal bonds, or other security or sureties shall first exhaust their rights against any applicable security or surety before making a claim against the Asbestos PI Trust. If, after application of such security or surety to such Pre-Petition Liquidated Asbestos PI Claim, the holder of such claim holds an Asbestos PI Deficiency Claim, such Asbestos PI Deficiency Claim shall be processed and paid as a Pre-Petition Liquidated Asbestos PI Claim subject to the provisions of Section 5.2(a) of this Asbestos TDP.

Section 5.3. Resolution of Unliquidated Asbestos PI Claims.

Within six (6) months after the establishment of the Asbestos PI Trust, the Trustees, with the consent of the Trust Advisory Committee and the Future Demand Holders' Representative, shall adopt procedures for reviewing and liquidating all unliquidated Asbestos PI Claims, which shall include setting deadlines for processing such claims. Such procedures shall also require claimants seeking resolution of unliquidated claims to first file a proof of claim form, together with the required supporting documentation, in accordance with the provisions of Sections 6.1 and 6.2 below. It is anticipated that the Asbestos PI Trust shall provide an initial response to the claimant within six (6) months of receiving the proof of claim form.

The proof of claim form shall require the claimant to assert his or her claim for the highest Disease Level for which the claim qualifies at the time of filing. Irrespective of the Disease Level alleged on the proof of claim form, all claims shall be deemed to be a claim for the highest Disease Level for which the claim qualifies at the time of filing, and all lower Disease Levels for which the claim may also qualify at the time of filing or in the future shall be treated as subsumed into the higher Disease Level for both processing and payment purposes.

Upon filing of a valid proof of claim form with the required supporting documentation, the claimant shall be placed in the FIFO Processing Queue in accordance with the ordering criteria described in Section 5.1(a) above. When the claim reaches the top of the FIFO Processing Queue, the Asbestos PI Trust shall process and liquidate the claim based upon the medical/exposure evidence submitted by the claimant, and under the Process elected by the claimant. If the claimant failed to elect a Process, the Asbestos PI Trust shall process and liquidate the claim under the Expedited Review Process, although the claimant shall retain the right to request Individual Review as described in Section 5.3(b) below.

(a) Expedited Review Process – Asbestos PI Claims

(1) In General

The Asbestos PI Trust's Expedited Review Process for Asbestos PI Claims is designed primarily to provide an expeditious, efficient and inexpensive method for liquidating all Asbestos PI Claims (except those involving Lung Cancer 2 (Disease Level V) and all Foreign Claims (as defined below), which shall be liquidated pursuant to the Asbestos PI Trust's Individual Review Process) where the claim can easily be verified by the Asbestos PI Trust as meeting the presumptive Medical/Exposure Criteria for the relevant Disease Level (the "Expedited Review Process"). Expedited Review, thus, provides claimants with a substantially

less burdensome process for pursuing Asbestos PI Claims than does the Individual Review Process described in Section 5.3(b) below. Expedited Review is also intended to provide qualifying claimants a fixed and certain claims payment.

Thus, claims that undergo Expedited Review and meet the presumptive Medical/Exposure Criteria for the relevant Disease Level shall be paid the Scheduled Value for such Disease Level set forth in Section 5.3(a)(3) below. However, all claims liquidated by Expedited Review shall be subject to the applicable Payment Percentage, the Maximum Available Payment, and the Claims Payment Ratio limitations set forth above; provided, however, that Existing Claims and Exigent Hardship Claims shall not be subject to the Maximum Available Payment and the Claims Payment Ratio. Claimants holding claims that cannot be liquidated by Expedited Review because they do not meet the presumptive Medical/Exposure Criteria for the relevant Disease Level may elect the Asbestos PI Trust's Individual Review Process set forth in Section 5.3(b) below.

Subject to the provisions of Section 5.8, the claimant's eligibility to receive the Scheduled Value for his or her Asbestos PI Claim pursuant to the Expedited Review Process shall be determined solely by reference to the Medical/Exposure Criteria set forth below for each of the Disease Levels eligible for Expedited Review.

(2) Claims Processing under Expedited Review for Asbestos PI Claims

All claimants seeking liquidation of their Asbestos PI Claims pursuant to Expedited Review shall file the Asbestos PI Trust's proof of claim form. As a proof of claim form is reached in the FIFO Processing Queue, the Asbestos PI Trust shall determine whether the claim described therein meets the Medical/Exposure Criteria for one of the six Disease Levels eligible for Expedited Review and shall advise the claimant of its determination. If a Disease Level is determined, the Asbestos PI Trust shall tender to the claimant an offer of payment of the Scheduled Value for the relevant Disease Level multiplied by the applicable Payment Percentage, together with a form of release approved by the Asbestos PI Trust. If the claimant accepts the Scheduled Value and returns the release properly executed, the claim shall be placed in the FIFO Payment Queue, following which the Asbestos PI Trust shall disburse payment subject to the limitations of the Maximum Available Payment and Claims Payment Ratio, if any.

(3) Disease Levels, Scheduled Values and Medical/Exposure Criteria for Asbestos PI Claims

The seven Disease Levels covered by this Asbestos TDP, together with the Medical/Exposure Criteria for each and the Scheduled Values for the six Disease Levels eligible for Expedited Review, are set forth below. These Disease Levels, Scheduled Values, and Medical/Exposure Criteria shall apply to all Trust Voting Claims filed with the Asbestos PI Trust on or before the Initial Claims Filing Date provided in Section 5.1 above for which the claimant elects the Expedited Review Process. "Trust Voting Claims" are claims (a) filed against Quigley in the tort system or actually submitted to Quigley pursuant to an administrative settlement agreement prior to the Petition Date or (b) filed against another defendant in the tort system after the Petition Date; provided the holder of any such claim described in (a) or (b) or his or her

authorized agent actually voted to accept or reject the Plan or an earlier version of the Plan pursuant to voting procedures established by the Bankruptcy Court unless such holder certifies to the satisfaction of the Trustees that he or she was prevented from voting as a result of circumstances resulting in a state of emergency affecting, as the case may be, the holder's residence, principal place of business or legal representative's place of business at which the holder or his or her legal representative receives notice and /or maintains material records relating to his or her Trust Voting Claim. Thereafter, for purposes of administering the Expedited Review Process and with the consent of the Trust Advisory Committee and the Future Demand Holders' Representative, the Trustees may add to, change or eliminate Disease Levels, Scheduled Values, or Medical/Exposure Criteria; develop subcategories of Disease Levels, Scheduled Values, or Medical/Exposure Criteria; or determine that a novel or exceptional asbestos personal injury claim is compensable even though it does not meet the Medical/Exposure Criteria for any of the then-current Disease Levels.

Disease Level	**Scheduled Value**	**Medical/Exposure Criteria**
Mesothelioma (Level VII)	$200,000	(1) Diagnosis[2] of mesothelioma, **and** (2) Quigley Exposure.[3]
Lung Cancer 1 (Level VI)	$35,000	(1) Diagnosis of a primary lung cancer plus evidence of an underlying Bilateral Asbestos-Related Non-malignant Disease,[4] **and** (2)

[2] The requirements for a diagnosis of an asbestos-related disease that may be compensated under the provisions of this Asbestos TDP are set forth in Section 5.7 below.

[3] The term "Quigley Exposure" is defined at Section 5.7(b)(3) below.

[4] Evidence of "Bilateral Asbestos-Related Non-malignant Disease" for purposes of meeting the criteria for establishing Disease Levels I, II, IV, and VI means either (i) a chest X-ray read by a qualified B-reader of 1/0 or higher on the ILO scale or, (ii) (a) a chest X-ray read by a qualified B-reader or other Qualified Physician, (b) a CT scan read by a Qualified Physician, or (c) pathology, in each case showing bilateral interstitial fibrosis, bilateral pleural plaques, bilateral pleural thickening, or bilateral pleural calcification. Evidence submitted to demonstrate (i) or (ii) above must be in the form of a written report stating the results (*e.g.*, an ILO report, a written radiology report or a pathology report). Solely for claims filed against Quigley or another asbestos defendant in the tort system prior to the Petition Date, if an ILO reading is not available, either (i) a chest X-ray or a CT scan read by a Qualified Physician or (ii) pathology showing bilateral interstitial fibrosis, bilateral pleural plaques, bilateral pleural thickening, or bilateral pleural calcification consistent with, or compatible with, a diagnosis of asbestos-related disease shall be evidence of Bilateral Asbestos-Related Non-malignant Disease for purposes of meeting the presumptive medical requirements of Disease Levels I, II, IV, and VI. Pathological proof of asbestosis may be based on the pathological grading system for asbestosis described in the Special Issue of the Archives of Pathology and Laboratory Medicine, "Asbestos-associated Diseases," Vol. 106, No. 11, App. 3 (October 8, 1982). For all purposes of this Asbestos TDP, a "Qualified Physician" is a physician who is board certified (or in the case of Canadian Claims or Foreign Claims, a physician who is certified or qualified under comparable medical standards or criteria of the jurisdiction in question) in one or more relevant specialized fields of medicine such as pulmonology, radiology, internal medicine, or occupational medicine; provided, however, subject to the provisions of Section 5.8, that the requirement for board certification in this

Disease Level	**Scheduled Value**	**Medical/Exposure Criteria**
		evidence of six months of Quigley Exposure, **and** (3) Significant Occupational Exposure,[5] **and** (4) supporting medical documentation establishing asbestos exposure as a contributing factor in causing the lung cancer in question.
Lung Cancer 2 (Level V)	None – subject to Individual Review.	(1) Diagnosis of a primary lung cancer, **and** (2) evidence of Quigley Exposure, **and** (3) supporting medical documentation establishing asbestos exposure as a contributing factor in causing the lung cancer in question.
		Lung Cancer 2 (Level V) claims are claims that do not meet the more stringent medical and/or exposure requirements of Lung Cancer 1 (Level VI) claims. All claims in this Disease Level shall be individually evaluated. The estimated likely average of the individual evaluation awards for this category is $15,000, with such awards capped at $30,000, unless the claim qualifies for Extraordinary Claim treatment.
		Level V claims that show no evidence of either an underlying Bilateral Asbestos-Related Non-malignant Disease or Significant Occupational Exposure may be individually evaluated, although it is not expected that such claims shall be treated as having any significant value, especially if the claimant is also a smoker.[6] In any event, no presumption of validity will be available for any claims in this category.

provision shall not apply to otherwise qualified physicians whose X-ray and/or CT scan readings are submitted for deceased holders of Asbestos PI Claims.

5 The term "Significant Occupational Exposure" is defined at Section 5.7(b)(2) below.

6 There is no distinction between Non-Smokers and smokers for either Lung Cancer 1 (Level VI) or Lung Cancer 2 (Level V), although a claimant who meets the more stringent requirements of Lung Cancer 1 (Level VI) (evidence of an underlying Bilateral Asbestos-Related Non-malignant Disease plus Significant Occupational Exposure), and who is also a Non-Smoker, may wish to have his or her claim individually evaluated by the Asbestos P1 Trust. In such case, absent circumstances that would otherwise reduce the value of the claim, it is anticipated that the liquidated value of the claim might well exceed the Scheduled Value for Lung Cancer 1 (Level VI) shown above. "Non-Smoker" means a claimant who either (a) never smoked or (b) has not smoked during any portion of the twelve (12) years immediately prior to the diagnosis of the lung cancer.

Disease Level	Scheduled Value	Medical/Exposure Criteria
Other Cancer (Level IV)	$15,000	(1) Diagnosis of a primary colorectal, laryngeal, esophageal, pharyngeal, or stomach cancer, plus evidence of an underlying Bilateral Asbestos-Related Non-malignant Disease, **and** (2) evidence of six months of Quigley Exposure, **and** (3) Significant Occupational Exposure, **and** (4) supporting medical documentation establishing asbestos exposure as a contributing factor in causing the other cancer in question.
Severe Asbestosis (Level III)	$35,000	(1) Diagnosis of asbestosis with ILO of 2/1 or greater, **or** (2) asbestosis determined by a pathologist based on pathological evidence of asbestos, **plus**, for both (1) and (2), Pulmonary Function Testing[7] that shows either (a) TLC[8] less than 65% of predicted value, **or** (b) FVC[9] less than 65% of predicted value and FEV1[10]/FVC ratio greater than 65% of predicted value, and (3) evidence of six months of Quigley Exposure, **and** (4) Significant Occupational Exposure to asbestos, **and** (5) supporting medical documentation establishing asbestos exposure as a contributing factor in causing the

7 "Pulmonary Function Testing" or "PFT" means testing that is in material compliance with the quality criteria established by the American Thoracic Society ("ATS") and is performed on equipment which is in material compliance with ATS standards for technical quality and calibration. PFT performed in a hospital accredited by the JCAHO, or performed, reviewed or supervised by a board-certified pulmonologist or other Qualified Physician shall be presumed to comply with ATS standards, and the claimant may submit a summary report of the testing. If the PFT was not performed in an JCAHO-accredited hospital, or performed, reviewed or supervised by a board-certified pulmonologist or other Qualified Physician, the claimant must submit the full report of the testing (as opposed to a summary report); provided, however, that if the PFT was conducted prior to the Effective Date of the Plan and the full PFT report is not available, the claimant must submit a declaration signed by a Qualified Physician or other qualified party, in the form provided by the Asbestos PI Trust, certifying that the PFT was conducted in material compliance with ATS standards.

8 "TLC" or "total lung capacity" means the total amount of air that can be taken into the lungs, including the air that cannot be exhaled, as measured by lung volume testing in a pulmonary function test.

9 "FVC" or "forced vital capacity" means that measurement of a person's ability to exhale as completely and quickly as possible after inhalation on a pulmonary function spirometry test.

10 "FEV1" or "forced expiratory volume in one second" means that measurement of the quantity of air forcefully expired in one second during pulmonary function spirometry testing.

Disease Level	**Scheduled Value**	**Medical/Exposure Criteria**
		asbestosis.
Asbestosis/ Pleural Disease (Level II)	$5,000	(1) Diagnosis of Bilateral Asbestos-Related Non-malignant Disease, plus (a) TLC less than 80% or (b) FVC less than 80% and FEVI/FVC ratio greater than or equal to 65% and (2) six months Quigley Exposure, (3) Significant Occupational Exposure to asbestos, and (4) supporting medical documentation establishing asbestos exposure as a contributing factor in causing the asbestos-related disease in question.
Asbestosis/Pleural Disease (Level I)	$2,000	(1) Diagnosis of a Bilateral Asbestos-Related Non-malignant Disease, **and** (2) evidence of six months of Quigley Exposure, **and** (3) five years cumulative occupational exposure to asbestos.

(b) Individual Review Process for Asbestos PI Claims

(1) In General

Subject to the provisions of Sections 5.3(b)(1)(A), 5.3(b)(1)(B), and 5.3(b)(2) set forth below, a claimant may elect to have his or her Asbestos PI Claim reviewed for purposes of determining whether the claim would be compensable in the tort system even though it does not meet the presumptive Medical/Exposure Criteria for any of the Disease Levels set forth in Section 5.3(a)(3) above (the "Individual Review Process"). In addition or alternatively, a claimant may elect to have a claim undergo the Individual Review Process for purposes of determining whether the liquidated value of the claim involving Disease Levels III, IV, VI or VII exceeds the Scheduled Value for the relevant Disease Level also set forth in said provision. However, until such time as the Asbestos PI Trust has made an offer on a claim pursuant to Individual Review, the claimant may change his or her Individual Review election and have the claim liquidated pursuant to the Asbestos PI Trust's Expedited Review Process. In the event of such a change in the processing election, the claimant shall nevertheless retain his or her place in the FIFO Processing Queue.

The liquidated value of all Foreign Claims payable under this Asbestos TDP shall be established only under the Asbestos PI Trust's Individual Review process. Asbestos PI Claims of individuals exposed in Canada who were resident in Canada when such claims were filed ("Canadian Claims") shall not be considered Foreign Claims hereunder and shall be eligible for liquidation under the Expedited Review Process. Accordingly, a "Foreign Claim" is an Asbestos PI Claim with respect to which the claimant's exposure to an asbestos-containing product or conduct for which Quigley has legal responsibility occurred outside of the United States and its Territories and Possessions, and outside of the Provinces and Territories of Canada.

In reviewing Foreign Claims, the Asbestos PI Trust shall take into account all relevant procedural and substantive legal rules to which the claims would be subject in the Claimant's Jurisdiction, as defined in Section 5.3(b)(2) below. The Asbestos PI Trust shall determine the liquidated value of Foreign Claims based on historical settlements and verdicts in the Claimant's Jurisdiction as well as the other valuation factors set forth in Section 5.3(b)(2) below.

For purposes of the Individual Review Process for Foreign Claims, the Trustees, with the consent of the Trust Advisory Committee and the Future Demand Holders' Representative, may develop separate Medical/Exposure Criteria and standards, as well as separate requirements for physician and other professional qualifications, which shall be applicable to all Foreign Claims channeled to the Asbestos PI Trust; provided, however, that such criteria, standards or requirements shall not effectuate substantive changes to the claims eligibility requirements under this Asbestos TDP, but, rather, shall be made only for the purpose of adapting those requirements to the particular licensing provisions and/or medical customs or practices of the foreign country in question.

At such time as the Asbestos PI Trust has sufficient historical settlement, verdict and other valuation data for claims from a particular foreign jurisdiction, the Trustees, with the consent of the Trust Advisory Committee and the Future Demand Holders' Representative, may also establish a separate valuation matrix for any such Foreign Claims based on that data.

(A) Review of Medical/Exposure Criteria

The Asbestos PI Trust's Individual Review Process provides a claimant with an opportunity for individual consideration and evaluation of an Asbestos PI Claim that fails to meet the presumptive Medical/Exposure Criteria for Disease Levels I-IV and VI-VII. In such a case, the Asbestos PI Trust shall either deny the claim, or, if the Asbestos PI Trust is satisfied that the claimant has presented a claim that would be cognizable and valid in the tort system, the Asbestos PI Trust can offer the claimant a liquidated value amount up to the Scheduled Value for that Disease Level, unless the claim qualifies as an Extraordinary Claim as defined in Section 5.4(a) below, in which case its liquidated value cannot exceed the maximum extraordinary value for such a claim.

(B) Review of Liquidated Value for Asbestos PI Claims in Disease Levels III-VII

Claimants holding Asbestos PI Claims in the more serious Disease Levels III, IV, VI, or VII shall be eligible to seek, and claimants holding Asbestos PI Claims in Disease Level V and all Foreign Claims shall be required to undergo, Individual Review of the liquidated value of their claims, as well as of their medical/exposure evidence. The Individual Review Process is intended to result in payments equal to the full liquidated value for each claim multiplied by the Payment Percentage; however, the liquidated value of any Asbestos PI Claim that undergoes Individual Review may be determined to be less than the Scheduled Value the claimant would have received under Expedited Review. Moreover, the liquidated value for a claim involving Disease Levels III–VII shall not exceed the Maximum Value for the relevant Disease Level set forth in Section 5.3(b)(3) below, unless the claim meets the requirements of an Extraordinary Claim described in Section 5.4(a) below, in which case its liquidated value cannot exceed the

maximum extraordinary value set forth in that provision for such claims. Because the detailed examination and valuation process pursuant to Individual Review requires substantial time and effort, claimants electing to undergo the Individual Review Process may be paid the liquidated value of their Asbestos PI Claims later than would have been the case had the claimant elected the Expedited Review Process. Subject to the provisions of Section 5.8, the Asbestos PI Trust shall devote reasonable resources to the review of all claims to ensure that there is a reasonable balance maintained in reviewing all classes of claims.

(2) Valuation Factors to be Considered in Individual Review

The Asbestos PI Trust shall liquidate the value of each Asbestos PI Claim that undergoes Individual Review based on the historic liquidated values of other similarly situated claims in the tort system for the same Disease Level. The Asbestos PI Trust shall thus take into consideration all of the factors that affect the severity of damages and values within the tort system including, but not limited to, credible evidence of (i) the degree to which the characteristics of a claim differ from the presumptive Medical/Exposure Criteria for the Disease Level in question; (ii) factors such as the claimant's age, disability, employment status, disruption of household, family or recreational activities, dependencies, special damages, and pain and suffering; (iii) whether the claimant's damages were (or were not) caused by asbestos exposure, including Quigley Exposure (for example, alternative causes, and the strength of documentation of injuries); (iv) the industry of exposure; and (v) settlements and verdict histories and other law firms' experience in the Claimant's Jurisdiction for similarly-situated claims; and (vi) settlement and verdict histories for the claimant's law firm for similarly-situated claims.

For these purposes, the "Claimant's Jurisdiction" is (a) the jurisdiction in which the claim was filed (if at all) against Quigley in the tort system prior to the Petition Date or (b) if the claim was not filed against Quigley in the tort system prior to the Petition Date, the claimant may elect as the Claimant's Jurisdiction either (i) the jurisdiction in which the claimant resides at the time of diagnosis, or (ii) the jurisdiction in which the claimant resides when the claim is filed with the Asbestos PI Trust, or (iii) a jurisdiction in which the claimant experienced Quigley Exposure.

With respect to the Claimant's Jurisdiction, in the event a personal representative or authorized agent makes a claim under this Asbestos TDP for wrongful death with respect to which the governing law of the Claimant's Jurisdiction could only be the Alabama Wrongful Death Statute, the Claimant's Jurisdiction for such claim shall be the Commonwealth of Pennsylvania, and such claimant's damages shall be determined pursuant to the statutory and common laws of the Commonwealth of Pennsylvania without regard to its choice of law principles. The choice of law provision in Section 7.4 below is applicable to any claim with respect to which, but for this choice of law provision, the applicable law of the Claimant's Jurisdiction pursuant to Section 5.3(b)(2) is determined to be the Alabama Wrongful Death Statute, which shall only govern the rights between the Asbestos PI Trust and the claimant; and, to the extent the Asbestos PI Trust seeks recovery from any entity that provided insurance coverage to Quigley, the Alabama Wrongful Death Statute shall govern.

(3) Scheduled, Average, and Maximum Values

The Scheduled, Average, and Maximum Values for Disease Levels I-VII are the following:

Scheduled Disease	**Scheduled Value**	**Average Value**	**Maximum Value**
Mesothelioma (Level VII)	$200,000	$225,000	$450,000
Lung Cancer 1 (Level VI)	$35,000	$45,000	$90,000
Lung Cancer 2 (Level V)	None	$15,000	$30,000
Other Cancer (Level IV)	$15,000	$16,500	$30,000
Severe Asbestosis (Level III)	$35,000	$40,000	$90,000
Asbestosis/Pleural Disease (Level II)	$5,000	$5,000	$5,000
Asbestosis/Pleural Disease (Level I)	$2,000	$2,000	$2,000

These Scheduled Values, Average Values, and Maximum Values shall apply to all Trust Voting Claims (other than Pre-Petition Liquidated Asbestos PI Claims) filed with the Asbestos PI Trust on or before the Initial Claims Filing Date as provided in Section 5.1(a)(1) above. Thereafter, the Asbestos PI Trust, with the consent of the Trust Advisory Committee and the Future Demand Holders' Representative pursuant to Sections 6.06(b) and 7.07(b) of the Asbestos PI Trust Agreement, may change these valuation amounts to account for the effect of inflation or for other good cause and consistent with other restrictions on the amendment power.

Section 5.4. Categorizing Claims as Extraordinary and/or Exigent Hardship

(a) Extraordinary Claims

An "Extraordinary Claim" means an Asbestos PI Claim that otherwise satisfies the Medical/Exposure Criteria for Disease Levels III-VII, and that is held by a claimant whose exposure to asbestos (i) occurred predominantly as a result of working in a manufacturing facility of Quigley during a period in which Quigley was manufacturing asbestos-containing products at that facility or (ii) was at least 75% the result of Quigley Exposure and there is little likelihood of a substantial recovery elsewhere. All such Extraordinary Claims shall be presented for Individual Review and, if valid, shall be entitled to an award of up to a maximum extraordinary value of five (5) times the Scheduled Value set forth in Section 5.3(b)(3) for claims qualifying for Disease Levels III, IV, VI, and VII, and five (5) times the Average Value for claims in Disease Level V, multiplied by the applicable Payment Percentage.

Any dispute as to Extraordinary Claim status shall be submitted to a special Extraordinary Claims Panel established by the Trustees with the consent of the Trust Advisory Committee and the Future Demand Holders' Representative. All decisions of the Extraordinary Claims Panel shall be final and not subject to any further administrative or judicial review. An Extraordinary Claim, following its liquidation, shall be placed in the Asbestos PI Trust's FIFO Payment Queue ahead of all other Asbestos PI Claims except Pre-Petition Liquidated Asbestos PI Claims, Existing Claims, and Exigent Hardship Claims, which shall be paid first in that order in said Queue, based on its date of liquidation and shall be subject to the Maximum Available Payment and Claims Payment Ratio described above.

(b) Exigent Hardship Claims

At any time the Asbestos PI Trust may liquidate and pay Asbestos PI Claims that qualify as Exigent Hardship Claims as defined below. Such claims may be considered separately no matter what the order of processing otherwise would have been under this Asbestos TDP. An Exigent Hardship Claim, following its liquidation, shall be placed first in the FIFO Payment Queue ahead of all other liquidated Asbestos PI Claims except Pre-Petition Liquidated Asbestos PI Claims and Existing Claims, which claims, together with the Exigent Hardship Claims, shall be paid in accordance with the provisions of Section 2.4 hereof. An Asbestos PI Claim qualifies for payment as an Exigent Hardship Claim if the claim meets the Medical/Exposure Criteria for Severe Asbestosis (Disease Level III) or an asbestos-related malignancy (Disease Levels IV-VII) and the Asbestos PI Trust, in its sole discretion, determines (i) that the claimant needs financial assistance on an immediate basis based on the claimant's expenses and all sources of available income and (ii) that there is a causal connection between the claimant's dire financial condition and the claimant's asbestos-related disease.

Section 5.5. Secondary Exposure Claims

If a claimant alleges an asbestos-related disease resulting solely from exposure to an occupationally-exposed person, such as a family member, the claimant may seek Individual Review of his or her claim pursuant to Section 5.3(b) above. In such case the claimant must establish that the occupationally-exposed person would have met the exposure requirements under this Asbestos TDP that would have been applicable had that person filed a direct claim against the Asbestos PI Trust. In addition, the claimant with secondary exposure must establish that he or she is suffering from one of the seven Disease Levels described in Section 5.3(a)(3) above or an asbestos-related disease otherwise compensable under this Asbestos TDP, that his or her own exposure to the occupationally-exposed person occurred within the same time frame as the occupationally-exposed person experienced Quigley Exposure, and that such secondary exposure was a cause of the claimed disease. All other liquidation and payment rights and limitations under this Asbestos TDP shall be applicable to such claims.

Section 5.6. Indirect Asbestos PI Claims

Indirect Asbestos PI Claims asserted against the Asbestos PI Trust based upon theories of contribution or indemnification under applicable law shall be treated as presumptively valid and paid by the Asbestos PI Trust subject to the applicable Payment Percentage if (a) such claim satisfied the requirements of the Bar Date for such claims established by the Bankruptcy Court, if

applicable, and is not otherwise disallowed by Section 502(e) of the Code or subordinated under Section 509(c) of the Code; and (b) the holder of such claim (the "Indirect Claimant") establishes to the satisfaction of the Trustees that (i) the Indirect Claimant has paid in full the liability and obligation of the Asbestos PI Trust to the individual claimant to whom the Asbestos PI Trust would otherwise have had a liability or obligation under this Asbestos TDP (the "Direct Claimant"), (ii) the Direct Claimant and the Indirect Claimant have forever and fully released the Asbestos PI Trust from all liability to the Direct Claimant, and (iii) the claim is not otherwise barred by a statute of limitation or repose or by other applicable law. In no event shall any Indirect Claimant have any rights against the Asbestos PI Trust superior to the rights of the related Direct Claimant against the Asbestos PI Trust, including any rights with respect to the timing, amount or manner of payment. In addition, no Indirect Claim may be liquidated and paid in an amount that exceeds what the Indirect Claimant has actually paid the related Direct Claimant.

To establish a presumptively valid Indirect Asbestos PI Claim, the Indirect Claimant's aggregate liability for the Direct Claimant's claim must also have been fixed, liquidated, and paid fully by the Indirect Claimant by settlement (with an appropriate full release in favor of the Asbestos PI Trust) or a Final Order (as defined in the Plan) provided that it is established that such claim is valid under the applicable state law. In any case where the Indirect Claimant has satisfied the claim of a Direct Claimant against the Asbestos PI Trust under applicable law by way of a settlement, the Indirect Claimant shall obtain for the benefit of the Asbestos PI Trust a release in form and substance satisfactory to the Trustees.

If an Indirect Claimant cannot meet the presumptive requirements set forth above, including the requirement that the Indirect Claimant provide the Asbestos PI Trust with a full release of the Direct Claimant's claim, the Indirect Claimant may request that the Asbestos PI Trust review the Indirect Asbestos PI Claim individually to determine whether the Indirect Claimant can establish under applicable state law that the Indirect Claimant has paid all or a portion of a liability or obligation that the Asbestos PI Trust had to the Direct Claimant. If the Indirect Claimant can show that it has paid all or a portion of such a liability or obligation, the Asbestos PI Trust shall reimburse the Indirect Claimant the amount of the liability or obligation so paid, times the then-applicable Payment Percentage. However, in no event shall such reimbursement to the Indirect Claimant be greater than the amount to which the Direct Claimant would have otherwise been entitled. Further, the liquidated value of any Indirect Asbestos PI Claim paid by the Asbestos PI Trust to an Indirect Claimant shall be treated as an offset to or reduction of the full liquidated value of any Asbestos PI Claim that might be subsequently asserted by the Direct Claimant against the Asbestos PI Trust.

Any dispute between the Asbestos PI Trust and an Indirect Claimant over whether the Indirect Claimant has a right to reimbursement for any amount paid to a Direct Claimant shall be subject to the ADR Procedures provided in Section 5.10 below. If such dispute is not resolved by said ADR Procedures, the Indirect Claimant may litigate the dispute in the tort system pursuant to Sections 5.11 and 7.6 below.

The Trustees may develop and approve a separate proof of claim form for such Indirect Asbestos PI Claims. Indirect Asbestos PI Claims that have not been disallowed, discharged, or otherwise resolved by prior order of the Bankruptcy Court shall be processed in accordance with

procedures to be developed and implemented by the Trustees, consistent with the provisions of this Section 5.6, which procedures (a) shall determine the validity, acceptability and enforceability of such claims; and (b) shall otherwise provide the same liquidation and payment procedures and rights to the holders of such claims as the Asbestos PI Trust would have afforded the holders of the underlying valid Asbestos PI Claims. Nothing in this Asbestos TDP is intended to preclude a trust to which asbestos-related liabilities are channeled from asserting an Indirect Asbestos PI Claim against the Asbestos PI Trust subject to the requirements set forth herein.

Section 5.7. Evidentiary Requirements

(a) Medical Evidence – Asbestos PI Claims

(1) In General

All diagnoses of a Disease Level shall be accompanied by either (i) a statement by the physician providing the diagnosis that at least ten (10) years have elapsed between the date of first exposure to asbestos or asbestos-containing products and the diagnosis or (ii) a history of the claimant's exposure sufficient to establish a ten (10)-year latency period. All diagnoses shall also be based upon the standards set forth below. A finding by a physician after the Effective Date that a claimant's disease is "consistent with" or "compatible with" asbestosis shall not alone be treated by the Asbestos PI Trust as a diagnosis.[11]

(A) Disease Levels I-III

Except for asbestos claims filed against Quigley or any other asbestos defendant in the tort system prior to the Petition Date, all diagnoses of a non-malignant, asbestos-related disease (Disease Levels I-III) shall be based in the case of a claimant who was living at the time the claim was filed upon a physical examination of the claimant by the physician providing the diagnosis of the asbestos-related disease. All living claimants must also provide (i) for Disease Levels I and II, evidence of Bilateral Asbestos-Related Non-malignant Disease (as defined in Footnote 4 above); (ii) for Disease Level III, an ILO reading of 2/1 or greater or pathological evidence of asbestosis, and (iii) for Disease Levels II and III, Pulmonary Function Testing.

In the case of a claimant who was deceased at the time the claim was filed, all diagnoses of a non-malignant, asbestos-related disease (Disease Levels I-III) shall be based upon either (i) a physical examination of the claimant by the physician providing the diagnosis of the asbestos-related disease; or (ii) pathological evidence of the non-malignant, asbestos-related disease; or (iii) in the case of Disease Levels I-II, evidence of Bilateral Asbestos-Related Non-malignant Disease (as defined in Footnote 4 above) and for Disease Level III, either an ILO reading of 2/1 or greater or pathological evidence of asbestosis; and (iv) for either Disease Level II or III, Pulmonary Function Testing.

[11] All diagnoses of Asbestosis/Pleural Disease (Disease Levels I and II) not based on pathology shall be presumed to be based on findings of bilateral asbestosis or pleural disease, and all diagnoses of Mesothelioma (Disease Level VII) shall be presumed to be based on findings that the disease involves a malignancy. However, the Asbestos PI Trust may rebut such presumptions.

(B) Disease Levels IV-VII

All diagnoses of an asbestos-related malignancy (Disease Levels IV-VII) shall be based upon (i) a physical examination of the claimant by the physician providing the diagnosis of the asbestos-related disease or (ii) a diagnosis of such a malignant Disease Level by a board-certified pathologist or by a pathology report prepared on or on behalf of a hospital accredited by the Joint Commission on Accreditation of Healthcare Organizations ("JCAHO").

(C) Exception to the Exception for Certain Pre-Petition Claims

If the holder of an Asbestos PI Claim that was filed against Quigley or any other defendant in the tort system prior to the Petition Date has available a report of a diagnosing physician engaged by the holder or his or her law firm who conducted a physical examination of the holder as described in Section 5.7(a)(1)(A), or if the holder has filed such medical evidence and/or a diagnosis of the asbestos-related disease by a physician not engaged by the holder or his or her law firm who conducted a physical examination of the holder with another asbestos-related personal injury settlement trust that requires such evidence, without regard to whether the claimant or the law firm engaged the diagnosing physician, the holder shall provide such medical evidence to the Asbestos PI Trust notwithstanding the exception in Section 5.7(a)(1)(A).

(2) Credibility of Medical Evidence

Before making any payment to a claimant, the Asbestos PI Trust must have reasonable confidence that the medical evidence provided in support of the claim is credible and consistent with recognized medical standards. The Asbestos PI Trust may require the submission of X-rays, CT scans, detailed results of pulmonary function tests, laboratory tests, tissue samples, results of medical examination or reviews of other medical evidence, and may require that medical evidence submitted comply with recognized medical standards regarding equipment, testing methods and procedures to assure that such evidence is reliable. Medical evidence (i) that is of a kind shown to have been received in evidence by a state or federal judge at trial, or (ii) that is consistent with evidence submitted to Quigley to settle for payment similar disease cases prior to Quigley's bankruptcy or, (iii) that consists of a diagnosis by a physician shown to have previously qualified as a medical expert with respect to the asbestos-related disease in question before a state or federal judge is presumptively reliable, although the Asbestos PI Trust may seek to rebut the presumption.

In addition, claimants who otherwise meet the requirements of this Asbestos TDP for payment of an Asbestos PI Claim shall be paid irrespective of the results in any litigation at anytime between the claimant and any other defendant in the tort system. However, any relevant evidence submitted in a proceeding in the tort system other than any findings of fact, a verdict, or a judgment, involving another defendant, may be introduced by either the claimant or the Asbestos PI Trust in any Individual Review proceeding conducted pursuant to Section 5.3(b) or any Extraordinary Claim proceeding conducted pursuant to Section 5.4(a).

(b) Exposure Evidence – Asbestos PI Claims

(1) In General

As set forth above in Section 5.3(a)(3), to qualify for any Disease Level, the claimant must demonstrate Quigley Exposure which, in the case of Indirect Asbestos PI Claims, shall be Quigley Exposure in respect of the Direct Claimant. Claims based on conspiracy or derivative liability theories that involve no Quigley Exposure are not compensable under this Asbestos TDP. To meet the presumptive exposure requirements of Expedited Review set forth in Section 5.3(a)(3) above, the claimant must show (i) for all Disease Levels, Quigley Exposure as defined in Section 5.7(b)(3) below prior to December 21, 1982; (ii) for Asbestosis/Pleural Disease Level I, six (6) months Quigley Exposure prior to December 31, 1982, plus five (5) years cumulative occupational asbestos exposure; (iii) for Asbestos/Pleural Disease (Disease Level II), Severe Asbestosis Disease (Disease Level III), Other Cancer (Disease Level IV), or Lung Cancer I (Disease Level VI), the claimant must show six (6) months Quigley Exposure prior to December 21, 1982, plus Significant Occupational Exposure to asbestos. If the claimant cannot meet the relevant presumptive exposure requirements for a Disease Level eligible for Expedited Review, the claimant may seek Individual Review of his or her Quigley Exposure pursuant to Section 5.3(b) above.

(2) Significant Occupational Exposure

"Significant Occupational Exposure" means employment for a cumulative period of at least five (5) years with a minimum of two (2) years prior to December 31, 1982, in an industry and an occupation in which the claimant (a) handled raw asbestos fibers on a regular basis, (b) fabricated asbestos-containing products so that the claimant in the fabrication process was exposed on a regular basis to raw asbestos fibers, (c) altered, repaired or otherwise worked with an asbestos-containing product such that the claimant was exposed on a regular basis to asbestos fibers, or (d) was employed in an industry and occupation such that the claimant worked on a regular basis in close proximity to workers engaged in the activities described in (a), (b), and/or (c).

(3) Quigley Exposure

The claimant must demonstrate meaningful and credible exposure, which occurred prior to December 31, 1982, to asbestos or asbestos-containing products supplied, specified, manufactured, installed, maintained, or repaired by Quigley and/or any entity for which Quigley has legal responsibility ("Quigley Exposure"). That meaningful and credible exposure evidence may be established by an affidavit or sworn statement of the claimant, by an affidavit or sworn statement of a co-worker or the affidavit or sworn statement of a family member in the case of a deceased claimant (providing the Asbestos PI Trust finds such evidence reasonably reliable), by invoices, employment, construction or similar records, or by other credible evidence. Any affidavits or sworn statements submitted to the Asbestos PI Trust must conform to the requirements of applicable state law. The specific exposure information required by the Asbestos PI Trust to process a claim under either Expedited or Individual Review shall be set forth on the proof of claim form to be used by the Asbestos PI Trust. The Asbestos PI Trust can

also require submission of other or additional evidence of exposure when it deems such to be necessary.

Evidence submitted to establish proof of Quigley Exposure is for the sole benefit of the Asbestos PI Trust, not third parties or defendants in the tort system. The Asbestos PI Trust has no need for, and therefore claimants are not required to furnish the Asbestos PI Trust with evidence of, exposure to specific asbestos products other than those for which Quigley has legal responsibility, except to the extent such evidence is required elsewhere in this Asbestos TDP. Similarly, failure to identify Quigley products in the claimant's underlying tort action, or to other bankruptcy trusts, does not preclude the claimant from recovering from the Asbestos PI Trust, provided the claimant otherwise satisfies the medical and exposure requirements of this Asbestos TDP.

Section 5.8. Claims Audit Program

The Trustees with the consent of the Trust Advisory Committee and the Future Demand Holders' Representative may develop methods for auditing the reliability of medical evidence, including additional reading of X-rays, CT scans and verification of pulmonary function tests as well as the reliability of evidence of exposure to asbestos or asbestos-containing products for which Quigley or any Pfizer Protected Party has legal responsibility. In the event that the Asbestos PI Trust reasonably determines that any individual or entity has engaged in a pattern or practice of providing unreliable medical evidence to the Asbestos PI Trust, it may decline to accept additional evidence from such provider in the future.

Further, in the event that an audit reveals that fraudulent information has been provided to the Asbestos PI Trust, the Asbestos PI Trust may penalize any claimant or claimant's attorney by rejecting the Asbestos PI Claim or by other means including, but not limited to, requiring the source of the fraudulent information to pay the costs associated with the audit and any future audit or audits, reordering the priority of payment of all affected claimants' Asbestos PI Claims, raising the level of scrutiny of additional information submitted from the same source or sources, refusing to accept additional evidence from the same source or sources, seeking the prosecution of the claimant or claimant's attorney for presenting a fraudulent claim in violation of 18 U.S.C. § 152, and seeking sanctions from the Bankruptcy Court.

Section 5.9. Second Disease (Malignancy) Claims

Notwithstanding the provisions of Section 2.1 that a claimant may not assert more than one (1) Asbestos PI Claim hereunder, the holder of an Asbestos PI Claim involving a non-malignant, asbestos-related disease (Disease Levels I through III) may assert a new Asbestos PI Claim against the Asbestos PI Trust for a malignant disease (Disease Levels IV through VII) that is subsequently diagnosed. Any additional payments to which such claimant may be entitled with respect to such malignant asbestos-related disease shall not be reduced by the amount paid for the non-malignant asbestos-related disease, provided that the malignant disease had not been diagnosed by the time the claimant was paid with respect to his or her original claim involving the non-malignant disease.

Section 5.10. Arbitration

(a) Establishment of ADR Procedures

The Asbestos PI Trust, with the consent of the Trust Advisory Committee and the Future Demand Holders' Representative, shall institute binding and non-binding arbitration procedures in accordance with Dispute Resolution Procedures ("ADR Procedures") to be established by the Trustees, with the consent of the Trust Advisory Committee and the Future Demand Holders' Representative, for resolving disputes over whether (i) the Asbestos PI Trust's outright rejection or denial of a claim was proper, (ii) a pre-petition settlement agreement with Quigley is binding and judicially enforceable in the absence of a Final Order of the Bankruptcy Court determining the issue, or (iii) the claimant's medical condition or exposure history meets the requirements of this Asbestos TDP for purposes of categorizing a claim involving Disease Levels I-VII. Binding and non-binding arbitration shall also be available for resolving disputes over the liquidated value of a claim involving Asbestos Disease Levels III-VII as well as disputes over Quigley's share of the unpaid portion of a Pre-Petition Liquidated Asbestos PI Claim described in Section 5.2 above and disputes over the validity of an Indirect Asbestos PI Claim.

In all arbitrations where relevant, the arbitrator shall consider the same medical and exposure evidentiary requirements that are set forth in Section 5.7 above. In the case of an arbitration involving the liquidated value of a claim involving Disease Levels III-VII, the arbitrator shall consider the same valuation factors that are set forth in Section 5.3(b)(2) above. In order to facilitate the Individual Review Process with respect to such claims, the Asbestos PI Trust may from time to time develop a valuation model that enables the Asbestos PI Trust to efficiently make initial liquidated value offers on those claims in the Individual Review setting. In an arbitration involving any such claim, the Asbestos PI Trust shall neither offer into evidence or describe any such model nor assert that any information generated by the model has any evidentiary relevance or should be used by the arbitrator in determining the presumed correct liquidated value in the arbitration. The underlying data that was used to create the model may be relevant and may be made available to the arbitrator but only if provided to the claimant or his or her counsel ten (10) days prior to the arbitration proceeding. With respect to all claims eligible for arbitration, the claimant, but not the Asbestos PI Trust, may elect either non-binding or binding arbitration. The ADR Procedures may be modified by the Asbestos PI Trust with the consent of the Trust Advisory Committee and the Future Demand Holders' Representative.

(b) Claims Eligible for Arbitration

In order to be eligible for arbitration, the claimant must first complete the Individual Review Process as well as any processes required under the ADR Procedures. Individual Review shall be treated as completed for these purposes when the claim has been individually reviewed by the Asbestos PI Trust, the Asbestos PI Trust has made an offer on the claim, the claimant has rejected the liquidated value resulting from the Individual Review, and the claimant has notified the Asbestos PI Trust of the rejection in writing. Individual Review shall also be treated as completed if the Asbestos PI Trust has rejected the claim.

(c) Limitations on and Payment of Arbitration Awards

In the case of a claim involving Disease Levels I and II, the arbitrator shall not return an award in excess of the Scheduled Value for such claim. In the case of a non-Extraordinary Claim involving Disease Levels III-VII, the arbitrator shall not return an award in excess of the Maximum Value for the appropriate Disease Level as set forth in Section 5.3(a)(3) above, and for an Extraordinary Claim involving any Disease Level, the arbitrator shall not return an award greater than the maximum extraordinary value for such a claim as set forth in Section 5.4(a) above. A claimant who submits to arbitration and who accepts the arbitral award shall receive payments in the same manner as one who accepts the Asbestos PI Trust's original valuation of the claim.

Section 5.11. Litigation

Claimants who elect non-binding arbitration and then reject their arbitral awards retain the right to institute a lawsuit in the tort system against the Asbestos PI Trust pursuant to Section 7.6 below. However, a claimant shall only be eligible for payment of a judgment for monetary damages obtained in the tort system from the Asbestos PI Trust's available cash only as provided in Section 7.7 below.

SECTION VI

Claims Materials

Section 6.1. Claims Materials

The Asbestos PI Trust shall prepare suitable and efficient claims materials ("Claims Materials") for all Asbestos PI Claims and shall provide such Claims Materials upon a written request for such materials to the Asbestos PI Trust. The proof of claim form to be submitted to the Asbestos PI Trust shall require the claimant to assert the highest Disease Level for which the claim qualifies at the time of filing. The proof of claim form shall also include a certification by the claimant or his or her attorney sufficient to meet the requirements of Rule 11(b) of the Federal Rules of Civil Procedure. In developing its claim-filing procedures, the Asbestos PI Trust shall make every effort to provide claimants with the opportunity to utilize currently available technology at their discretion, including filing claims and supporting documentation over the Internet and electronically by disk or CD-Rom. The proof of claim form to be used by the Asbestos PI Trust shall be developed by the Asbestos PI Trust and submitted to the Trust Advisory Committee and the Future Demand Holders' Representative for approval; it may be changed by the Asbestos PI Trust with the consent of the Trust Advisory Committee and the Future Demand Holders' Representative.

Section 6.2. Content of Claims Materials

The Claims Materials shall include a copy of this Asbestos TDP, such instructions as the Trustees shall approve, and a detailed proof of claim form. If feasible, the forms used by the Asbestos PI Trust to obtain claims information shall be the same or substantially similar to those used by other asbestos claims resolution organizations. If requested by the claimant, the

Asbestos PI Trust shall accept information provided electronically. The claimant may, but shall not be required to, provide the Asbestos PI Trust with evidence of recovery from other asbestos defendants and claims resolution organizations.

Section 6.3. Withdrawal or Deferral of Claims

A claimant can withdraw an Asbestos PI Claim at any time upon written notice to the Asbestos PI Trust and file another such claim subsequently without affecting the status of the claim for statute of limitations purposes, but any such claim filed after withdrawal shall be given a place in the FIFO Processing Queue based on the date of such subsequent filing. A claimant can also request that the processing of his or her Asbestos PI Claim by the Asbestos PI Trust be deferred for a period not to exceed three (3) years without affecting the status of the claim for statute of limitations purposes, in which case the claimant shall also retain his or her original place in the FIFO Processing Queue. During the period of such deferral, a sequencing adjustment on such claimant's Asbestos PI Claim as provided in Section 7.5 hereunder shall not accrue and payment thereof shall be deemed waived by the claimant. Except for Asbestos PI Claims held by representatives of deceased or incompetent claimants for which court or probate approval of the Asbestos PI Trust's offer is required, or an Asbestos PI Claim for which deferral status has been granted, a claim shall be deemed to have been withdrawn if the claimant neither accepts, rejects, nor initiates arbitration within six (6) months of the Asbestos PI Trust's written offer of payment or rejection of the claim. Upon written request and good cause, the Asbestos PI Trust may extend the withdrawal or deferral period for an additional six (6) months.

Section 6.4. Filing Requirements and Fees

The Trustees shall have the discretion to determine, with the consent of the Trust Advisory Committee and the Future Demand Holders' Representative, whether a filing fee should be required for any Asbestos PI claims.

Section 6.5. Confidentiality of Claimants' Submissions

All submissions to the Asbestos PI Trust by a holder of an Asbestos PI Claim of a proof of claim form and materials related thereto shall be treated as made in the course of settlement discussions between the holder and the Asbestos PI Trust and intended by the parties to be confidential and to be protected by all applicable state and federal privileges, including but not limited to those directly applicable to settlement discussions. The Asbestos PI Trust will preserve the confidentiality of such claimant submissions, and shall disclose the contents thereof only, with the permission of the holder, to another trust established for the benefit of asbestos personal injury claimants pursuant to Section 524(g) of the Bankruptcy Code or other applicable law, to such other persons as authorized by the holder, or in response to a valid subpoena of such materials issued by the Bankruptcy Court, a New York State Court, or the United States District Court for the Southern District of New York. Furthermore, the Asbestos PI Trust shall provide counsel for the holder a copy of any such subpoena immediately upon being served. The Asbestos PI Trust shall on its own initiative or upon request of the claimant in question take all necessary and appropriate steps to preserve said privileges before the Bankruptcy Court, a New York State Court, or the United States District Court for the Southern District of New York and before those courts having appellate jurisdiction related thereto. Notwithstanding anything in the

foregoing to the contrary, the Asbestos PI Trust shall comply with Section 9.3(k) of the Plan and, with the consent of the Trust Advisory Committee and the Future Demand Holders' Representative, the Asbestos PI Trust may, in specific limited circumstances, disclose information, documents or other materials reasonably necessary in the Asbestos PI Trust's judgment to preserve, litigate, resolve, or settle coverage, or to comply with an applicable obligation under an insurance policy or settlement agreement within the Asbestos Insurance Assets; provided, however, that the Asbestos PI Trust shall take any and all steps reasonably feasible in its judgment to preserve the further confidentiality of such information, documents and materials; and prior to the disclosure of such information, documents or materials to a third party, the Asbestos PI Trust shall receive from such third party a written agreement of confidentiality that (a) ensures that the information, documents and materials provided by the Asbestos PI Trust shall be used solely by the receiving party for the purpose stated in the agreement and (b) prohibits any other use or further dissemination of the information, documents and materials by the third party except as set forth in the written agreement of confidentiality. Nothing in this Asbestos TDP, the Plan, or the Asbestos PI Trust Agreement expands, limits or impairs the obligation under applicable law of a claimant to respond fully to lawful discovery in any underlying civil action regarding his or her submission of factual information to the Asbestos PI Trust for the purpose of obtaining compensation for asbestos-related injuries from the Asbestos PI Trust.

SECTION VII

Guidelines for Liquidating and Paying Claims

Section 7.1. Showing Required

To establish a valid Asbestos PI Claim, a claimant must meet the requirements set forth in this Asbestos TDP. The Asbestos PI Trust may require the submission of X-rays, CT scans, laboratory tests, medical examinations or reviews, other medical evidence, or any other evidence to support or verify the claim and may further require that medical evidence submitted comply with recognized medical standards regarding equipment, testing methods, and procedures to assure that such evidence is reliable.

Section 7.2. Costs Considered

Notwithstanding any provisions of this Asbestos TDP to the contrary, the Trustees shall always give appropriate consideration to the cost of investigating and uncovering invalid Asbestos PI Claims so that the payment of valid Asbestos PI Claims is not further impaired by such processes with respect to issues related to the validity of the medical evidence supporting an Asbestos PI Claim. The Trustees shall also have the latitude to make judgments regarding the amount of transaction costs to be expended by the Asbestos PI Trust so that valid Asbestos PI Claims are not unduly further impaired by the costs of additional investigation. Nothing herein shall prevent the Trustees, in appropriate circumstances, from contesting the validity of any claim against the Asbestos PI Trust, whatever the costs, or declining to accept medical evidence from sources that the Trustees have determined to be unreliable pursuant to the Claims Audit Program described in Section 5.8 above.

Section 7.3. Discretion to Vary the Order and Amounts of Payments in Event of Limited Liquidity

Consistent with the provisions hereof and subject to the FIFO Processing Queue and FIFO Payment Queues, the Maximum Annual Payment, the Maximum Available Payment, and the Claims Payment Ratio requirements set forth above, the Trustees shall proceed as quickly as possible to liquidate valid Asbestos PI Claims and shall make payments to holders of such claims in accordance with this Asbestos TDP promptly as funds become available and as claims are liquidated, while maintaining sufficient resources to pay future valid claims in substantially the same manner.

Because the Asbestos PI Trust's income over time remains uncertain, and decisions about payments must be based on estimates that cannot be done precisely, payments may have to be revised in light of experiences over time, and there can be no guarantee of any specific level of payment to claimants. However, the Trustees shall use their best efforts to treat similar claims in substantially the same manner, consistent with their duties as Trustees, the purposes of the Asbestos PI Trust, the established allocation of funds to claims in different categories, and the practical limitations imposed by the inability to predict the future with precision.

In the event that the Asbestos PI Trust faces temporary periods of limited liquidity, the Trustees may, with the consent of the Trust Advisory Committee and the Future Demand Holders' Representative, (a) suspend the normal order of payment, (b) temporarily limit or suspend payments altogether, (c) offer a Reduced Payment Option as described in Section 2.5 above, and/or (d) commence making payments on an installment basis.

Section 7.4. Punitive Damages

Except as provided below for claims asserted under the Alabama Wrongful Death Statute, or as set forth in Section 5.2 above, in determining the value of any liquidated or unliquidated Asbestos PI Claim, punitive or exemplary damages, i.e., damages other than compensatory damages, shall not be considered or paid, notwithstanding their availability in the tort system.

Similarly, no punitive or exemplary damages shall be payable with respect to any claim litigated against the Asbestos PI Trust in the tort system pursuant to Sections 5.11 above and 7.6 below. The only damages that may be awarded pursuant to this Asbestos TDP to Alabama Claimants who are deceased and whose personal representatives pursue their claims only under the Alabama Wrongful Death Statute shall be compensatory damages determined pursuant to the statutory and common law of the Commonwealth of Pennsylvania, without regard to its choice of law principles. The choice of law provision in Section 7.4 herein applicable to any claim with respect to which, but for this choice of law provision, the applicable law of the Claimant's Jurisdiction pursuant to Section 5.3(b)(2) is determined to be the Alabama Wrongful Death Statute, shall only govern the rights between the Asbestos PI Trust and the claimant including, but not limited to, suits in the tort system pursuant to Section 7.6; and to the extent the Asbestos PI Trust seeks recovery from any entity that provided insurance to Quigley, the Alabama Wrongful Death Statute shall govern.

Section 7.5. Sequencing Adjustment

(a) In General

Subject to the limitations set forth below, a sequencing adjustment shall be paid on all Asbestos PI Claims with respect to which the claimant has had to wait a year or more for payment, provided, however, that no claimant shall receive a sequencing adjustment for a period in excess of seven (7) years. The sequencing adjustment factor for each year shall be the one (1)-year federal funds rate established in January of such year.

(b) Unliquidated Asbestos PI Claims

A sequencing adjustment shall be payable on the Scheduled Value of any unliquidated Asbestos PI Claim that meets the requirements of Disease Levels I-IV, VI, and VII, whether the Asbestos PI Claim is liquidated under Expedited Review, Individual Review, or by arbitration. No sequencing adjustment shall be paid on any Asbestos PI Claim liquidated in the tort system pursuant to Sections 5.11 above and 7.6 below. The sequencing adjustment on an unliquidated Asbestos PI Claim that meets the requirements of Disease Level V shall be based on the Average Value of such an Asbestos PI Claim. Sequencing adjustments on all such unliquidated Asbestos PI Claims shall be measured from the date of payment back to the earliest of the date that is one (1) year after the date on which (a) the claim was filed against a Debtor prior to the Petition Date, (b) the claim was filed against another defendant in the tort system on or after the Petition Date but before the Effective Date, (c) the claim was filed with the Bankruptcy Court during the pendency of the Chapter 11 proceeding, or (d) the claim was filed with the Asbestos PI Trust after the Effective Date.

(c) Liquidated Pre-Petition Asbestos PI Claims

A sequencing adjustment shall also be payable on the liquidated value of all Pre-Petition Liquidated Asbestos PI Claims described in Section 5.2(a) above. In the case of Pre-Petition Liquidated Asbestos PI Claims liquidated by verdict or judgment, the sequencing adjustment shall be measured from the date of payment back to the date that is one (1) year after the date that the verdict or judgment was entered, provided, however, that in no event shall the sequencing adjustment be measured from a date prior to the Petition Date if the liquidated value of the Pre-Petition Liquidated Asbestos PI Claim includes pre-petition interest. In the case of Pre-Petition Liquidated Asbestos PI Claims liquidated by a binding, judicially enforceable settlement, the sequencing adjustment shall be measured from the date of payment back to the date that is one (1) year after the Petition Date.

Section 7.6. Suits in the Tort System

.If the holder of a disputed claim disagrees with the Asbestos PI Trust's determination regarding the Disease Level of the claim, the claimant's exposure history or the liquidated value of the claim, and if the holder has first submitted the claim to non-binding arbitration as provided in Section 5.10 above, the holder may file a lawsuit against the Asbestos PI Trust in the Claimant's Jurisdiction as defined in Section 5.3(b)(2) above. Any such lawsuit must be filed by the claimant in her or his own right and name and not as a member or representative of a class,

and no such lawsuit may be consolidated with any other lawsuit. All defenses (including, with respect to the Asbestos PI Trust, all defenses which could have been asserted by Quigley) shall be available to both sides at trial; however, the Asbestos PI Trust may waive any defense and/or concede any issue of fact or law. If the claimant was alive at the time the initial pre-petition complaint was filed or on the date the proof of claim form was filed with the Asbestos PI Trust, the case shall be treated as a personal injury case with all personal injury damages to be considered even if the claimant has died during the pendency of the claim.

Section 7.7. Payment of Judgments for Money Damages

If and when a claimant obtains a judgment in the tort system, the claim shall be placed in the FIFO Payment Queue based on the date on which the judgment became final. Thereafter, the claimant shall receive from the Asbestos PI Trust an initial payment (subject, to the applicable Payment Percentage, the Maximum Available Payment, and the Claims Payment Ratio provisions set forth above) of an amount equal to the greater of (i) the Asbestos PI Trust's last offer to the claimant or (ii) the award that the claimant declined in non-binding arbitration; provided, however, that in no event shall such payment amount exceed the amount of the judgment obtained in the tort system. The claimant shall receive the balance of the judgment, if any, in five (5) equal installments in years six (6) through ten (10) following the year of the initial payment (also subject to the applicable Payment Percentage, the Maximum Available Payment, and the Claims Payment Ratio provisions set forth above in effect on the date of the payment of the subject installment).

In the case of claims involving Disease Levels I-II, the total amounts paid with respect to such claims shall not exceed the relevant Scheduled Value for such Disease Levels as set forth in Section 5.3(a)(3) above. In the case of claims involving a non-malignant, asbestos-related disease that does not attain classification under Disease Levels I or II, the amount payable shall not exceed the Scheduled Value for the Disease Level most comparable to the disease proven. In the case of non-Extraordinary Claims involving severe asbestosis and malignancies (Disease Levels III-VII), the total amounts paid with respect to such claims shall not exceed the Maximum Values for such Disease Levels set forth in Section 5.3(b)(3). In the case of Extraordinary Claims, the total amounts paid with respect to such claims shall not exceed the maximum extraordinary values for such claims set forth in Section 5.4(a) above. Under no circumstances shall a sequencing adjustment be paid pursuant to Section 7.5 or interest to be paid under any statute on any judgments obtained in the tort system.

Section 7.8. Releases

The Trustees shall have the discretion to determine the form and substance of the releases to be provided to the Asbestos PI Trust. As a condition to making any payment to a claimant, the Asbestos PI Trust shall obtain a general, partial, or limited release as appropriate in accordance with the applicable state or other law. If allowed by state law, the endorsing of a check or draft for payment by or on behalf of a claimant may, in the discretion of the Trust, constitute such a release.

Section 7.9. Third-Party Services

Nothing in this Asbestos TDP shall preclude the Asbestos PI Trust from contracting with another asbestos claims resolution organization to provide services to the Asbestos PI Trust provided that categorization and liquidated values of Asbestos PI Claims are based on the relevant provisions of this Asbestos TDP, including the Disease Levels, Scheduled Values, Average Values, Maximum Values, and Medical/Exposure Criteria set forth above.

Section 7.10. Asbestos PI Trust Disclosure of Information

Periodically, but not less often than once a year, the Asbestos PI Trust shall make available to claimants and other interested parties the number of claims by Disease Levels that have been resolved both by the Individual Review Process and by arbitration, as well as by litigation in the tort system indicating the amounts of the awards and the averages of the awards by jurisdiction.

SECTION VIII

Miscellaneous

Section 8.1. Amendments

Except as otherwise provided herein, the Trustees may amend, modify, delete, or add to any provisions of this Asbestos TDP (including, without limitation, amendments to conform this Asbestos TDP to advances in scientific or medical knowledge or other changes in circumstances), provided they first obtain the consent of the Trust Advisory Committee and the Future Demand Holders' Representative pursuant to the Consent Process set forth in Sections 6.06(b) and 7.07(b) of the Asbestos PI Trust Agreement, except that the right to amend the Claims Payment Ratio is governed by the restrictions in Section 2.5 above, and the right to adjust the Payment Percentage is governed by Section 4.2 above. Nothing herein is intended to preclude the Trust Advisory Committee or the Future Demand Holders' Representative from proposing to the Trustees, in writing, amendments to this Asbestos TDP. Any amendment proposed by the Trust Advisory Committee or Future Demand Holders' Representative shall remain subject to Section 8.03 of the Trust Agreement.

Section 8.2. Severability

Should any provision contained in this Asbestos TDP be determined to be unenforceable, such determination shall in no way limit or affect the enforceability and operative effect of any and all other provisions of this Asbestos TDP. Should any provision contained in this Asbestos TDP be determined to be inconsistent with or contrary to Quigley obligations to any insurance company providing insurance coverage to Quigley in respect of claims for personal injury based on exposure to asbestos-containing products manufactured or produced by Quigley, the Trustees, with the consent of the Trust Advisory Committee and the Future Demand Holders' Representative, may amend this Asbestos TDP and/or the Asbestos PI Trust Agreement to make the provisions of either or both documents consistent with the duties and obligations of Quigley to said insurance company.

Section 8.3. Governing Law

Except for purposes of determining the liquidated value of any Asbestos PI Claim, administration of this Asbestos TDP shall be governed by, and construed in accordance with, the laws of the State of New York. The law governing the liquidation of Asbestos PI Claims in the case of Individual Review, arbitration or litigation in the tort system shall be the law of the Claimant's Jurisdiction as described in Section 5.3(b)(2) above. Any reference to the tort system shall mean the United States tort system.

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EXHIBIT C

TO

QUIGLEY COMPANY, INC. FIFTH AMENDED AND RESTATED PLAN OF REORGANIZATION UNDER CHAPTER 11 OF THE BANKRUPTCY CODE

SCHEDULE OF SHARED ASBESTOS INSURANCE POLICIES*

* The inclusion, exclusion, or classification of an insurance policy on this Exhibit to the Plan does not constitute a determination as to whether any particular insurance policy provides coverage for any Claim or a waiver of any position of any Entity with respect to any coverage determination. As and to the extent provided in the Plan, all applicable Asbestos PI Insurer Coverage Defenses are preserved with respect to all such policies.

EXHIBIT C TO THE PLAN

SHARED ASBESTOS INSURANCE POLICIES

SCHEDULE 1: POLICIES ISSUED BY SOLVENT INSURERS

Insurer	Policy Number	Start Date	End Date	Remaining Products/Completed Operations Coverage
Aetna Casualty and Surety Co.	01XN141WC *	10/1/70	10/1/71	$3,000,000
Aetna Casualty and Surety Co.	01XN4467WCA	10/1/84	10/1/85	$20,000,000
Aetna Casualty and Surety Co.	01XN4466WCA	10/1/84	10/1/85	$10,000,000
Aetna Casualty and Surety Co.	01XN4465WCA	10/1/84	10/1/85	$8,000,000
Affiliated Factory Mutual Insurance Co.	9027289T(A)	10/1/77	10/1/78	$507,500
Allianz Insurance Co.	UMB599618	10/1/79	10/1/80	$4,991,667
Allianz Insurance Co.	XL559510	10/1/81	10/1/82	$4,991,667
Allianz Underwriters Inc.	AUX5200193	10/1/80	10/1/81	$4,991,667
Assurances Generales De France	UAP65-19-703G(A)	10/1/83	10/1/84	$400,000
Assurances Generales De France	UAP65-19-703G(B)	10/1/84	10/1/85	$500,000
Atlanta International Insurance Co.	XL 06184	10/1/83	10/1/84	$1,000,000
Atlanta International Insurance Co.	XL 06316	10/1/84	10/1/85	$1,000,000
Caisse Industrielle d'Assurance Mutuelle	9027289T(A)	10/1/77	10/1/78	$72,500
Caisse Industrielle d'Assurance Mutuelle	9027289T(B)	10/1/78	10/1/79	$62,500
Centennial Insurance Co.	462018417	10/1/78	10/1/79	$1,400,000
Colonia Vershicherung Aktiengesellschaft	98230200004	10/1/78	10/1/79	$2,500,000
Continental Casualty Co.	RDX9255350(B)	10/1/67	10/1/68	$1,000,000
Continental Casualty Co.	RDX9160814(A)	10/1/67	10/1/68	$127,576
Continental Insurance Co.	SRX1591800[b]	10/1/82	10/1/83	$3,000,000
Continental Insurance Co.	SRX1591800[a]	10/1/82	10/1/83	$2,000,000
Continental Insurance Co.	SRX1592064[b]	10/1/83	10/1/84	$5,000,000
Continental Insurance Co.	SRX1592064[a]	10/1/83	10/1/84	$3,000,000
Drake Insurance Co. of New York	XL01401	10/1/76	10/1/77	$500,000
Employers Insurance Co. of Wausau	5734-00-200381	10/1/83	10/1/84	$7,000,000
Employers Insurance Co. of Wausau	5734-00-200557	10/1/83	10/1/84	$6,000,000
Employers Insurance Co. of Wausau	5734-00-200552	10/1/83	10/1/84	$2,000,000
Employers Surplus Lines Insurance Co.	S1604452(A)	10/1/67	10/1/68	$2,636,066
Employers Surplus Lines Insurance Co.	S1603741(B)	10/1/67	10/1/68	$2,000,000
Employers Surplus Lines Insurance Co.	S1602097(C)	10/1/67	10/1/68	$1,000,000
Employers Surplus Lines Insurance Co.	S1603741(C)	10/1/68	10/1/69	$380,897
Florists Mutual Insurance Co.	UMF0021NY	10/1/83	10/1/84	$3,000,000
Florists Mutual Insurance Co.	UMF0019NY	10/1/83	10/1/84	$870,000
Florists Mutual Insurance Co.	UMF0020NY	10/1/83	10/1/84	$1,000,000
Government Employees Insurance Co.	GXU30061	10/1/81	10/1/82	$6,000,000
Group Ancienne Mutuelle	9.992.758	10/1/79	10/1/80	$500,000
Group Ancienne Mutuelle	5640651	10/1/80	10/1/81	$500,000
Guildhall Insurance Co.	7930-87-66(A)	10/1/82	10/1/83	$1,950,000
Guildhall Insurance Co.	7930-87-66(B)	10/1/83	10/1/84	$1,950,000
Haftpflichtverband der Deutschen Industrie, V.a.G.	EMIL PREUSS	10/1/79	10/1/80	$871,667
Haftpflichtverband der Deutschen Industrie, V.a.G.	EMIL PREUSS	10/1/80	10/1/81	$871,667
Haftpflichtverband der Deutschen Industrie, V.a.G.	EMIL PREUSS	10/1/81	10/1/82	$871,667
Haftpflichtverband der Deutschen Industrie, V.a.G.	EMIL PREUSS	10/1/82	10/1/83	$871,667
Haftpflichtverband der Deutschen Industrie, V.a.G.	EMIL PREUSS	10/1/83	10/1/84	$871,667
Haftpflichtverband der Deutschen Industrie, V.a.G.	EMIL PREUSS	10/1/84	10/1/85	$871,667
Industrial Indemnity Insurance Co.	JE8843452	10/1/84	10/1/85	$4,850,000
International Insurance Co.	FTZ20373	10/1/83	10/1/84	$5,000,000
International Insurance Co.	FTZ20608	10/1/84	10/1/85	$6,000,000
International Insurance Co.	FTZ20607	10/1/84	10/1/85	$5,000,000
International Insurance Co.	FTZ20606	10/1/84	10/1/85	$7,000,000
Korean Reinsurance Corp.	90544120000(A)	2/11/69	10/1/69	$100,000
Korean Reinsurance Corp.	90544110000(A)	2/11/69	10/1/69	$200,000
Korean Reinsurance Corp.	90544110000(B)	10/1/69	10/1/70	$200,000
Korean Reinsurance Corp.	90544120000(B)	10/1/69	10/1/70	$100,000
La Preservatrice Fonciere Tiard	UAP3116981	10/1/80	10/1/81	$200,000
La Preservatrice Fonciere Tiard	UAP9029260(A)	10/1/81	10/1/82	$200,000
La Preservatrice Fonciere Tiard	UAP9029260(B)	10/1/82	10/1/83	$308,000
Le Secours	9027289T(A)	10/1/77	10/1/78	$200,000
Le Secours	9027289T(B)	10/1/78	10/1/79	$200,000
Lilloise d'Assurances et de Reassurances	9.029.260L	10/1/79	10/1/80	$17,566
Lilloise d'Assurances et de Reassurances	UAP3116981	10/1/80	10/1/81	$200,000
Lilloise d'Assurances et de Reassurances	UAP9029260(A)	10/1/81	10/1/82	$200,000
Lilloise d'Assurances et de Reassurances	UAP9029260(B)	10/1/82	10/1/83	$44,000
London Guarantee and Accident Co. of NY	LX2107900	10/1/83	10/1/84	$10,000,000

EXHIBIT C TO THE PLAN

SHARED ASBESTOS INSURANCE POLICIES

SCHEDULE 1: POLICIES ISSUED BY SOLVENT INSURERS

Insurer	Policy Number	Start Date	End Date	Remaining Products/Completed Operations Coverage
Mead Reinsurance Corp.	XL1060	10/1/79	10/1/80	$1,000,000
Mead Reinsurance Corp.	XL1542	10/1/81	10/1/82	$2,000,000
Motor Vehicle Casualty Co.	M7046796	10/1/81	10/1/82	$1,000,000
Mutuelle Generale Francaise	9027289T(B)	10/1/78	10/1/79	$250,000
Mutuelle Generale Francaise	9.029.260L	10/1/79	10/1/80	$200,000
Mutuelles Unis	5702371	10/1/81	10/1/82	$500,000
Mutuelles Unis	15-028-742	10/1/82	10/1/83	$500,000
Mutuelles Unis	15-037-915(A)	10/1/83	10/1/84	$500,000
Mutuelles Unis	15-037-915(B)	10/1/84	10/1/85	$500,000
National Casualty Co.	XU000031	10/1/82	10/1/83	$4,000,000
National Casualty Co.	XU000066	10/1/83	10/1/84	$1,000,000
New England Insurance Co.	NE00096	10/1/84	10/1/85	$2,500,000
Northbrook Excess and Surplus Insurance Co.	63007189 **	10/1/80	10/1/81	$10,000,000
Northbrook Excess and Surplus Insurance Co.	63007190 **	10/1/80	10/1/81	$10,000,000
Northbrook Indemnity Co.	63007227 **	10/1/80	10/1/81	$2,000,000
Northbrook Indemnity Co.	900018 **	10/1/81	10/1/82	$8,500,000
Old Republic Insurance Co.	OZX-11691[c]	10/1/81	10/1/82	$3,991,803
Puritan Insurance Co.	ML652238[c]	10/1/79	10/1/80	$4,000,000
Puritan Insurance Co.	ML652238[b]	10/1/79	10/1/80	$29,708
Puritan Insurance Co.	ML653113[c]	10/1/80	10/1/81	$4,000,000
Royal Indemnity Co.	ED101515[a]	10/1/82	10/1/83	$6,000,000
Royal Indemnity Co.	ED101515[b]	10/1/82	10/1/83	$2,000,000
Royal Indemnity Co.	ED102250[b]	10/1/83	10/1/84	$800,000
Royal Indemnity Co.	ED102250[c]	10/1/83	10/1/84	$6,000,000
Royal Indemnity Co.	ED102250[d]	10/1/83	10/1/84	$2,000,000
Royal Indemnity Co. (Hartford Group)	RED100036	10/1/82	10/1/83	$5,000,000
Royal Indemnity Co. (Hartford Group)	RED100035	10/1/82	10/1/83	$5,000,000
Royal Indemnity Co. (Hartford Group)	RED100034	10/1/82	10/1/83	$5,000,000
Royal Indemnity Co. (Hartford Group)	RED100033	10/1/82	10/1/83	$1,480,000
Royal Indemnity Co. (Hartford Group)	RED102460	10/1/83	10/1/84	$4,740,000
Royal Indemnity Co. (Hartford Group)	RED102461	10/1/83	10/1/84	$5,000,000
Royal Indemnity Co. (Hartford Group)	RED102462	10/1/83	10/1/84	$5,000,000
Transamerica Insurance Co.	USL13397890	10/1/84	10/1/85	$2,000,000
Twin City Fire Insurance Co.	TXS103141[c]	10/1/83	10/1/84	$4,000,000
Twin City Fire Insurance Co.	TXS103141[b]	10/1/83	10/1/84	$3,000,000
Twin City Fire Insurance Co.	TXS103141[a]	10/1/83	10/1/84	$2,850,000
Union des Assurances de Paris	9027289T(A)	10/1/77	10/1/78	$1,000,000
Union des Assurances de Paris	9027289T(B)	10/1/78	10/1/79	$1,000,000
Union des Assurances de Paris	9.029.260L	10/1/79	10/1/80	$1,600,000
Union des Assurances de Paris	EMIL PREUSS	10/1/79	10/1/80	$2,000,000
Union des Assurances de Paris	EMIL PREUSS	10/1/80	10/1/81	$2,000,000
Union des Assurances de Paris	UAP3116981	10/1/80	10/1/81	$1,600,000
Union des Assurances de Paris	EMIL PREUSS	10/1/81	10/1/82	$2,000,000
Union des Assurances de Paris	UAP9029260(A)	10/1/81	10/1/82	$1,600,000
Union des Assurances de Paris	UAP9029260(B)	10/1/82	10/1/83	$1,408,000
Union des Assurances de Paris	UAP65-19-703G(A)	10/1/83	10/1/84	$1,600,000
Union des Assurances de Paris	UAP65-19-703G(B)	10/1/84	10/1/85	$600,000

* Policy existence in dispute and reserved in Wellington Agreement

** Remaining Products/Completed Operations Coverage subject to potential adjustment pursuant to Section VI of the Settlement Agreement Between and Among Pfizer Inc., Quigley Company, Inc. and Allstate Insurance Company Concerning Asbestos-Related Bodily Injury Claims effective June 1, 1999, as amended in or around April, 2004, pursuant to an Addendum to Settlement Agreement Between and Among Pfizer Inc., Quigley Company, Inc. and Allstate Insurance Company Concerning Asbestos-Related Bodily Injury Claims.

All capitalized terms used in this Exhibit C to the Plan shall have the meanings ascribed to them in the Plan. This Exhibit C is qualified in its entirety by reference to the Plan.

EXHIBIT C TO THE PLAN

SHARED ASBESTOS INSURANCE POLICIES

SCHEDULE 2: POLICIES ISSUED BY INSOLVENT INSURERS

Insurer	Policy Number	Start Date	End Date	Original Products/Completed Operations Coverage
Andrew Weir Insurance Co. Ltd.	C/L67E8161(A)	10/1/67	10/1/68	$267,873
Andrew Weir Insurance Co. Ltd.	L67E8161A(A)	10/1/67	10/1/68	$24,650
Andrew Weir Insurance Co. Ltd.	L67E8161A(A)	10/1/67	10/1/68	$175,568
Andrew Weir Insurance Co. Ltd.	635/65/11618/1/BB402218(D)	10/1/67	10/1/68	$343,750
Andrew Weir Insurance Co. Ltd.	C/L67E8161(B)	10/1/68	10/1/69	$267,873
Andrew Weir Insurance Co. Ltd.	L67E8161A(B)	10/1/68	10/1/69	$24,650
Andrew Weir Insurance Co. Ltd.	L67E8161A(B)	10/1/68	10/1/69	$175,568
Andrew Weir Insurance Co. Ltd.	C/L67E8161(C)	10/1/69	10/1/70	$267,873
Andrew Weir Insurance Co. Ltd.	L67E8161A(C)	10/1/69	10/1/70	$24,650
Andrew Weir Insurance Co. Ltd.	L67E8161A(C)	10/1/69	10/1/70	$175,568
Andrew Weir Insurance Co. Ltd.	545/FUL078325 (A)	10/1/70	10/1/71	$100,425
Andrew Weir Insurance Co. Ltd.	545/FUL078325 (B)	10/1/71	11/30/71	$16,738
Andrew Weir Insurance Co. Ltd.	FUL078783	12/1/71	10/1/72	$82,050
Andrew Weir Insurance Co. Ltd.	545FUL079054 (A)	10/1/72	10/1/73	$99,400
Beacon Insurance Co.	NX0165462	10/1/80	10/1/81	$1,000,000
Bercanus Insurance Co., Ltd.	BX404278	10/1/78	10/1/79	$2,000,000
Bercanus Insurance Co., Ltd.	BX404279	10/1/79	10/1/80	$1,000,000
Bermuda Fire & Marine Insurance Co.	545/FUL078325 (A)	10/1/70	10/1/71	$62,498
Bermuda Fire & Marine Insurance Co.	545/FUL078327 (A)	10/1/70	10/1/71	$31,250
Bermuda Fire & Marine Insurance Co.	545/FUL078325 (B)	10/1/71	11/30/71	$10,416
Bermuda Fire & Marine Insurance Co.	545/FUL078327 (B)	10/1/71	11/30/71	$5,208
Bermuda Fire & Marine Insurance Co.	FUL078783	12/1/71	10/1/72	$36,600
Bermuda Fire & Marine Insurance Co.	FUL078784	12/1/71	10/1/72	$14,879
Bermuda Fire & Marine Insurance Co.	77DD2215	10/1/77	10/1/78	$160,000
Bermuda Fire & Marine Insurance Co.	77DD2216	10/1/77	10/1/78	$62,500
Bermuda Fire & Marine Insurance Co.	79DD219C	10/1/78	10/1/79	$458,400
Bermuda Fire & Marine Insurance Co.	79DD219C	10/1/78	10/1/79	$500,160
Bermuda Fire & Marine Insurance Co.	79DD221C	10/1/78	10/1/79	$140,977
Bermuda Fire & Marine Insurance Co.	79DD221C	10/1/78	10/1/79	$460,681
Bermuda Fire & Marine Insurance Co.	799DD2099C	10/1/79	10/1/80	$497,000
Bermuda Fire & Marine Insurance Co.	799DD2099C	10/1/79	10/1/80	$499,500
Bermuda Fire & Marine Insurance Co.	5435561980	10/1/80	10/1/81	$439,200
Bermuda Fire & Marine Insurance Co.	5435561980	10/1/80	10/1/81	$500,000
Bermuda Fire & Marine Insurance Co.	56550/81	10/1/81	10/1/82	$459,500
British National Insurance Co. Ltd.	C/L67E8161(A)	10/1/67	10/1/68	$153,000
British National Insurance Co. Ltd.	L67E8161A(A)	10/1/67	10/1/68	$24,650
British National Insurance Co. Ltd.	635/67/11618/2/B09448 (B)	10/1/67	10/1/68	$1,000,000
British National Insurance Co. Ltd.	C/L67E8161(B)	10/1/68	10/1/69	$153,000
British National Insurance Co. Ltd.	L67E8161A(B)	10/1/68	10/1/69	$24,650
British National Insurance Co. Ltd.	L/C68E10166 (A) 65116185	10/1/68	10/1/69	$99,910
British National Insurance Co. Ltd.	635/67/11618/2/B09448 (C)	10/1/68	10/1/69	$1,000,000
British National Insurance Co. Ltd.	L/C68E10166 (B) 65116185	10/1/69	10/1/70	$99,910
Bryanston Insurance Co. Ltd.	799DD2099C	10/1/79	10/1/80	$292,000
Bryanston Insurance Co. Ltd.	5435561980	10/1/80	10/1/81	$258,750
Bryanston Insurance Co. Ltd.	56550/81	10/1/81	10/1/82	$287,500
Citizens Casualty Co. of New York	XP8323(A)	10/1/67	10/1/68	$1,000,000
Citizens Casualty Co. of New York	XP8323(B)	10/1/68	10/1/69	$1,000,000
Citizens Casualty Co. of New York	XP8323(C)	10/1/69	10/1/70	$1,000,000
City Insurance Co.	HEC9693654	10/1/77	10/1/78	$3,500,000
City Insurance Co.	HEC9693655	10/1/77	10/1/78	$3,000,000
City Insurance Co.	HEC9694238	10/1/78	3/2/79	$3,500,000
City Insurance Co.	HEC9694241	10/1/78	10/1/79	$1,000,000
City Insurance Co.	HEC9694249	10/1/78	10/1/79	$2,000,000
City Insurance Co.	HEC9825650	10/1/78	10/1/79	$3,000,000
City Insurance Co.	HEC9826285	10/1/79	10/1/80	$5,000,000
City Insurance Co.	HEC9826283	10/1/79	10/1/80	$2,000,000
City Insurance Co.	HEC9826286	10/1/79	10/1/80	$5,000,000
City Insurance Co.	HEC9826284	10/1/79	10/1/80	$5,500,000
City Insurance Co.	HEC9902986	10/1/80	10/1/81	$5,000,000

EXHIBIT C TO THE PLAN

SHARED ASBESTOS INSURANCE POLICIES

SCHEDULE 2: POLICIES ISSUED BY INSOLVENT INSURERS

Insurer	Policy Number	Start Date	End Date	Original Products/Completed Operations Coverage
City Insurance Co.	HEC9902984	10/1/80	10/1/81	$2,000,000
City Insurance Co.	HEC9902985	10/1/80	10/1/81	$5,000,000
City Insurance Co.	HEC9902983	10/1/80	10/1/81	$5,500,000
City Insurance Co.	HEC1198734	10/1/81	10/1/82	$5,000,000
City Insurance Co.	HEC1198735	10/1/81	10/1/82	$5,500,000
City Insurance Co.	HEC1198736	10/1/81	10/1/82	$7,000,000
Colonial Assurance Co.	CGL226572	10/1/76	10/1/77	$500,000
Colonial Assurance Co.	CGL226776	10/1/77	10/1/78	$500,000
Compagnie Europeene de Reassurance	9027289T(B)	10/1/78	10/1/79	$192,500
Dart Insurance Co. Ltd. n/k/a Kingscroft Insurance Co. Ltd.	77DD2215	10/1/77	10/1/78	$123,040
Dart Insurance Co. Ltd. n/k/a Kingscroft Insurance Co. Ltd.	77DD2216	10/1/77	10/1/78	$48,000
Dart Insurance Co. Ltd. n/k/a Kingscroft Insurance Co. Ltd.	79DD219C	10/1/78	10/1/79	$404,640
Dart Insurance Co. Ltd. n/k/a Kingscroft Insurance Co. Ltd.	79DD221C	10/1/78	10/1/79	$124,166
Dart Insurance Co. Ltd. n/k/a Kingscroft Insurance Co. Ltd.	799DD2099C	10/1/79	10/1/80	$584,500
Dart Insurance Co. Ltd. n/k/a Kingscroft Insurance Co. Ltd.	5435561980	10/1/80	10/1/81	$595,350
Dart Insurance Co. Ltd. n/k/a Kingscroft Insurance Co. Ltd.	56550/81	10/1/81	10/1/82	$919,500
El Paso Insurance Co. Ltd.	79DD219C	10/1/78	10/1/79	$188,640
El Paso Insurance Co. Ltd.	79DD221C	10/1/78	10/1/79	$58,101
El Paso Insurance Co. Ltd.	799DD2099C	10/1/79	10/1/80	$292,000
El Paso Insurance Co. Ltd.	5435561980	10/1/80	10/1/81	$258,300
El Paso Insurance Co. Ltd.	56550/81	10/1/81	10/1/82	$445,500
English & American Insurance Co. Ltd.	C/L67E8161(A)	10/1/67	10/1/68	$111,488
English & American Insurance Co. Ltd.	C/L67E8161(A)	10/1/67	10/1/68	$133,787
English & American Insurance Co. Ltd.	L67E8161A(A)	10/1/67	10/1/68	$87,686
English & American Insurance Co. Ltd.	635/67/11618/2/B09448 (B)	10/1/67	10/1/68	$83,333
English & American Insurance Co. Ltd.	C/L67E8161(B)	10/1/68	10/1/69	$111,488
English & American Insurance Co. Ltd.	C/L67E8161(B)	10/1/68	10/1/69	$133,787
English & American Insurance Co. Ltd.	L67E8161A(B)	10/1/68	10/1/69	$87,686
English & American Insurance Co. Ltd.	C/L67E8161(C)	10/1/69	10/1/70	$111,488
English & American Insurance Co. Ltd.	C/L67E8161(C)	10/1/69	10/1/70	$133,787
English & American Insurance Co. Ltd.	L67E8161A(C)	10/1/69	10/1/70	$87,686
English & American Insurance Co. Ltd.	545/FUL078325 (A)	10/1/70	10/1/71	$100,425
English & American Insurance Co. Ltd.	545/FUL078325 (B)	10/1/71	11/30/71	$16,738
English & American Insurance Co. Ltd.	FUL078783	12/1/71	10/1/72	$61,575
English & American Insurance Co. Ltd.	545FUL079054 (A)	10/1/72	10/1/73	$49,700
English & American Insurance Co. Ltd.	545FUL079054 (B)	10/1/73	10/1/74	$49,700
Great Atlantic Insurance Co.	Unknown	5/1/79	10/1/79	$1,000,000
Home Insurance Co.	HEC9544065(D)	10/1/67	10/1/68	$3,000,000
Home Insurance Co.	HEC9557962(B)	10/1/67	10/1/68	$3,250,000
Home Insurance Co.	HEC9304815(A)	10/1/68	10/1/69	$3,000,000
Home Insurance Co.	HEC9557962(C)	10/1/68	10/1/69	$3,250,000
Home Insurance Co.	HEC9304815(B)	10/1/69	10/1/70	$3,000,000
Home Insurance Co.	HEC9792923	10/1/70	10/1/71	$5,000,000
Home Insurance Co.	HEC9304815(C)	10/1/70	10/1/71	$3,000,000
Home Insurance Co.	HEC4165804	10/1/71	10/1/72	$1,500,000
Home Insurance Co.	HEC9794909	10/1/71	10/1/72	$3,925,000
Home Insurance Co.	HEC4428564	10/1/72	10/1/73	$5,000,000
Home Insurance Co.	HEC4356556(A)	10/1/72	10/1/73	$10,000,000
Home Insurance Co.	HEC4763976(A)	10/1/73	10/1/74	$5,000,000
Home Insurance Co.	HEC4356556(B)	10/1/73	10/1/74	$10,000,000
Home Insurance Co.	HEC4763976(B)	10/1/74	10/1/75	$5,000,000
Home Insurance Co.	HEC4356556(C)	10/1/74	10/1/75	$10,000,000
Home Insurance Co.	HEC4763976(C)	10/1/75	10/1/76	$4,500,000
Home Insurance Co.	HEC9006900	10/1/75	10/1/76	$10,000,000
Home Insurance Co.	HEC9328635	10/1/76	10/1/77	$3,000,000
Home Insurance Co.	HEC9328639	10/1/76	10/1/77	$3,500,000
Home Insurance Co.	HEC9329037	10/1/76	10/1/77	$1,000,000
Home Insurance Co.	HEC9320937	10/1/77	10/1/78	$750,000
Home Insurance Co.	HEC1199864	10/1/82	10/1/83	$7,000,000
Home Insurance Co.	HEC1199866	10/1/82	10/1/83	$5,000,000
Home Insurance Co.	HEC1199865	10/1/82	10/1/83	$5,500,000

EXHIBIT C TO THE PLAN
SHARED ASBESTOS INSURANCE POLICIES
SCHEDULE 2: POLICIES ISSUED BY INSOLVENT INSURERS

Insurer	Policy Number	Start Date	End Date	Original Products/Completed Operations Coverage
Home Insurance Co.	HEC1203817	10/1/83	10/1/84	$7,000,000
Home Insurance Co.	HEC1203816	10/1/83	10/1/84	$5,500,000
Home Insurance Co.	HEC1203815	10/1/83	10/1/84	$5,000,000
Ideal Mutual Insurance Co.	0005[a]	10/1/79	10/1/80	$500,000
Ideal Mutual Insurance Co.	0005[b]	10/1/79	10/1/80	$500,000
Ideal Mutual Insurance Co.	0039[a]	10/1/80	10/1/81	$500,000
Ideal Mutual Insurance Co.	0039[b]	10/1/80	10/1/81	$500,000
Ideal Mutual Insurance Co.	0081[a]	10/1/81	10/1/82	$500,000
Ideal Mutual Insurance Co.	0081[b]	10/1/81	10/1/82	$2,500,000
Ideal Mutual Insurance Co.	0121[a]	10/1/82	10/1/83	$500,000
Ideal Mutual Insurance Co.	0121[b]	10/1/82	10/1/83	$2,500,000
Ideal Mutual Insurance Co.	0171[a]	10/1/83	10/1/84	$500,000
Ideal Mutual Insurance Co.	0171[b]	10/1/83	10/1/84	$2,500,000
Integrity Insurance Co.	XL200440	10/1/78	10/1/79	$1,000,000
Integrity Insurance Co.	XL201386	10/1/79	10/1/80	$2,000,000
Integrity Insurance Co.	XL201567	10/1/80	10/1/81	$3,000,000
Integrity Insurance Co.	XL203532	10/1/81	10/1/82	$3,000,000
The London & Overseas Insurance Co. Ltd.	C/L67E8161(A)	10/1/67	10/1/68	$200,980
The London & Overseas Insurance Co. Ltd.	L67E8161A(A)	10/1/67	10/1/68	$131,725
The London & Overseas Insurance Co. Ltd.	L67E8161A(A)	10/1/67	10/1/68	$147,900
The London & Overseas Insurance Co. Ltd.	635/65/11618/1/BB402218(D)	10/1/67	10/1/68	$343,750
The London & Overseas Insurance Co. Ltd.	635/67/11618/2/B09448 (B)	10/1/67	10/1/68	$125,000
The London & Overseas Insurance Co. Ltd.	C/L67E8161(B)	10/1/68	10/1/69	$200,980
The London & Overseas Insurance Co. Ltd.	L67E8161A(B)	10/1/68	10/1/69	$131,725
The London & Overseas Insurance Co. Ltd.	L67E8161A(B)	10/1/68	10/1/69	$147,900
The London & Overseas Insurance Co. Ltd.	635/67/11618/2/B09448 (C)	10/1/68	10/1/69	$125,000
The London & Overseas Insurance Co. Ltd.	C/L67E8161(C)	10/1/69	10/1/70	$200,980
The London & Overseas Insurance Co. Ltd.	L67E8161A(C)	10/1/69	10/1/70	$131,725
The London & Overseas Insurance Co. Ltd.	L67E8161A(C)	10/1/69	10/1/70	$147,900
Louisville Insurance Co. Ltd. n/k/a Lime Street Insurance Co. Ltd.	5435561980	10/1/80	10/1/81	$310,500
Louisville Insurance Co. Ltd. n/k/a Lime Street Insurance Co. Ltd.	56550/81	10/1/81	10/1/82	$345,000
Midland Insurance Co.	XL1849	10/1/70	10/1/71	$200,000
Midland Insurance Co.	XL2803	10/1/70	10/1/71	$250,000
Midland Insurance Co.	XL1851	10/1/71	10/1/72	$1,000,000
Midland Insurance Co.	SL590006(A)	10/1/71	4/1/72	$200,000
Midland Insurance Co.	XL1850	10/1/71	10/1/72	$1,000,000
Midland Insurance Co.	SL590006(B)	4/1/72	10/1/72	$475,000
Midland Insurance Co.	SL590231	10/1/72	10/1/73	$1,500,000
Midland Insurance Co.	XL1110170159731(A)	10/1/72	10/1/73	$2,000,000
Midland Insurance Co.	1113170150734(A)	10/1/73	10/1/74	$1,500,000
Midland Insurance Co.	XL1110170159731(B)	10/1/73	10/1/74	$2,000,000
Midland Insurance Co.	1113170150734(B)	10/1/74	10/1/75	$1,500,000
Midland Insurance Co.	XL1110170159731(C)	10/1/74	10/1/75	$2,000,000
Midland Insurance Co.	XL145084(A)	10/1/74	10/1/75	$24,000,000
Midland Insurance Co.	XL145714	10/1/75	10/1/76	$1,000,000
Midland Insurance Co.	XL145692	10/1/75	10/1/76	$2,000,000
Midland Insurance Co.	XL145690	10/1/75	10/1/76	$1,000,000
Midland Insurance Co.	XL145084(B)	10/1/75	10/1/76	$24,000,000
Midland Insurance Co.	XL151962	10/1/76	10/1/77	$4,000,000
Midland Insurance Co.	XL151963	10/1/76	10/1/77	$5,000,000
Midland Insurance Co.	XL151964	10/1/76	10/1/77	$2,000,000
Midland Insurance Co.	XL151965	10/1/76	10/1/77	$4,500,000
Midland Insurance Co.	XL151966	10/1/76	10/1/77	$5,000,000
Midland Insurance Co.	XL145084(C)	10/1/76	10/1/77	$24,000,000
Midland Insurance Co.	XL151657	10/1/77	10/1/78	$3,000,000
Midland Insurance Co.	XL151658	10/1/77	10/1/78	$2,000,000
Midland Insurance Co.	XL148492	10/1/77	10/1/78	$1,250,000
Midland Insurance Co.	XL160162	10/1/78	10/1/79	$4,500,000
Midland Insurance Co.	XL160166	10/1/78	10/1/79	$1,000,000

EXHIBIT C TO THE PLAN

SHARED ASBESTOS INSURANCE POLICIES

SCHEDULE 2: POLICIES ISSUED BY INSOLVENT INSURERS

Insurer	Policy Number	Start Date	End Date	Original Products/Completed Operations Coverage
Midland Insurance Co.	XL153060	10/1/79	10/1/80	$4,500,000
Midland Insurance Co.	XL153061	10/1/79	10/1/80	$500,000
Midland Insurance Co.	XL713016	10/1/80	10/1/81	$4,500,000
Midland Insurance Co.	XL713017	10/1/80	10/1/81	$500,000
Midland Insurance Co.	XL724567	10/1/81	10/1/82	$5,000,000
Midland Insurance Co.	XL724568	10/1/81	10/1/82	$2,000,000
Midland Insurance Co.	XL724569	10/1/81	10/1/82	$3,000,000
Midland Insurance Co.	XL749137	10/1/83	10/1/84	$5,000,000
Midland Insurance Co.	XL770672	10/1/84	10/1/85	$4,500,000
Midland Insurance Co.	XL770673	10/1/84	10/1/85	$1,950,000
Midland Insurance Co.	XL770671	10/1/84	10/1/85	$2,000,000
Midland Insurance Co.	XL770670	10/1/84	10/1/85	$4,000,000
Midland Property & Casualty Co.	XL802057	10/1/83	10/1/84	$1,000,000
Mission Insurance Co.	M830560	10/1/75	10/1/76	$4,000,000
Mission Insurance Co.	M877509	10/1/81	10/1/82	$1,000,000
Mission Insurance Co.	M877506	10/1/81	10/1/82	$4,000,000
Mission Insurance Co.	M888753	10/1/83	10/1/84	$1,000,000
Mission Insurance Co.	M888752	10/1/83	10/1/84	$4,000,000
Mission Insurance Co.	M890532	10/1/84	10/1/85	$4,000,000
Mutual Reinsurance Co. Ltd.	77DD2215	10/1/77	10/1/78	$246,240
Mutual Reinsurance Co. Ltd.	77DD2216	10/1/77	10/1/78	$96,125
Mutual Reinsurance Co. Ltd.	79DD219C	10/1/78	10/1/79	$485,760
Mutual Reinsurance Co. Ltd.	79DD221C	10/1/78	10/1/79	$149,235
Mutual Reinsurance Co. Ltd.	799DD2099C	10/1/79	10/1/80	$526,000
Mutual Reinsurance Co. Ltd.	5435561980	10/1/80	10/1/81	$465,300
Mutual Reinsurance Co. Ltd.	56550/81	10/1/81	10/1/82	$517,500
North Atlantic Insurance Co. Ltd.	FUL078784	12/1/71	10/1/72	$83,333
North Atlantic Insurance Co. Ltd.	545FUL079054 (A)	10/1/72	10/1/73	$99,400
North Atlantic Insurance Co. Ltd.	545FUL079054 (B)	10/1/73	10/1/74	$99,400
North Atlantic Insurance Co. Ltd.	545FUL079054 (C)	10/1/74	10/1/75	$99,400
North Atlantic Insurance Co. Ltd.	545FUL079054 (D)	10/1/75	10/1/76	$97,500
Northeastern Fire Insurance Co.	226247	5/25/79	10/1/79	$1,000,000
Northeastern Fire Insurance Co.	230647	10/1/79	10/1/80	$1,000,000
Orion N/M (The Orion Insurance Co. plc)	C/L67E8161(A)	10/1/67	10/1/68	$92,707
Orion N/M (The Orion Insurance Co. plc)	L67E8161A(A)	10/1/67	10/1/68	$73,950
Orion N/M (The Orion Insurance Co. plc)	C/L67E8161(B)	10/1/68	10/1/69	$92,707
Orion N/M (The Orion Insurance Co. plc)	L67E8161A(B)	10/1/68	10/1/69	$73,950
Orion N/M (The Orion Insurance Co. plc)	C/L67E8161(C)	10/1/69	10/1/70	$92,707
Orion N/M (The Orion Insurance Co. plc)	L67E8161A(C)	10/1/69	10/1/70	$73,950
Orion T (The Orion Insurance Co. plc)	C/L67E8161(A)	10/1/67	10/1/68	$148,651
Orion T (The Orion Insurance Co. plc)	C/L67E8161(A)	10/1/67	10/1/68	$214,179
Orion T (The Orion Insurance Co. plc)	L67E8161A(A)	10/1/67	10/1/68	$140,376
Orion T (The Orion Insurance Co. plc)	L67E8161A(A)	10/1/67	10/1/68	$737,800
Orion T (The Orion Insurance Co. plc)	635/65/11618/1/BB402218(D)	10/1/67	10/1/68	$137,500
Orion T (The Orion Insurance Co. plc)	635/65/11618/1/BB402218(D)	10/1/67	10/1/68	$206,250
Orion T (The Orion Insurance Co. plc)	C/L67E8161(B)	10/1/68	10/1/69	$148,651
Orion T (The Orion Insurance Co. plc)	C/L67E8161(B)	10/1/68	10/1/69	$214,179
Orion T (The Orion Insurance Co. plc)	L67E8161A(B)	10/1/68	10/1/69	$140,376
Orion T (The Orion Insurance Co. plc)	L67E8161A(B)	10/1/68	10/1/69	$737,800
Orion T (The Orion Insurance Co. plc)	C/L67E8161(C)	10/1/69	10/1/70	$214,179
Orion T (The Orion Insurance Co. plc)	L67E8161A(C)	10/1/69	10/1/70	$140,376
Orion T (The Orion Insurance Co. plc)	L67E8161A(C)	10/1/69	10/1/70	$737,800
Pine Top Insurance Co.	MLP100024[b]	10/1/77	10/1/78	$1,500,000
Pine Top Insurance Co.	MLP100024[c]	10/1/77	10/1/78	$500,000
Pine Top Insurance Co.	MLP100024[d]	10/1/77	10/1/78	$1,500,000
Pine Top Insurance Co.	MLP100024[a]	10/1/77	10/1/78	$2,000,000
Pine Top Insurance Co.	MLP101235[a]	10/1/78	10/1/79	$2,000,000
Pine Top Insurance Co.	MLP101235[b]	10/1/78	10/1/79	$2,000,000
Pine Top Insurance Co.	MLP101235[c]	10/1/78	10/1/79	$3,000,000
Pine Top Insurance Co.	MLP101235[d]	10/1/78	10/1/79	$3,000,000
Protective National Insurance Co.	XUB1807209	10/1/82	10/1/83	$9,000,000
Protective National Insurance Co.	XUB1807255	10/1/83	10/1/84	$2,000,000

EXHIBIT C TO THE PLAN

SHARED ASBESTOS INSURANCE POLICIES

SCHEDULE 2: POLICIES ISSUED BY INSOLVENT INSURERS

Insurer	Policy Number	Start Date	End Date	Original Products/Completed Operations Coverage
Southern American Insurance Co.	545/FUL078325 (A)	10/1/70	10/1/71	$50,018
Southern American Insurance Co.	545/FUL078327 (A)	10/1/70	10/1/71	$25,000
Southern American Insurance Co.	545/FUL078325 (B)	10/1/71	11/30/71	$8,336
Southern American Insurance Co.	545/FUL078327 (B)	10/1/71	11/30/71	$4,167
Southern American Insurance Co.	FUL078783	12/1/71	10/1/72	$29,325
Southern American Insurance Co.	FUL078784	12/1/71	10/1/72	$11,908
Southern American Insurance Co.	545FUL079054 (A)	10/1/72	10/1/73	$36,000
Southern American Insurance Co.	545FUL079054 (B)	10/1/73	10/1/74	$36,000
Southern American Insurance Co.	545FUL079054 (C)	10/1/74	10/1/75	$36,000
Southern American Insurance Co.	545FUL079054 (D)	10/1/75	10/1/76	$35,900
Southern American Insurance Co.	04006XX800065	10/1/78	10/1/79	$500,000
Southern American Insurance Co.	04006XX800070	10/1/78	10/1/79	$1,000,000
St. Helens	635/65/11618/1/BB402218(D)	10/1/67	10/1/68	$275,000
St. Louis Fire & Marine Insurance Co.	IXL16846(D)	10/1/67	10/1/68	$1,000,000
Transit Casualty Co.	SCU955002	12/1/78	10/1/79	$10,000,000
Transit Casualty Co.	UMB950042	10/1/79	10/1/80	$5,000,000
Transit Casualty Co.	SCU955279	10/1/79	10/1/80	$5,000,000
Transit Casualty Co.	UMB950111	10/1/80	10/1/81	$5,000,000
Transit Casualty Co.	SCU955670	10/1/80	10/1/81	$5,000,000
Transit Casualty Co.	SCU955671	10/1/80	10/1/81	$5,000,000
Transit Casualty Co.	UMB950191	10/1/81	10/1/82	$5,000,000
Transit Casualty Co.	SCU956041	10/1/81	10/1/82	$2,000,000
Transit Casualty Co.	SCU956042	10/1/81	10/1/82	$5,000,000
Transit Casualty Co.	SCU956043	10/1/81	10/1/82	$7,000,000
Transit Casualty Co.	SCU956343	10/1/82	10/1/83	$2,000,000
Transit Casualty Co.	SCU956342	10/1/82	10/1/83	$5,000,000
Transit Casualty Co.	SCU956344	10/1/82	10/1/83	$5,000,000
Transit Casualty Co.	UMB950260	10/1/82	10/1/83	$10,000,000
Transit Casualty Co.	UMB950324	10/1/83	10/1/84	$5,000,000
Transit Casualty Co.	SCU956616	10/1/83	10/1/84	$5,000,000
Transit Casualty Co.	SCU956617	10/1/83	10/1/84	$5,000,000
Transit Casualty Co.	SCU956619	10/1/83	10/1/84	$5,000,000
Transit Casualty Co.	SCU956618	10/1/83	10/1/84	$5,000,000
Transit Casualty Co.	SCU956993	10/1/84	10/1/85	$4,500,000
Transit Casualty Co.	UMB950420	10/1/84	10/1/85	$5,000,000
Transit Casualty Co.	SCU956990	10/1/84	10/1/85	$2,750,000
Transit Casualty Co.	SCU956989	10/1/84	10/1/85	$2,750,000
Transit Casualty Co.	SCU956991	10/1/84	10/1/85	$4,500,000
Transit Casualty Co.	SCU956992	10/1/84	10/1/85	$2,500,000
Union Indemnity Insurance Co.	UF1100042	10/1/78	10/1/79	$2,000,000
Union Indemnity Insurance Co.	UF1100155	10/1/79	10/1/80	$2,000,000
Union Indemnity Insurance Co.	UF1100273	10/1/80	10/1/81	$1,000,000
Union Indemnity Insurance Co.	UF1100645	10/1/81	10/1/82	$1,000,000
Union Indemnity Insurance Co.	UF1100918	10/1/82	10/1/83	$1,000,000
Union Indemnity Insurance Co.	UF1101132	10/1/83	10/1/84	$1,000,000
Walbrook Insurance Co. Ltd.	545FUL079054 (A)	10/1/72	10/1/73	$427,000
Walbrook Insurance Co. Ltd.	545FUL079054 (B)	10/1/73	10/1/74	$427,000
Walbrook Insurance Co. Ltd.	545FUL079054 (C)	10/1/74	10/1/75	$427,000
Walbrook Insurance Co. Ltd.	545FUL079054 (D)	10/1/75	10/1/76	$419,100
Walbrook Insurance Co. Ltd.	77DD2215	10/1/77	10/1/78	$393,760
Walbrook Insurance Co. Ltd.	77DD2216	10/1/77	10/1/78	$153,875
Walbrook Insurance Co. Ltd.	79DD219C	10/1/78	10/1/79	$998,400
Walbrook Insurance Co. Ltd.	79DD221C	10/1/78	10/1/79	$306,727
Walbrook Insurance Co. Ltd.	799DD2099C	10/1/79	10/1/80	$1,198,000
Walbrook Insurance Co. Ltd.	5435561980	10/1/80	10/1/81	$1,059,750
Walbrook Insurance Co. Ltd.	56550/81	10/1/81	10/1/82	$1,336,000

All capitalized terms used in this Exhibit C to the Plan shall have the meanings ascribed to them in the Plan. This Exhibit C is qualified in its entirety by reference to the Plan.

EXHIBIT D

TO

QUIGLEY COMPANY, INC. FIFTH AMENDED AND RESTATED PLAN OF REORGANIZATION UNDER CHAPTER 11 OF THE BANKRUPTCY CODE

SCHEDULE OF SHARED ASBESTOS-EXCLUDED INSURANCE POLICIES*

* The inclusion, exclusion, or classification of an insurance policy on this Exhibit to the Plan does not constitute a determination as to whether any particular insurance policy provides coverage for any Claim or a waiver of any position of any Entity with respect to any coverage determination. As and to the extent provided in the Plan, all applicable Asbestos PI Insurer Coverage Defenses are preserved with respect to all such policies.

EXHIBIT D TO THE PLAN

SHARED ASBESTOS-EXCLUDED INSURANCE POLICIES

SCHEDULE 1: POLICIES ISSUED BY SOLVENT INSURERS

Insurer	Policy Number	Start Date	End Date	Remaining Products/Completed Operations Coverage
Allianz Insurance Co.	XL559533	10/1/82	10/1/83	$9,991,667
Allianz Underwriters Inc.	AUX5201730	10/1/83	10/1/84	$9,991,667
Allianz Underwritiers Insurance Co.	AUX5201730	10/1/84	10/1/85	$9,991,667
Aetna Casualty and Surety Co.	01XN3520WCA	10/1/82	10/1/83	$5,000,000
Aetna Casualty and Surety Co.	01XN3521WCA	10/1/82	10/1/83	$5,000,000
Aetna Casualty and Surety Co.	01XN3522WCA	10/1/82	10/1/83	$15,000,000
Aetna Casualty and Surety Co.	01XN3873WCA	10/1/83	10/1/84	$5,000,000
Aetna Casualty and Surety Co.	01XN3874WCA	10/1/83	10/1/84	$5,000,000
Aetna Casualty and Surety Co.	01XN3875WCA	10/1/83	10/1/84	$15,000,000
Birmingham Fire Insurance Co. of PA	SE6074008	10/1/82	10/1/83	$3,000,000
Birmingham Fire Insurance Co. of PA	SE6074009	10/1/82	10/1/83	$5,000,000
Birmingham Fire Insurance Co. of PA	SE6074167	10/1/83	10/1/84	$4,000,000
Birmingham Fire Insurance Co. of PA	SE6074168	10/1/83	10/1/84	$5,000,000
Birmingham Fire Insurance Co. of PA	SE6074394	10/1/84	10/1/85	$5,000,000
Birmingham Fire Insurance Co. of PA	SE6074393	10/1/84	10/1/85	$5,000,000
Colonia Insurance Co.	SEC5000052	10/1/82	10/1/83	$2,000,000
Colonia Insurance Co.	SEC5000075	10/1/83	10/1/84	$2,000,000
Employers Insurance Co. of Wausau	5733-00-200381	10/1/82	10/1/83	$7,000,000
Employers Insurance Co. of Wausau	5735-00-101098[c]	10/1/84	10/1/85	$5,000,000
Employers Insurance Co. of Wausau	5735-00-101098[d]	10/1/84	10/1/85	$5,000,000
Employers Insurance Co. of Wausau	5735-00-101098[e]	10/1/84	10/1/85	$5,000,000
Government Employees Insurance Co.	GXU30190	10/1/82	10/1/83	$6,000,000
Government Employees Insurance Co.	GXU30315	10/1/83	10/1/84	$7,000,000
Granite State Insurance Co.	6482-5493	10/1/82	10/1/83	$2,380,620
Granite State Insurance Co.	6482-5494	10/1/82	10/1/83	$3,000,000
Granite State Insurance Co.	6482-5495	10/1/82	10/1/83	$2,000,000
Granite State Insurance Co.	6483-5681	10/1/83	10/1/84	$1,789,710
Granite State Insurance Co.	6483-5682	10/1/83	10/1/84	$5,000,000
Granite State Insurance Co.	6483-5683	10/1/83	10/1/84	$3,000,000
Granite State Insurance Co.	6483-5684	10/1/83	10/1/84	$4,000,000
Hartford Accident & Indemnity Co.	10XSCB6955	10/1/82	10/1/83	$1,000,000
Hartford Accident & Indemnity Co.	10XS103176	10/1/83	10/1/84	$5,000,000
Hartford Accident & Indemnity Co.	10XS103401	10/1/84	10/1/85	$1,000,000
Hudson Insurance Co.	HN01239	10/1/83	10/1/84	$8,500,000
Insurance Co. of North America (INA)	XCP144986[b]	10/1/82	10/1/83	$1,000,000
Insurance Co. of North America (INA)	XCP144986[c]	10/1/82	10/1/83	$5,000,000
Insurance Co. of North America (INA)	XCP144986[d]	10/1/82	10/1/83	$2,000,000
Insurance Co. of North America (INA)	XCP144986[e]	10/1/82	10/1/83	$9,000,000
Insurance Co. of North America (INA)	XCP144986[f]	10/1/82	10/1/83	$10,000,000
Insurance Co. of North America (INA)	XCP145704[a]	10/1/83	10/1/84	$587,500
Insurance Co. of North America (INA)	XCP145704[b]	10/1/83	10/1/84	$1,000,000
Insurance Co. of North America (INA)	XCP145704[c]	10/1/83	10/1/84	$10,000,000
Insurance Co. of North America (INA)	XCP145704[d]	10/1/83	10/1/84	$7,000,000
Insurance Co. of North America (INA)	XCP145704[e]	10/1/83	10/1/84	$9,000,000
Insurance Co. of North America (INA)	XCP145704[f]	10/1/83	10/1/84	$10,000,000
Insurance Co. of North America (INA)	XCP156440[b]	10/1/84	10/1/85	$4,000,000
Insurance Co. of North America (INA)	XCP156440[c]	10/1/84	10/1/85	$10,000,000
Insurance Co. of North America (INA)	XCP156440[d]	10/1/84	10/1/85	$12,000,000
Mead Reinsurance Corp.	XL1686	10/1/82	10/1/83	$1,763,452
Mead Reinsurance Corp.	XL1806	10/1/83	10/1/84	$5,000,000
Mead Reinsurance Corp.	XL1993	10/1/84	10/1/85	$2,500,000
New England Insurance Co.	NE00792	10/1/84	10/1/85	$5,000,000
New England Reinsurance Co.	791945	10/1/82	10/1/83	$1,500,000
New England Reinsurance Co.	791946	10/1/82	10/1/83	$5,000,000
New England Reinsurance Co.	791947	10/1/82	10/1/83	$2,500,000
New England Reinsurance Co.	791948	10/1/82	10/1/83	$3,000,000
New England Reinsurance Co.	792108	10/1/82	10/1/83	$1,000,000
New England Reinsurance Co.	792086	10/1/83	10/1/84	$1,430,000
New England Reinsurance Co.	792087	10/1/83	10/1/84	$5,000,000
New England Reinsurance Co.	792088	10/1/83	10/1/84	$2,500,000
New England Reinsurance Co.	792090	10/1/83	10/1/84	$3,000,000

EXHIBIT D TO THE PLAN
SHARED ASBESTOS-EXCLUDED INSURANCE POLICIES
SCHEDULE 1: POLICIES ISSUED BY SOLVENT INSURERS

Insurer	Policy Number	Start Date	End Date	Remaining Products/Completed Operations Coverage
Twin City Fire Insurance Co.	TXS101639[a]	10/1/82	10/1/83	$3,000,000
Twin City Fire Insurance Co.	TXS101639[b]	10/1/82	10/1/83	$3,000,000
Twin City Fire Insurance Co.	TXS101639[c]	10/1/82	10/1/83	$4,000,000

All capitalized terms used in this Exhibit D to the Plan shall have the meanings ascribed to them in the Plan. This Exhibit D is qualified in its entirety by reference to the Plan.

EXHIBIT D TO THE PLAN
SHARED ASBESTOS-EXCLUDED INSURANCE POLICIES
SCHEDULE 2: POLICIES ISSUED BY INSOLVENT INSURERS

Insurer	Policy Number	Start Date	End Date	Original Products/Completed Operations Coverage
Home Insurance Co.	HXL1575505	10/1/84	10/1/85	$20,000,000
Integrity Insurance Co.	XL206632[b]	10/1/82	10/1/83	$2,000,000
Integrity Insurance Co.	XL206632[a]	10/1/82	10/1/83	$3,000,000
Integrity Insurance Co.	XL207895	10/1/83	10/1/84	$3,000,000
Integrity Insurance Co.	XL209697	10/1/84	10/1/85	$1,000,000
Midland Insurance Co.	XL739740	10/1/82	10/1/83	$5,000,000
Midland Insurance Co.	XL739741	10/1/82	10/1/83	$4,000,000
Midland Property & Casualty Co.	XL730704	10/1/82	10/1/83	$1,000,000
Midland Property & Casualty Co.	XL730706	10/1/82	10/1/83	$4,000,000
Midland Property & Casualty Co.	XL802058	10/1/83	10/1/84	$4,000,000
Midland Property & Casualty Co.	XL802056	10/1/83	10/1/84	$6,000,000
Mission Insurance Co.	M887329	10/1/82	10/1/83	$4,000,000
Mission Insurance Co.	M887330	10/1/82	10/1/83	$1,000,000

All capitalized terms used in this Exhibit D to the Plan shall have the meanings ascribed to them in the Plan. This Exhibit D is qualified in its entirety by reference to the Plan.

EXHIBIT E

TO

QUIGLEY COMPANY, INC. FIFTH AMENDED AND RESTATED PLAN OF REORGANIZATION UNDER CHAPTER 11 OF THE BANKRUPTCY CODE

SCHEDULE OF SHARED ASBESTOS-EXCLUDED CLAIMS-MADE INSURANCE POLICIES*

* The inclusion, exclusion, or classification of an insurance policy on this Exhibit to the Plan does not constitute a determination as to whether any particular insurance policy provides coverage for any Claim or a waiver of any position of any Entity with respect to any coverage determination. As and to the extent provided in the Plan, all applicable Asbestos PI Insurer Coverage Defenses are preserved with respect to all such policies.

EXHIBIT E TO THE PLAN

SHARED ASBESTOS-EXCLUDED CLAIMS-MADE INSURANCE POLICIES

Insurer	Policy Number	Start Date	End Date	Limits	Attachment Point	Quigley Claims Noticed During the Policy Period/Reporting Period
Self Insured Retention	N/A	10/1/1985	10/1/1986	$10,000,000 per occurrence		
Lloyd's of London and London Cos.	551 USP 0486	10/1/1985	10/1/1986	$2,000,000	$10,000,000	NO
Employers Insurance of Wausau	5726-00-102856	12/16/1985	10/1/1986	$1,000,000	$10,000,000	NO
Lloyd's of London and London Cos.	551 USP 0487	10/1/1985	10/1/1986	$5,000,000	$15,000,000	NO
National Union Fire Ins. Co of Pittsburgh Pa	960 37 86	10/1/1985	10/1/1986	$2,000,000	$30,000,000	NO
Lexington Insurance Co.	5527467 (renewal of 552 6390)	10/1/1985	10/1/1986	$500,000	$30,000,000	NO
National Union Fire Ins. Co of Pittsburgh Pa	960 37 85	10/1/1985	10/1/1986	$3,000,000	$32,500,000	NO
Colonia Insurance Co.	40 02 02	10/1/1985	10/1/1986	$1,000,000	$23,500,000	NO
National Union Fire Ins. Co of Pittsburgh Pa	960 37 85	10/1/1985	10/1/1986	$5,000,000	$57,500,000	NO
Insurance Co. of North America (CIGNA)	XCP GO 313525-1	10/1/1985	10/1/1986	$5,000,000	$57,500,000	NO
AIU Insurance Co.	75-103915	10/1/1985	10/1/1986	$3,000,000	$57,500,000	NO
Lexington Insurance Co.	5527467	10/1/1985	10/1/1986	$2,000,000	$57,500,000	NO
Colonia Insurance Co.	40 02 02	10/1/1985	10/1/1986	$1,000,000	$57,500,000	NO
Zurich International Ltd.	73,048-85C	10/1/1985	10/1/1986	$1,000,000	$57,500,000	NO
North River Insurance Co.	522 053973 9	10/1/1985	10/1/1986	$2,000,000	$57,500,000	NO
Pacific Insurance Co.	PI 33302	10/1/1985	10/1/1986	$500,000	$57,500,000	NO
Mutuelles-Unies	9997844	10/1/1985	10/1/1986	$200,000	$57,500,000	NO
Union Des Assurances De Paris	6519703	10/1/1985	10/1/1986	$600,000	$57,500,000	NO
Assurances Generales De France	67199915	10/1/1985	10/1/1986	$250,000	$57,500,000	NO
A.C.E. Insurance Co. Ltd.	PFE 476	3/3/1986	10/1/1986	$100,000,000	$100,000,000	NO
Meadows Syndicate Inc. NY Insurance Exchange	S6576/86A	6/3/1986	10/1/1986	$250,000	$20,000,000	NO
Self Insured Retention	N/A	11/1/1986	11/1/1989	$25,000,000 per occurrence		
X.L. Insurance Co.	G205RAA	11/1/1986	1/23/1990	$75,000,000	$25,000,000	NO
Self Insured Retention	N/A	10/1/1989	11/1/1995	25,000,000 per occurrence		
X.L. Insurance Co.	XLUMB 00341	1/23/1990	11/1/1996	$125,000,000	$25,000,000	NO
A.C.E. Insurance Co. Ltd.	PFE 476	10/1/1989	11/1/1995	$200,000,000	$150,000,000	NO
Self Insured Retention	N/A	11/1/1995	11/1/1996	25,000,000 per occurrence		
American Excess Insurance Association (AEIA)	NN 5000101195	11/1/1995	11/1/1996	$100,000,000	$150,000,000	NO
STARR Excess Liablity Insurance Co. Ltd.	200877	11/1/1995	11/1/1997	$100,000,000	$250,000,000	NO
New Hampshire Insurance Co.	509DL163395	11/1/1995	11/1/1996	$16,000,000	$350,000,000	NO
Royal Insurance Plc.	509DL 163395	11/1/1995	11/1/1996	$1,500,000	$350,000,000	NO
Gerling Konzern Allgemeine Versicherungs Aktiengesellschaft	509/DL163395	11/1/1995	11/1/1996	$20,000,000	$350,000,000	NO
SR International Business Insurance Co. Ltd.	509/DL 163395	11/1/1995	11/1/1996	$12,500,000	$350,000,000	NO
A.C.E. Insurance Co. Ltd.	PFE 476/4	11/1/1995	11/1/1996	$100,000,000	$400,000,000	NO
Self Insured Retention	N/A	11/1/1996	11/1/1997	$25,000,000		
X.L. Insurance Co., Ltd.	XLUMB 00341	11/1/1996	11/1/1997	$100,000,000	$25,000,000	NO
X.L. Insurance Co., Ltd.	XLUMB 00341	11/1/1996	11/1/1997	$100,000,000	$150,000,000	NO
STARR Excess Liablity Insurance Co. Ltd.	20087	11/1/1996	11/1/1997	$100,000,000	$250,000,000	NO
SR International Business Insurance Co. Ltd. (BETA)	509DL1633951	11/1/1996	11/1/1997	$100,000,000	$350,000,000	NO
Gerling Konzern Allgemeine Versicherungs Aktiengesellschaft	509/DL 193296	11/1/1996	11/1/1997	$35,000,000	$450,000,000	NO
SR International Business Insurance Co. Ltd.	509/DL 193296	11/1/1996	11/1/1997	$25,000,000	$450,000,000	NO
Winterthur Swiss Insurance Co.	509/DL 193296	11/1/1996	11/1/1997	$15,000,000	$450,000,000	NO
New Hampshire Insurance Co.	509/DL 193296	11/1/1996	11/1/1997	$25,000,000	$450,000,000	NO
Zurich Reinsurance (UK) Ltd.	509/DL 193296	11/1/1996	11/1/1997	$15,000,000	$450,000,000	NO
Royal Insurance Plc.	509/DL 193296	11/1/1996	11/1/1997	$3,000,000	$450,000,000	NO
Self Insured Retention	N/A	11/1/1997	11/1/2001	$50,000,000 per occurrence		
Great Lakes (UK)	052404-0197	11/1/1997	11/1/2001	$25,000,000	$125,000,000	NO
Winterthur Swiss Insurance Co.	509 DL 193297	11/1/1997	11/1/2001	$25,000,000	$150,000,000	NO
Columbia Casualty Co.	ADT 1028640330	11/1/1997	11/1/2001	$20,000,000	$150,000,000	NO

EXHIBIT E TO THE PLAN

SHARED ASBESTOS-EXCLUDED CLAIMS-MADE INSURANCE POLICIES

Insurer	Policy Number	Start Date	End Date	Limits	Attachment Point	Quigley Claims Noticed During the Policy Period/Reporting Period
Gulf Insurance Co.	GA 6078384	11/1/1997	11/1/2001	$5,000,000	$150,000,000	NO
Lumbermens Mutual Casualty Co.	9SR117891-00	11/1/1997	11/1/2001	$30,000,000	$150,000,000	NO
Gerling-Konzern General Insurance Co.	509DL193297	11/1/1997	11/1/2001	$35,000,000	$150,000,000	NO
Gerling American Insurance Co.	4 002 900 ELP	11/1/1997	11/1/2001	$10,000,000	$150,000,000	NO
Winterthur Swiss Insurance Co.	509/DL220397	11/1/1997	11/1/2001	$25,000,000	$275,000,000	NO
Zurich Reinsurance (London) Limited	509DL220297/01	11/1/1997	11/1/2001	$50,000,000	$275,000,000	NO
SR International Business Insurance Co. Ltd. (BETA)	509 DL1633951	11/1/1997	11/1/2001	$100,000,000	$350,000,000	NO
SR International Business Insurance Co. Ltd.	509 DL 193296	11/1/1997	11/1/2001	$25,000,000	$450,000,000	NO
Royal & Sun Alliance Ins.	509 DL 221597	11/1/1997	11/1/2000	$10,000,000	$475,000,000	NO
Winterthur Swiss Insurance Co. [replaces Royal & Sun for the 00-01 period of this layer]	509/DL265198	11/1/2000	11/1/2001	$10,000,000	$475,000,000	NO
Zurich Reinsurance (London) Limited	509/DL 220197	11/1/1997	11/1/2001	$50,000,000	$485,000,000	NO
Allianz Underwriters Insurance Co.	AXL 521 12 57	11/1/1997	11/1/2001	$50,000,000	$535,000,000	NO
X.L. Insurance Co., Ltd.	XLUMB 00341	11/1/1997	12/12/2000	$200,000,000	$585,000,000	NO
Starr Excess Liability Insurance International Limited	200877	11/1/1997	11/1/2001	$100,000,000	$785,000,000	NO
Gulf Insurance Co.	GA 6097622	1/1/1998	11/1/2001	$20,000,000	$885,000,000	NO
Chubb Atlantic Indemnity Ltd.	(00) 3310-03-82	1/1/1998	11/1/2001	$25,000,000	$905,000,000	NO
Winterthur Swiss Insurance Co.	509/DL229298	11/1/1998	11/1/2001	$25,000,000	$930,000,000	NO
Columbia Casualty Co.	ADT 1066907783	1/1/1998	11/1/2001	$5,000,000	$930,000,000	NO
Zurich Reinsurance (London) Limited	509/DL229298	1/1/1998	11/1/2001	$22,500,000	$930,000,000	NO
SR International Business Insurance Co. Ltd.	509/DL229298	1/1/1998	11/1/2001	$17,500,000	$930,000,000	NO
Allianz Underwriters Insurance Co.	AXL 521 12 69	11/1/1998	11/1/2001	$25,000,000	$1,050,000,000	NO
Columbia Casualty Co.	ADE 1089982099	11/1/1998	11/1/2001	$5,000,000	$1,050,000,000	NO
Lumbermens Mutual Casualty Co.	9SR117969-00	11/1/1998	11/1/2001	$20,000,000	$1,050,000,000	NO
Self Insured Retention	N/A	11/1/2001	11/1/2002	$200,000,000 per occurrence		
SR International Business Insurance Co. Ltd.	509/DM075501	11/1/2001	11/1/2002	$100,000,000	$200,000,000	NO
Gerling Konzern Allegemeine Vericherungs - AG	DL 362901	3/1/2002	11/1/2002	$50,000,000	$600,000,000	NO
Great Lakes Reinsurance (UK) PLC [Munich-American Risk Partners]	01-UK-XL-0000040-00	3/1/2002	11/1/2002	$25,000,000	$600,000,000	NO
Allied World Assurance Co. ("AWAC")	C000211	3/1/2002	11/1/2002	$25,000,000	$675,000,000	NO
Zurich American Insurance Co.	AEC 383 9774-00	3/1/2002	11/1/2002	$25,000,000	$675,000,000	NO
Zurich Insurance Co. (UK) Branch	509/DL 367802	3/1/2002	11/1/2002	$50,000,000	$675,000,000	NO
A.C.E. Bermuda Insurance, Ltd.	PFE 1136/5	3/1/2002	12/1/2002	$100,000,000	$775,000,000	NO
Liberty Mutual Insurance Co. (UK) Limited (Trading as Liberty International Underwriters)	DL 369002	3/1/2002	11/1/2002	$35,000,000	$775,000,000	NO
Endurance Specialty Insurance Ltd.	INCLX0217WW	3/1/2002	11/1/2002	$25,000,000	$775,000,000	NO
Self Insured Retention	N/A	11/1/2002	12/1/2003	$500,000,000 per occurrence		
SR International Business Insurance Co. Ltd.	MH 3723	11/1/2002	12/1/2003	$100,000,000	$500,000,000	Yes
Gerling Konzern Allgemeine Vericherungs-AG	509/DL362902	11/1/2002	11/1/2003	$50,000,000	$600,000,000	Yes
Arch Reinsurance Ltd.	B4-URP-03239-00	11/1/2002	11/1/2003	$15,000,000	$600,000,000	Yes
Allied World Assurance Co., Ltd. ("AWAC")	C001258	11/1/2002	11/1/2003	$25,000,000	$675,000,000	Yes
A.C.E. Bermuda Insurance, Ltd.	PFE 1136/5	11/1/2002	12/1/2003	$100,000,000	$810,000,000	Yes
Endurance Specialty Insurance Ltd.	000 828	3/1/2002	12/1/2003	$25,000,000	$810,000,000	Yes

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EXHIBIT F

TO

QUIGLEY COMPANY, INC. FIFTH AMENDED AND RESTATED PLAN OF REORGANIZATION UNDER CHAPTER 11 OF THE BANKRUPTCY CODE

SCHEDULE OF INSURANCE SETTLEMENT AGREEMENTS AND AIG INSURANCE SETTLEMENT AGREEMENT

EXHIBIT F TO THE PLAN

INSURANCE SETTLEMENT AGREEMENTS AND AIG INSURANCE SETTLEMENT AGREEMENT

Name of Insurance Settlement Agreement(s)	Asbestos Insurance Entity(ies)	Settling Asbestos Insurance Entity(ies)
• Addendum to Settlement Agreement among Pfizer Inc., Quigley Company, Inc. and Certain AIG Member Companies, dated August 13, 2004 • Settlement Agreement Among Pfizer Inc., Quigley Company, Inc. and the AIG Companies, dated January 27, 1995	AIG Member Companies, defined as (1) AIU Insurance Company; (2) American Home Assurance Company; (3) Birmingham Fire Insurance Company of Pennsylvania; (4) Colonia Insurance Company (U.S. Branch); (5) Granite State Insurance Company; (6) Illinois National Insurance Company; (7) Landmark Insurance Company; (8) Lexington Insurance Company; (9) L'Union Atlantique D'Assurances, S.A.; and (10) National Union Fire Insurance Company of Pittsburgh, PA	Yes
• Settlement and Insurance Policy Repurchase Agreement and Release dated August 24, 2010 and approved by Bankruptcy Court on January 14, 2011 • Agreement Concerning Asbestos-Related Claims, dated June 19, 1985 (Wellington Agreement)	Arrowood Indemnity Company (f/k/a Royal Indemnity Company)	Yes
• Agreement Among Pfizer Inc., Quigley Company, Inc. and Centennial Insurance Company, dated September 19, 2005 and approved by Bankruptcy Court on December 22, 2005 • Settlement Agreement Among Pfizer Inc., Quigley Company, Inc. and Centennial Insurance Company, dated March 17, 1999	Centennial Insurance Company	Yes

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EXHIBIT F TO THE PLAN

INSURANCE SETTLEMENT AGREEMENTS AND AIG INSURANCE SETTLEMENT AGREEMENT

Name of Insurance Settlement Agreement(s)	Asbestos Insurance Entity(ies)	Settling Asbestos Insurance Entity(ies)
• Settlement Agreement Among Pfizer Inc., Quigley Company, Inc., Century Indemnity Company and Other Signatory Insurers, dated May 19, 2008 and approved by the Bankruptcy Court on July 23, 2008 • Agreement Concerning Asbestos-Related Claims, dated June 19, 1985 (Wellington Agreement) • Confidential Settlement Agreement Between Pfizer Inc. and Quigley Company, Inc. and Cravens, Dargan & Company, Pacific Coast (as managing general agent for Highlands Insurance Company) effective October 1, 1994 • Confidential Settlement Agreement Between Pfizer Inc. and Quigley Company, Inc. and Cravens, Dargan & Company, Pacific Coast (as managing general agent for Central National Insurance Company) effective October 1, 1994	(1) Century Indemnity Insurance Company (successor to both (a) CCI Insurance Company, successor to Insurance Company of North America with respect to certain policies, and (b) CIGNA Specialty Insurance Company f/k/a California Union Insurance Company); (2) Insurance Company of North America; (3) Highlands Insurance Company in Receivership, by and through its claims handling agent, Cravens, Dargan & Co., Pacific Coast; (4) ACE Property & Casualty Insurance Company (f/k/a CIGNA Property & Casualty Insurance Company), as successor in interest to Central National Insurance Company of Omaha, but only with respect to policies issued through Cravens, Dargan & Co., Pacific Coast; (5) ACE Property & Casualty Insurance Company (f/k/a CIGNA Property & Casualty Insurance Company), as successor in interest to Motor Vehicle Casualty Company but only with respect to policies issued through Cravens, Dargan & Company, Pacific Coast; and (6) Westchester Fire Insurance Company	Yes

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EXHIBIT F TO THE PLAN

INSURANCE SETTLEMENT AGREEMENTS AND AIG INSURANCE SETTLEMENT AGREEMENT

Name of Insurance Settlement Agreement(s)	Asbestos Insurance Entity(ies)	Settling Asbestos Insurance Entity(ies)
• Settlement Agreement Among Pfizer Inc., Quigley Company, Inc. and Certain Insurers, dated June 3, 2008 and approved by Bankruptcy Court on July 23, 2008 • Settlement Agreement Concerning Asbestos-Related Bodily Injury Claims, dated August 11, 1999	Certain Insurers, defined as (1) AXA France IARD, as successor in interests and liabilities to Union des Assurances de Paris; (2) AXA Corporate Solutions Assurances, as successor in interests and liabilities to Le Secours a/k/a Uni Europe and Mutuelles Unies a/k/a Group Ancienne Mutuelle; (3) Caisse Industrielle d'Assurance Mutuelle; (4) FM Insurance Company Ltd. (as successor to Affiliated Factory Mutual Paris); (5) AXA Versicherung AG as a successor to Union des Assurances de Paris in respect of the Emil Preuss Policies (Underwriting years 10/1/79-10/1/80; 10/1/80-10/1/81; 10/1/81-10/1/82); (6) Assurances Générales de France IART SA on behalf of itself, its predecessors, assigns and affiliates including, but not limited to La Préservatrice Foncière Assurances (PFA), La Préservatrice Fonciere Tiard, La Fonciere Assurances Transports Accidente, Lilloise D'Assurance, Lilloise D'Assurance et de Reassurances and as successor in interests and liabilities to these companies; and (7) MMA IARD Assurances Mutuelles as successor to Mutuelle Générale Française (Accident)	Yes

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EXHIBIT F TO THE PLAN

INSURANCE SETTLEMENT AGREEMENTS AND AIG INSURANCE SETTLEMENT AGREEMENT

Name of Insurance Settlement Agreement(s)	Asbestos Insurance Entity(ies)	Settling Asbestos Insurance Entity(ies)
• Settlement Agreement and Release Between and Among Pfizer Inc., Quigley Company, Inc. and Continental Insurance Company (on its own behalf and as successor to London Guarantee and Accident Company of New York), Continental Casualty Company, and Fidelity & Casualty Company, dated January 30, 2009 and approved by Bankruptcy Court on February 19, 2009 • Settlement Agreement Between and Among Pfizer Inc and Its Wholly-Owned Subsidiary, Quigley Company, Inc. and Continental Casualty Company, dated April 27, 1999 • Agreement Concerning Asbestos-Related Claims, dated June 19, 1985 (Wellington Agreement)	(1) Continental Insurance Company (on its own behalf and as successor to London Guarantee and Accident Company of New York); (2) Continental Casualty Company; and (3) Fidelity & Casualty Company	Yes
• Settlement Agreement and Release Pfizer Inc., Quigley Company, Inc., and Nationwide Indemnity Company, on behalf of Employers Insurance of Wausau, dated March 18, 2009 and approved by the Bankruptcy Court on June 9, 2009 • Agreement Concerning Asbestos-Related Claims, dated June 19, 1985 (Wellington Agreement)	(1) Employers Insurance of Wausau and (2) Nationwide Indemnity Company, solely in its capacity as claims administrator for Employers Insurance of Wausau	Yes
• Addendum to Settlement Agreement Among Pfizer Inc, Quigley Company, Inc. and Everest Reinsurance Company, dated July 6, 2004 and related Bankruptcy Court order dated March 30, 2006 • Settlement Agreement Among Pfizer Inc, Quigley Company, Inc. and Everest Reinsurance Company, effective June 1, 1999	Everest Reinsurance Company	Yes

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EXHIBIT F TO THE PLAN

INSURANCE SETTLEMENT AGREEMENTS AND AIG INSURANCE SETTLEMENT AGREEMENT

Name of Insurance Settlement Agreement(s)	Asbestos Insurance Entity(ies)	Settling Asbestos Insurance Entity(ies)
• Settlement and Insurance Policy Repurchase Agreement and Release between and among Pfizer Inc., Quigley Company, Inc., and Hartford, dated October 28, 2008 and approved by the Bankruptcy Court on June 9, 2009 • Agreement Concerning Asbestos-Related Claims, dated June 19, 1985 (Wellington Agreement)	(1) First State Insurance Company, on its own behalf and as the real party in interest as to those of the Policies issued by Royal Indemnity Company; (2) Hartford Accident and Indemnity Company; (3) New England Insurance Company (4) First State Underwriters Agency of New England Reinsurance Corporation; and (5) Twin City Fire Insurance Company	Yes, as to (1) First State Insurance Company, on its own behalf and as the real party in interest as to those of the Policies issued by Royal Indemnity Company; (2) First State Underwriters Agency of New England Reinsurance Corporation; and (3) Twin City Fire Insurance Company
• Settlement Agreement Among Pfizer Inc., Quigley Company, Inc., and Haftplflichtverband der Deutschen Industrie, V.a.G, dated September 8, 2009 and approved by the Bankruptcy Court on October 13, 2009	HDI-Gerling Industrie Versicherung AG, as successor to Haftpflichterband der Deutschen Industrie, V.a.G.	Yes
• Agreement Among Pfizer Inc., Quigley Company, Inc. and Old Republic Insurance Company, dated December 9, 2005 and approved by Bankruptcy Court on March 1, 2006 • Settlement Agreement Between Pfizer Inc., Quigley Company, Inc., and Old Republic Insurance Company, dated June 16, 1998	Old Republic Insurance Company	Yes

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EXHIBIT F TO THE PLAN

INSURANCE SETTLEMENT AGREEMENTS AND AIG INSURANCE SETTLEMENT AGREEMENT

Name of Insurance Settlement Agreement(s)	Asbestos Insurance Entity(ies)	Settling Asbestos Insurance Entity(ies)
• Settlement Agreement and Release between and among Pfizer Inc., Quigley Company, Inc., and OneBeacon Insurance Company, the successor-in-interest to CGU Insurance, which in turn is the successor-in-interest to Commercial Union Insurance Company, dated June 19, 2009 and approved by Bankruptcy Court •€€€€ Settlement Agreement Among Pfizer Inc., Quigley Company, Inc. and OneBeacon Insurance Company, dated February 7, 2008 and approved by Bankruptcy Court on March 6, 2008 • Settlement Agreement Between and Among Pfizer Inc, Quigley Company, Inc. and CGU Insurance Regarding Asbestos-Related Bodily Injury Claims, dated March 25, 1999	OneBeacon Insurance Company, the successor-in-interest to CGU Insurance, which in turn is the successor-in-interest to Commercial Union Insurance Company	Yes
• Agreement Among Pfizer Inc., Quigley Company, Inc. and Stonewall Insurance Company dated March 31, 2006 and approved by Bankruptcy Court on April 27, 2006 • Settlement Agreement Among Pfizer Inc., Quigley Company, Inc. and Stonewall Insurance Company Concerning Certain Asbestos-Related Claims, dated August 31, 1999	Stonewall Insurance Company	Yes
• Agreement Among Pfizer Inc., Quigley Company, Inc. and Westport Insurance Company, dated November 28, 2005 and approved by Bankruptcy Court on March 1, 2006 • Settlement Agreement Between Pfizer Inc., Quigley Company, Inc. and Westport Insurance Company, dated June 1, 1999	Westport Insurance Company, including its predecessor Puritan Insurance Company	Yes

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EXHIBIT F TO THE PLAN

INSURANCE SETTLEMENT AGREEMENTS AND AIG INSURANCE SETTLEMENT AGREEMENT

Name of Insurance Settlement Agreement(s)	Asbestos Insurance Entity(ies)	Settling Asbestos Insurance Entity(ies)
• Addendum to Settlement Agreement Between and Among Pfizer Inc., Quigley Company, Inc. and Allstate Insurance Company dated April 14, 2004 • Settlement Agreement Between and Among Pfizer Inc., Quigley Company, Inc. and Allstate Insurance Company Concerning Asbestos-Related Bodily Injury Claims, dated April 18, 2000	Allstate Insurance Company, solely as successor-in-interest to Northbrook Indemnity Company and Northbrook Excess and Surplus Insurance Company, formerly Northbrook Insurance Company	No
• Settlement Agreement Between Pfizer Inc., Quigley Company, Inc. and Colonia Versicherung Aktiengesellschaft, dated November 12, 1998	Colonia Versicherung Aktiengesellschaft	No
• Settlement Agreement Between Pfizer Inc, Quigley Company, Inc. and Eurinco Allegemeine Versicherungs, A.G., dated December 13, 1995	Eurinco Allegemeine Versicherungs, A.G.	No
• Agreement Concerning Asbestos-Related Claims, dated June 19, 1985 (Wellington Agreement)	TIG Insurance Company, as successor by merger to International Insurance Company	No
	Travelers Casualty and Surety Company (f/k/a The Aetna Casualty and Surety Company)	No
• Notice of Offer to Settle Between Colonial Assurance Company and Pfizer, dated February 7, 1992	Colonial Assurance Company	No
• Notices of Established Liability, dated January 20, 2006 and July 4, 2006	Compagnie Europeenne de Reassurances SA	No
• Various Notices of Determination from Integrity Insurance Company, dated July 22, 2002, June 3, 2005, June 24, 2005 and April 11, 2006	Integrity Insurance Company	No

All Capitalized terms unsed in this Exhibit F to the Plan shall have the meanings ascribed to them in the Plan. This Exhibit F is qualified in its entirety by reference to the Plan.

EXHIBIT F TO THE PLAN

INSURANCE SETTLEMENT AGREEMENTS AND AIG INSURANCE SETTLEMENT AGREEMENT

Name of Insurance Settlement Agreement(s)	Asbestos Insurance Entity(ies)	Settling Asbestos Insurance Entity(ies)
• Settlement Agreement and Release Between Pfizer Inc. and KWELM Management Services Limited, dated September 29, 2004	Kingscroft Insurance Co. Ltd. (formerly Dart Insurance Company Limited, Dart and Kraft Insurance Company Limited, and Kraft Insurance Company Limited), Walbrook Insurance Company, El Paso Insurance Company, Limited, Lime Street Insurance Company, Limited (formerly Louisville Insurance Company Limited) Mutual Reinsurance Company Limited, The Bermuda Fire and Marine Insurance Company, Limited (In Liquidation), Southern American Insurance Company (In Liquidation)	No
• Policyholder Claims Approval Agreement Between Mission Insurance Company Trust, Mission National Insurance Company Trust and the Enterprise Insurance Company Trust, the California Insurance Guarantee Association and Pfizer Inc., dated February 28, 2003	Mission Insurance Company, Mission National Insurance Company	No
• Notice of Claim Valuation from Northeastern Fire Insurance Company, dated November 9, 1993	Northeastern Fire Insurance Company	No
• Agreement for Claims Determination By and Between the Liquidator of The Protective National Insurance Company of Omaha, executed in April 2007 and approved by Bankruptcy Court on June 13, 2007	The Protective National Insurance Company of Omaha	No
• Notice of Determination from Southern American Insurance Company, dated August 19, 2003	Southern American Insurance Company	No
• Settlement Agreement and Full Release Between Pfizer Inc. and Transit Casualty Company in Receivership, dated July 24, 2001	Transit Casualty Company	No

All Capitalized terms unsed in this Exhibit F to the Plan shall have the meanings ascribed to them in the Plan. This Exhibit F is qualified in its entirety by reference to the Plan.

EXHIBIT G

TO

QUIGLEY COMPANY, INC. FIFTH AMENDED AND RESTATED PLAN OF REORGANIZATION UNDER CHAPTER 11 OF THE BANKRUPTCY CODE

AIG ASSIGNMENT AGREEMENT

AIG ASSIGNMENT AGREEMENT

This AIG ASSIGNMENT AGREEMENT (the "Agreement"), effective as of the Effective Date, is entered into by and between Quigley and Pfizer (the "Parties"). All capitalized terms used herein but not otherwise defined shall have the respective meanings given to such terms in the Quigley Company, Inc. Fifth Amended and Restated Plan of Reorganization Under Chapter 11 of the Bankruptcy Code, as amended, modified, or supplemented from time to time (the "Plan").

RECITALS

WHEREAS, at the time of the entry of the order for relief in the Chapter 11 Case, Quigley was named as a defendant in personal injury actions seeking recovery for damages allegedly caused by the presence of, or exposure to, asbestos and/or asbestos-containing products;

WHEREAS, Quigley has reorganized under the provisions of chapter 11 of the Bankruptcy Code in a case pending in the Bankruptcy Court, known as *In re Quigley Company, Inc.*, Case No. 04-15739 (SMB);

WHEREAS, the Plan, filed by Quigley and supported by the Creditors' Committee and the Future Demand Holders' Representative, has been confirmed by the Bankruptcy Court and affirmed by the District Court;

WHEREAS, the Confirmation Order has been entered or affirmed by the District Court, and such Confirmation Order has become a Final Order;

WHEREAS, the Plan provides for, among other things, the creation of the Asbestos PI Trust;

WHEREAS, all Asbestos PI Claims are channeled to the Asbestos PI Trust;

WHEREAS, pursuant to the Plan, the Asbestos PI Trust is to use its assets and income to pay Asbestos PI Claims as and to the extent provided for in the Asbestos PI Trust Agreement and in the Asbestos PI Trust Distribution Procedures;

WHEREAS, the AIG Companies issued to Pfizer the insurance policies listed on Schedule 1 (the "AIG Insurance Policies"), certain of which also provide coverage to Quigley;

WHEREAS, Pfizer, Quigley and the AIG Companies entered into the AIG Insurance Settlement Agreement to resolve disputed issues relating to: (a) remaining unbilled coverage under certain AIG Insurance Policies shared by Pfizer and Quigley in the amount of $283,754,705; (b) a general excess liability claims-made AIG Insurance Policy issued to Pfizer covering the period November 1, 1997 through November 1, 2001 and providing $75 million in limits; (c) a Quigley Insurer Receivable owed by the AIG Companies of $40,620,224.56; and (d) a receivable owed to Pfizer by the AIG Companies of $6,371,926.10;

WHEREAS, the AIG Insurance Settlement Agreement resolved all disputes relating to the payment of the above amounts by providing that the AIG Companies would make the AIG Payments for the joint benefit of Pfizer and Quigley in an aggregate amount of $405,746,856 over ten (10) years,

WHEREAS, in consideration for payment in full of the AIG Payments under the terms of the AIG Insurance Settlement Agreement, Quigley and Pfizer will provide the AIG Companies with a release under the AIG Insurance Policies for insurance coverage with respect to the products/completed operations hazards limits, Asbestos-Related Claims, Silica-Related Claims, Other Dust Claims, and Pharmaceutical Claims (each as defined in the AIG Insurance Settlement Agreement);

WHEREAS, as of the Effective Date, the AIG Companies have made $__ million in AIG Payments under the AIG Insurance Settlement Agreement;

WHEREAS, all AIG Payments that have been made to date by the AIG Companies under the AIG Insurance Settlement Agreement have been jointly held for the benefit of Pfizer and Quigley in the Insurance Settlement Proceeds Trust and total $____, including interest earned thereon;

WHEREAS, under Section IV of the AIG Insurance Settlement Agreement, Pfizer and Quigley as the Joint Beneficiaries (as defined in the AIG Insurance Settlement Agreement) have the absolute and unconditional right, but not the obligation, to assign any or all of their respective right, title and interest to the AIG Payments to certain entities (as more fully set forth in the AIG Insurance Settlement Agreement, each a "Permitted Assignee"), and each Permitted Assignee shall have the right to collect the AIG Payments;

WHEREAS, the Asbestos PI Trust is a Permitted Assignee under the terms of the AIG Insurance Settlement Agreement;

WHEREAS, in accordance with the terms of the AIG Insurance Settlement Agreement, Quigley and Pfizer may effectuate an assignment by entering into an assignment agreement such as this Agreement assigning to one or more Permitted Assignees all or a portion of their respective right, title and interest in and to the AIG payments;

WHEREAS, in accordance with the terms of the Plan, Quigley and Pfizer have agreed to execute this Agreement, pursuant to which Quigley and Pfizer are assigning to the Asbestos PI Trust all of Quigley's and Pfizer's right, title, and interest in and to the AIG Payments and any interest earned thereon in accordance with the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the foregoing promises and the mutual covenants and agreements of the Parties contained herein and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Parties hereby agree as follows:

1. Assignment of AIG Payments by Pfizer and Quigley. Quigley and Pfizer hereby irrevocably transfer and assign to the Asbestos PI Trust, free and clear of all Claims,

Liens, and Encumbrances, any and all of Quigley's and Pfizer's right, title, and interest in and to the AIG Payments, whether now existing or hereafter arising, liquidated or unliquidated, disputed or undisputed, fixed or contingent, and any and all replacements, substitutes, or products of the foregoing (together with any and all interest or other income thereon), including any and all AIG Payments that are held in the Insurance Settlement Proceeds Trust as of the Effective Date and any interest earned thereon, and any and all AIG Payments to be made after the Effective Date, as if such AIG Payments were owed to the Asbestos PI Trust. This assignment of the AIG Payments is not an assignment of the right, title, or interest in and to any AIG Insurance Policy.

2. Representations. Quigley and Pfizer hereby each represent that: (1) Quigley and Pfizer are the Joint Beneficiaries of the AIG Payments; (2) the Asbestos PI Trust is a Permitted Assignee; (3) as of the Effective Date, the Insurance Settlement Proceeds Trust holds AIG Payments that have been made totaling $**[insert amount]**, including interest earned thereon, in trust for the joint benefit of Quigley and Pfizer; (4) there are no currently operative assignments of Quigley's or Pfizer's right, title or interest in and to the AIG Payments of the nature provided for by this Agreement; and (5) this assignment is authorized under Section IV of the AIG Insurance Settlement Agreement.

3. Intent of Parties. It is the intention of the Parties that the transfer and assignment of the AIG Payments by Quigley and Pfizer to the Asbestos PI Trust be absolute, irrevocable, and without recourse and shall provide the Asbestos PI Trust with the full benefits of the right, title, and interest in and to the AIG Payments. The Parties intend that the assignment of Quigley's and Pfizer's right, title, and interest in and to the AIG Payments set forth in this Agreement be made to the maximum extent permitted under applicable law and the AIG Insurance Settlement Agreement. The Parties intend and affirm that the objective of this Agreement is to consummate the transaction described in the Plan and other Plan Documents as the transaction to be implemented pursuant to the "AIG Assignment Agreement." This Agreement shall be construed by the Parties in a manner consistent with these intentions and objectives.

4. Notice to the AIG Companies. On or before the thirtieth (30) day from the Effective Date, Quigley and Pfizer shall provide written notice of this Agreement to the AIG Companies, with written confirmation to the Asbestos PI Trust.

5. Invalidation. To the extent the AIG Assignment Agreement is determined to be invalid by a court of competent jurisdiction, upon request by the Asbestos PI Trust and at the cost of the Asbestos PI Trust, Quigley and/or Pfizer (as the case may be) shall (i) use its commercially reasonable best efforts to pursue any of the AIG Payments for the benefit of and to the fullest extent required by the Asbestos PI Trust, and (ii) immediately transfer to the Asbestos PI Trust any amounts recovered under or on account of any AIG Payments by Quigley and/or Pfizer; provided, however, that while any such amounts are held by or under the control of Quigley or Pfizer, such amounts (and any interest earned thereon) shall be held in trust for the benefit of the Asbestos PI Trust.

6. Cooperation. To the fullest extent commercially reasonably, Quigley and/or Pfizer shall provide the Asbestos PI Trust with such cooperation in connection with the

Asbestos PI Trust's acquisition and, as necessary, recovery, of any and all AIG Payments. Such cooperation shall include, but is not limited to, Quigley and/or Pfizer making its books, records, employees, agents, and professionals reasonably available to the Asbestos PI Trust during normal business hours on not less than five (5) Business Days' notice. Quigley and/or Pfizer shall have the right to require the Asbestos PI Trust to execute a confidentiality agreement satisfactory to Quigley and/or Pfizer prior to Quigley and/or Pfizer providing the Asbestos PI Trust with any information pursuant to this Paragraph 6. The Asbestos PI Trust shall reimburse Quigley and/or Pfizer for its reasonable out-of-pocket costs and expenses (including reasonable attorneys' fees and consultants' fees) incurred (i) in connection with providing the cooperation described in this Paragraph 6, and (ii) in connection with Paragraph 5 above. Such reimbursement shall be paid promptly within twenty (20) days following a request for reimbursement accompanied by appropriate documentation.

7. Binding Effect. This Agreement shall be binding upon and inure to the benefit of Quigley and Pfizer and their respective successors and Permitted Assignees, including without limitation, the Asbestos PI Trust pursuant to the terms of the Plan. Exclusive of those Entities described in the preceding sentence, this Agreement is not intended to, and shall not be construed, deemed, or interpreted to confer on any Entity not a Party hereto any rights or remedies hereunder.

8. Entire Agreement. This Agreement, the Plan, the other Plan Documents, and the Confirmation Order shall constitute the entire agreement and understanding between the Parties with respect to the subject matter hereof and supercedes all prior agreements and understandings, oral or written, between the Parties relating to the subject matter of the Agreement. There are no representations, warranties, promises, or inducements, whether oral, written, expressed, or implied, that in any way affect or condition the validity of this Agreement or alter its terms. This Agreement shall have perpetual existence, except as otherwise provided herein.

9. Amendment, Modification and Waiver. No amendment or modification of this Agreement shall be valid unless it is made in writing and signed by the Parties. If required by law at the time such an amendment or modification is made, Bankruptcy Court approval shall also be required for an amendment or modification to be valid. No waiver of any provision of this Agreement, nor consent to any departure from the terms thereof, shall be effective unless it is in writing and signed by an authorized representative of the Party affected thereby, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which it is given.

10. Governing Law. This Agreement, its validity, interpretation and application, and the rights and obligations of the Parties under this Agreement, shall be governed by, and be construed and enforced in accordance with, the substantive laws of the state of New York, without regard to any conflicts of law provisions thereof that would result in the application of the laws of any other jurisdiction.

11. Construction. This Agreement is delivered pursuant to and is subject to the Plan. Nothing contained herein is intended to or shall be construed to modify, alter, amend, expand, interpret, supersede, or otherwise change any of the terms of the Plan. In the event of

any conflict between the terms of the Plan and the terms of this Agreement, the terms of the Plan shall prevail.

12. Severability. The invalidity, illegality, or unenforceability of any provision of this Agreement pursuant to a judicial or tribunal decree shall not affect the validity or enforceability of any other provision of this Agreement and all other provisions of the Agreement shall remain in full force and effect.

13. Attachments. Pfizer and Quigley hereby agree that Schedule 1 hereto is a complete and accurate listing of the AIG Insurance Policies subject to the AIG Insurance Settlement Agreement, and that the AIG Insurance Settlement Agreement attached hereto as Exhibit A is true, complete, and accurate in all material respects.

14. Authority to Bind. Pfizer represents and warrants that the individual executing this Agreement on behalf of Pfizer has corporate authority to bind Pfizer. Quigley represents and warrants that the individual executing this Agreement on behalf of Quigley has corporate authority to bind Quigley, subject to Bankruptcy Court approval, as necessary.

15. Counterparts. This Agreement may be signed in two or more counterparts, each of which shall be deemed an original, and all of which counterparts taken together shall constitute one and the same agreement. The Parties further agree that counterparts to this Agreement may be delivered by facsimile.

IN WITNESS WHEREOF, the Parties have caused this AIG ASSIGNMENT AGREEMENT, consisting of six (6) pages and two (2) attachments to be executed by their respective duly authorized representatives.

QUIGLEY COMPANY, INC.

By: _____
Name: _____
Title: _____

PFIZER INC.

By: _____
Name: _____
Title: _____

Schedule 1

AIG Insurance Policies

SCHEDULE 1 TO AIG ASSIGNMENT AGREEMENT
THE INSURANCE POLICIES

Carrier	Policy Number	Begin	End	Attachment Point (xs Primary)	Products/Completed Operations Applicable Limit	Remaining Available Products/Completed Operations Limits
AIU Insurance Company	75102278	10/1/1982	10/1/1983	$65,000,000	$2,000,000	$952,250
AIU Insurance Company	75103128	10/1/1983	10/1/1984	$65,000,000	$2,000,000	$2,000,000
AIU Insurance Company	75103129	10/1/1983	10/1/1984	$105,000,000	$1,000,000	$1,000,000
AIU Insurance Company	75103130	10/1/1983	10/1/1984	$181,000,000	$1,500,000	$1,500,000
AIU Insurance Company	75103131	10/1/1983	10/1/1984	$269,500,000	$4,500,000	$4,500,000
AIU Insurance Company	75103132	10/1/1983	10/1/1984	$347,000,000	$6,000,000	$6,000,000
AIU Insurance Company	75104292	10/1/1984	10/1/1985	$54,250,000	$5,000,000	$5,000,000
AIU Insurance Company	75100745(A)	10/1/1978	10/1/1979	$57,000,000	$2,000,000	$2,000,000
AIU Insurance Company	75100745(B)	10/1/1978	10/1/1979	$82,000,000	$1,000,000	$1,000,000
AIU Insurance Company	75101167(A)	10/1/1979	10/1/1980	$60,000,000	$2,000,000	$2,000,000
AIU Insurance Company	75101167(B)	10/1/1979	10/1/1980	$100,000,000	$1,000,000	$1,000,000
AIU Insurance Company	75101985(A)	10/1/1980	10/1/1981	$60,000,000	$2,000,000	$2,000,000
AIU Insurance Company	75101985(B)	10/1/1980	10/1/1981	$100,000,000	$1,000,000	$1,000,000
AIU Insurance Company	75102089	10/1/1981	10/1/1982	$65,000,000	$2,000,000	$918,520
AIU Insurance Company	75102090	10/1/1981	10/1/1982	$105,000,000	$1,000,000	$1,000,000
AIU Insurance Company	75102095	10/1/1981	10/1/1982	$155,000,000	$1,500,000	$1,500,000
AIU Insurance Company	75102234	10/1/1982	10/1/1983	$290,000,000	$6,000,000	$6,000,000
AIU Insurance Company	75102279	10/1/1982	10/1/1983	$105,000,000	$1,000,000	$1,000,000
AIU Insurance Company	75102280	10/1/1982	10/1/1983	$155,000,000	$1,500,000	$1,500,000
AIU Insurance Company	75102281	10/1/1982	10/1/1983	$220,000,000	$4,500,000	$4,500,000
AIU Insurance Company	75104293	10/1/1984	10/1/1985	$102,200,000	$5,000,000	$5,000,000
AIU Insurance Company	75-104294	10/1/1984	10/1/1985	$167,300,000	$5,000,000	$5,000,000
AIU Insurance Company	3570152	11/1/1997	11/1/2001	$50,000,000	$75,000,000	$75,000,000
American Home Assurance Co.	CE2692073	10/1/1971	10/1/1972	$6,500,000	$4,500,000	$0
American Home Assurance Co.	CE3380206	10/1/1972	10/1/1973	$6,500,000	$5,000,000	$0
American Home Assurance Co.	CE3437367(A)	10/1/1973	10/1/1974	$6,500,000	$5,000,000	$5,000,000
American Home Assurance Co.	CE3437367(B)	10/1/1974	10/1/1975	$6,500,000	$5,000,000	$5,000,000
American Home Assurance Co.	CE3437367(C)	10/1/1975	10/1/1976	$6,000,000	$5,000,000	$5,000,000
American Home Assurance Co.	CE350060(A)	1/11/1965	10/1/1965	$33,500,000	$1,000,000	$814,718
American Home Assurance Co.	CE350060(B)	10/1/1965	10/1/1966	$33,500,000	$1,000,000	$547,357
American Home Assurance Co.	CE350060(C)	10/1/1966	10/1/1967	$33,500,000	$1,000,000	$426,337
American Home Assurance Co.	CE350060(D)	10/1/1967	10/1/1968	$33,500,000	$1,000,000	$0
American Home Assurance Co.	CE352680(A)	2/1/1967	10/1/1967	$48,500,000	$3,000,000	$3,000,000
American Home Assurance Co.	CE352680(B)	10/1/1967	10/1/1968	$48,500,000	$3,000,000	$0
American Home Assurance Co.	CE352680(C)	10/1/1968	10/1/1969	$48,500,000	$3,000,000	$0
American Home Assurance Co.	CE355488 (A)	10/1/1968	10/1/1969	$43,500,000	$1,000,000	$0
American Home Assurance Co.	CE355488 (B)	10/1/1969	10/1/1970	$43,500,000	$1,000,000	$0
American Home Assurance Co.	CE355488 (C)	10/1/1970	10/1/1971	$40,000,000	$1,000,000	$0
American Home Assurance Co.	CE356547	10/1/1969	10/1/1970	$48,500,000	$3,000,000	$0
American Home Assurance Co.	CE357710	10/1/1970	10/1/1971	$5,000,000	$4,300,000	$0
Birmingham Fire Ins. Co. of PA	SE6073563	10/1/1979	10/1/1980	$100,000,000	$3,000,000	$3,000,000
Birmingham Fire Ins. Co. of PA	SE6073572	10/1/1979	10/1/1980	$150,000,000	$2,000,000	$2,000,000
Birmingham Fire Ins. Co. of PA	SE6073716	10/1/1980	10/1/1981	$100,000,000	$3,000,000	$3,000,000
Birmingham Fire Ins. Co. of PA	SE6073861	10/1/1981	10/1/1982	$105,000,000	$3,000,000	$3,000,000
Colonia Ins Co	SEC5000028	10/1/1980	10/1/1981	$150,000,000	$2,000,000	$2,000,000
Colonia Ins Co	SEC5000039	10/1/1981	10/1/1982	$155,000,000	$2,000,000	$2,000,000
Granite State Insurance Co.	64845966	10/1/1984	10/1/1985	$10,000,000	$2,250,000	$813,086
Granite State Insurance Co.	64845967	10/1/1984	10/1/1985	$25,000,000	$3,500,000	$2,074,364
Granite State Insurance Co.	64845972	10/1/1984	10/1/1985	$54,250,000	$500,000	$500,000
Granite State Insurance Co.	61780806	10/1/1978	10/1/1979	$20,000,000	$1,500,000	$1,500,000
Granite State Insurance Co.	61780807	10/1/1978	10/1/1979	$57,000,000	$1,500,000	$1,500,000
Granite State Insurance Co.	61791720	10/1/1979	10/1/1980	$25,000,000	$3,000,000	$3,000,000
Granite State Insurance Co.	61791721	10/1/1979	10/1/1980	$60,000,000	$5,000,000	$5,000,000
Granite State Insurance Co.	61802536	10/1/1980	10/1/1981	$25,000,000	$3,000,000	$2,219,000
Granite State Insurance Co.	61802537	10/1/1980	10/1/1981	$60,000,000	$5,000,000	$5,000,000
Granite State Insurance Co.	61802538	10/1/1980	10/1/1981	$150,000,000	$3,000,000	$3,000,000
Granite State Insurance Co.	64815270	10/1/1981	10/1/1982	$30,000,000	$3,000,000	$0
Granite State Insurance Co.	64815271	10/1/1981	10/1/1982	$65,000,000	$5,000,000	$2,296,300
Granite State Insurance Co.	64815272	10/1/1981	10/1/1982	$155,000,000	$3,000,000	$3,000,000
Granite State Insurance Co.	64815273	10/1/1981	10/1/1982	$220,000,000	$2,000,000	$2,000,000
Granite State Insurance Co.	SCLD 8094018	10/1/1976	10/1/1977	$40,000,000	$1,000,000	$1,000,000
Granite State Insurance Co.	SCLD 8094019	10/1/1976	10/1/1977	$30,000,000	$1,000,000	$1,000,000
Granite State Insurance Co.	SCLD8093343(A)	10/1/1977	10/1/1978	$31,500,000	$1,000,000	$1,000,000
Granite State Insurance Co.	SCLD8093343(B)	10/1/1977	10/1/1978	$41,500,000	$1,000,000	$1,000,000
Granite State Insurance Co.	SCLD8093345	10/1/1977	10/1/1978	$61,500,000	$1,000,000	$1,000,000
Illinois National Ins. Co.	8867145(A)	10/1/1983	10/1/1984	$65,000,000	$3,000,000	$3,000,000
Illinois National Ins. Co.	8867145(B)	10/1/1983	10/1/1984	$105,000,000	$11,000,000	$11,000,000
Illinois National Ins. Co.	8867145(C)	10/1/1983	10/1/1984	$269,500,000	$10,000,000	$10,000,000
Ins. Co. of the State of PA (INSCOPA)	4104691	10/1/1970	10/1/1971	$5,000,000	$500,000	$0
Ins. Co. of the State of PA (INSCOPA)	4104692	10/1/1970	10/1/1971	$20,000,000	$5,000,000	$0
Ins. Co. of the State of PA (INSCOPA)	41715095	10/1/1971	10/1/1972	$41,500,000	$1,500,000	$0
Ins. Co. of the State of PA (INSCOPA)	41715096	10/1/1971	10/1/1972	$6,500,000	$500,000	$0
Ins. Co. of the State of PA (INSCOPA)	41715097	10/1/1971	10/1/1972	$21,500,000	$5,000,000	$0
Ins. Co. of the State of PA (INSCOPA)	41767273	10/1/1976	10/1/1977	$5,000,000	$500,000	$500,000

SCHEDULE 1 TO AIG ASSIGNMENT AGREEMENT
THE INSURANCE POLICIES

Carrier	Policy Number	Begin	End	Attachment Point (xs Primary)	Products/Completed Operations Applicable Limit	Remaining Available Products/Completed Operations Limits
Ins. Co. of the State of PA (INSCOPA)	41767274	10/1/1976	10/1/1977	$30,000,000	$1,250,000	$1,250,000
Ins. Co. of the State of PA (INSCOPA)	41778352	10/1/1977	10/1/1978	$5,000,000	$1,000,000	$1,000,000
Ins. Co. of the State of PA (INSCOPA)	41778353	10/1/1977	10/1/1978	$31,500,000	$1,250,000	$1,250,000
Landmark Insurance Company	FE 4001193	10/1/1981	10/1/1982	$65,000,000	$3,000,000	$1,377,780
Landmark Insurance Company	FE 4001417	10/1/1982	10/1/1983	$65,000,000	$3,000,000	$1,428,370
Landmark Insurance Company	FE 4001418	10/1/1982	10/1/1983	$105,000,000	$11,000,000	$11,000,000
Landmark Insurance Company	FE 4001419	10/1/1982	10/1/1983	$220,000,000	$10,000,000	$10,000,000
Landmark Insurance Company	FE4000086	10/1/1978	10/1/1979	$82,000,000	$2,000,000	$2,000,000
Landmark Insurance Company	FE4001053	10/1/1979	10/1/1980	$100,000,000	$4,000,000	$4,000,000
Landmark Insurance Company	FE4001114	10/1/1980	10/1/1981	$100,000,000	$4,000,000	$4,000,000
Landmark Insurance Company	FE4001122	10/1/1980	10/1/1981	$200,000,000	$6,000,000	$6,000,000
Landmark Insurance Company	FE4001194	10/1/1981	10/1/1982	$105,000,000	$11,000,000	$11,000,000
Landmark Insurance Company	FE4001195	10/1/1981	10/1/1982	$220,000,000	$10,000,000	$10,000,000
Landmark Insurance Company	FF4001572	10/1/1984	10/1/1985	$167,300,000	$5,000,000	$5,000,000
Lexington Insurance Company	5510457	10/1/1977	10/1/1978	$61,500,000	$2,000,000	$2,000,000
Lexington Insurance Company	5512454	10/1/1978	10/1/1979	$82,000,000	$3,000,000	$3,000,000
Lexington Insurance Company	5514905	10/1/1979	10/1/1980	$60,000,000	$3,000,000	$3,000,000
Lexington Insurance Company	5514906	10/1/1979	10/1/1980	$100,000,000	$7,000,000	$7,000,000
Lexington Insurance Company	5520543	10/1/1980	10/1/1981	$60,000,000	$3,000,000	$3,000,000
Lexington Insurance Company	5520544	10/1/1980	10/1/1981	$100,000,000	$7,000,000	$7,000,000
Lexington Insurance Company	5520545	10/1/1980	10/1/1981	$200,000,000	$4,000,000	$4,000,000
Lexington Insurance Company	5526390	10/1/1984	10/1/1985	$102,200,000	$5,000,000	$5,000,000
Lexington Insurance Company	GC 5501717	10/1/1976	10/1/1977	$60,000,000	$4,000,000	$4,000,000
Lexington Insurance Company	GC402778(A)	10/1/1968	10/1/1969	$33,500,000	$1,000,000	$0
Lexington Insurance Company	GC402778(B)	10/1/1969	10/1/1970	$33,500,000	$1,000,000	$0
Lexington Insurance Company	GC402779(A)	10/1/1968	10/1/1969	$48,500,000	$300,000	$0
Lexington Insurance Company	GC402779(B)	10/1/1969	7/12/1970	$48,500,000	$300,000	$0
Lexington Insurance Company	GC5502909	10/1/1975	10/1/1976	$61,000,000	$2,000,000	$1,679,067
Lexington Insurance Company	GC5502910	10/1/1975	10/1/1976	$71,000,000	$3,000,000	$3,000,000
Lexington Insurance Company	SCP50025(A)	1/11/1965	10/1/1965	$33,500,000	$1,000,000	$755,496
Lexington Insurance Company	SCP50025(B)	10/1/1965	10/1/1966	$33,500,000	$1,000,000	$476,624
Lexington Insurance Company	SCP50025(C)	10/1/1966	10/1/1967	$33,500,000	$1,000,000	$351,393
Lexington Insurance Company	SCP50025(D)	10/1/1967	10/1/1968	$33,500,000	$1,000,000	$0
L'Union Atlantique D'Assurances, S.A.	79DD2100C	10/1/1979	10/1/1980	$25,000,000	$321,600	$321,600
L'Union Atlantique D'Assurances, S.A.	79DD225C	10/1/1978	10/1/1979	$35,000,000	$202,645	$202,645
National Union Fire Ins. Co. of Pittsburgh, PA	1189211	10/1/1976	10/1/1977	$5,000,000	$1,250,000	$1,250,000
National Union Fire Ins. Co. of Pittsburgh, PA	1189212	10/1/1976	10/1/1977	$20,000,000	$750,000	$750,000
National Union Fire Ins. Co. of Pittsburgh, PA	1229269(A)	10/1/1977	9/4/1978	$5,000,000	$1,250,000	$1,250,000
National Union Fire Ins. Co. of Pittsburgh, PA	1229269(B)	10/1/1977	9/4/1978	$61,500,000	$750,000	$750,000
National Union Fire Ins. Co. of Pittsburgh, PA	1232924	10/1/1978	10/1/1979	$57,000,000	$2,000,000	$2,000,000
National Union Fire Ins. Co. of Pittsburgh, PA	9602989(A)	10/1/1981	10/1/1982	$105,000,000	$2,000,000	$2,000,000
National Union Fire Ins. Co. of Pittsburgh, PA	9602989(B)	10/1/1981	10/1/1982	$155,000,000	$2,500,000	$2,500,000
National Union Fire Ins. Co. of Pittsburgh, PA	9602989(C)	10/1/1981	10/1/1982	$220,000,000	$11,000,000	$11,000,000
National Union Fire Ins. Co. of Pittsburgh, PA	9607007(A)	10/1/1982	10/1/1983	$105,000,000	$2,000,000	$2,000,000
National Union Fire Ins. Co. of Pittsburgh, PA	9607007(B)	10/1/1982	10/1/1983	$155,000,000	$2,500,000	$2,500,000
National Union Fire Ins. Co. of Pittsburgh, PA	9607007(C)	10/1/1982	10/1/1983	$220,000,000	$11,000,000	$11,000,000
National Union Fire Ins. Co. of Pittsburgh, PA	9608420(A)	10/1/1983	10/1/1984	$105,000,000	$2,000,000	$2,000,000
National Union Fire Ins. Co. of Pittsburgh, PA	9608420(B)	10/1/1983	10/1/1984	$181,000,000	$2,500,000	$2,500,000
National Union Fire Ins. Co. of Pittsburgh, PA	9608420(C)	10/1/1983	10/1/1984	$269,500,000	$11,000,000	$11,000,000
National Union Fire Ins. Co. of Pittsburgh, PA	9608959	10/1/1984	10/1/1985	$102,200,000	$3,000,000	$3,000,000
National Union Fire Ins. Co. of Pittsburgh, PA	9782389(A)	10/1/1979	10/1/1980	$100,000,000	$2,000,000	$2,000,000
National Union Fire Ins. Co. of Pittsburgh, PA	9782389(B)	10/1/1979	10/1/1980	$150,000,000	$2,000,000	$2,000,000
National Union Fire Ins. Co. of Pittsburgh, PA	9910407(A)	10/1/1980	10/1/1981	$100,000,000	$2,000,000	$2,000,000
National Union Fire Ins. Co. of Pittsburgh, PA	9910407(B)	10/1/1980	10/1/1981	$150,000,000	$2,000,000	$2,000,000
National Union Fire Ins. Co. of Pittsburgh, PA	CE1011252(A)	10/1/1968	10/1/1969	$43,500,000	$1,000,000	$0
National Union Fire Ins. Co. of Pittsburgh, PA	CE1011252(B)	10/1/1969	10/1/1970	$43,500,000	$1,000,000	$0

Exhibit A

AIG Insurance Settlement Agreement

ADDENDUM TO SETTLEMENT AGREEMENT AMONG PFIZER INC., QUIGLEY COMPANY, INC. AND CERTAIN AIG MEMBER COMPANIES

This Addendum ("Addendum") is made and entered into by Pfizer Inc. and Quigley Company, Inc. and their predecessors, successors, assigns and Affiliates (hereinafter referred to individually as "Pfizer" and "Quigley," and collectively as the "Joint Beneficiaries") and National Union Fire Insurance Company of Pittsburgh, PA, Colonia Insurance Co. (U.S. Branch), Granite State Insurance Co., AIU Insurance Co., Birmingham Fire Insurance Co. of Pennsylvania, Illinois National Insurance Co., L'Union Atlantique D'Assurances, S.A., American Home Assurance Company, Lexington Insurance Company and Landmark Insurance Company, and their respective predecessors, successors, assigns and Affiliates (collectively, the "AIG Companies") to modify the Settlement Agreement Among Pfizer Inc., Quigley Company, Inc. and the AIG Companies entered into on December 29, 1994 (the "Settlement Agreement," attached as Attachment A hereto).

RECITALS

WHEREAS, the AIG Companies issued to the Joint Beneficiaries the Insurance Policies (as defined below), which (other than the 1997-2001 Policy) provide coverage to the Joint Beneficiaries for Asbestos-Related Claims; and

WHEREAS, certain of the Insurance Policies were the subject of litigation in the United States District Court for the Eastern District of Pennsylvania captioned Pfizer Inc. and Quigley Company, Inc. v. Affiliated FM Insurance Co., et al., Civil Action No. 93-CV-0215 (the "Action"); and

WHEREAS, to define their respective rights and obligations under such Insurance Policies and to settle the Action, Pfizer, Quigley and the AIG Companies entered into the Settlement Agreement; and

WHEREAS, the Joint Beneficiaries have been and in the future may be named in Asbestos-Related Claims; and

WHEREAS, a dispute has arisen concerning the interpretation of the Settlement Agreement; and

WHEREAS, the AIG Companies' obligations under certain of the Insurance Policies and the Settlement Agreement have become the subject of litigation in the Superior Court of the State of Delaware for New Castle County, I.U. North America, Inc., et al. v. A.I.U. Insurance Company, et al., C.A. No. 01C-02-007 (RSG) (the "Shortfall Action"); and

WHEREAS, Pfizer, Quigley and the AIG Companies wish to further define their respective rights and obligations under the Insurance Policies and the Settlement Agreement in accordance with the terms of this Addendum and enter into a schedule setting forth the AIG Settlement Payments (as defined below) for the Insurance Policies; and

WHEREAS, the Joint Beneficiaries' rights under and to the Insurance Policies and the AIG Settlement Payments are joint and not several (provided that the Joint Beneficiaries may agree to apportion between themselves the proceeds of the Insurance Policies or the AIG Payments (as defined below), and the AIG Companies shall have the sole and unfettered right to determine how and the manner in which the AIG Settlement Payments are allocated to the Insurance Policies); and

WHEREAS, the Joint Beneficiaries may, but are not required to, secure from one or more Permitted Assignees (as defined below) immediate funds in exchange for their rights to the AIG Settlement Payments; and

WHEREAS, the Joint Beneficiaries and the AIG Companies now wish to settle the Shortfall Action, and to resolve certain other matters, all as set forth below;

NOW, THEREFORE, in consideration of the mutual covenants contained herein and intending to be legally bound hereby, the Joint Beneficiaries, on the one hand, and the AIG Companies, on the other hand (collectively, the "Parties") agree as follows:

AGREEMENT

I. DEFINITIONS

A. The terms used in this Addendum shall have the same meanings ascribed to them in the Settlement Agreement, unless otherwise indicated.

B. "Acceleration Event" has the meaning set forth in Section III.A.

C. "Affiliate" means, with respect to any Person, any other Person that, directly or indirectly through one or more intermediaries or otherwise, controls, is controlled by or is under common control with such Person. As used in this definition, "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person (whether by ownership of capital stock of that Person, by contract or otherwise).

D. "AIG" means American International Group, Inc.

E. "AIG Payments" means, collectively, the AIG Settlement Payments and the AIG Supplemental Payments.

F. "AIG Settlement Payments" has the meaning set forth in Section II.A.

G. "AIG Supplemental Payment" has the meaning set forth in Section II.F.

H. "Asbestos-Related Claim" means any claim, demand or lawsuit (including, without limitation, any claim, demand or lawsuit for indemnity or contribution), by whomever brought and in whatever procedural posture, alleging that Pfizer and/or Quigley is or may be responsible to provide monetary or other relief for current, future or potential personal injury of any kind, including, but not limited to, bodily injury, mental anguish, emotional distress, shock, sickness, disease, any other illness or condition or death, or damage to property alleged to have been caused in whole or in part by asbestos or any asbestos-containing product. Without limitation of the foregoing, "Asbestos-Related Claim" includes any "Asbestos-Related Bodily Injury Claim" (as such term is defined in the Settlement Agreement).

I. "Assignment Agreement" has the meaning set forth in Section IV.A.1.

J. "Bankruptcy Code" means Title 11 of the United States Code.

K. "Business Day" means a day other than a Saturday, Sunday or other day on which commercial banks in New York City are authorized or required by law to close.

L. "Insurance Policies" means the general liability insurance policies, including any amendments, revisions, extensions and/or endorsements thereto, issued by the AIG Companies to Pfizer and/or Quigley that are identified on Attachment C hereto, *inter alia*, by policy number and policy period.

M. "Joint Beneficiaries" has the meaning set forth in the Preamble.

N. "Other Dust Claim" means any claim, demand or lawsuit (including, without limitation, any claim, demand or lawsuit for indemnity or contribution), by whomever brought

and in whatever procedural posture, alleging that Pfizer and/or Quigley is or may be responsible to provide monetary or other relief for current, future or potential personal injury of any kind, including, but not limited to, bodily injury, mental anguish, emotional distress, shock, sickness, disease, any other illness or condition or death, or damage to property alleged to have been caused in whole or in part by a combination of asbestos and silica or any other particulate matter.

O. "1997-2001 Policy" means the general liability insurance policy issued by AIU Insurance Co. to Pfizer, with Policy Number BE 357 01 52 and covering the period from November 1, 1997 to November 1, 2001.

P. "Permitted Assignee" means any of the following Persons to whom all or any portion of the Joint Beneficiaries' right, title and interest under this Agreement are assigned pursuant to Section IV of this Agreement:

i. Pfizer, Quigley or any Affiliate of Pfizer or Quigley;

ii. a trust created (a) in connection with a bankruptcy, insolvency, reorganization or similar proceeding, including without limitation a trust created pursuant to Section 524(g) of the Bankruptcy Code or (b) specifically to hold the proceeds of settlements of insurance policies that provide coverage to Pfizer and/or Quigley (including, without limitation, the Trust); or

iii. upon the prior consent of the AIG Companies (which consent shall not be unreasonably withheld), any other Person;

provided that, in the event Pfizer or Quigley becomes the subject of an order for relief under Chapter 11 of the Bankruptcy Code, assignment to a Permitted Assignee prior to the confirmation of a bankruptcy plan adopted for the benefit of Pfizer or Quigley under

Chapter 11 of the Bankruptcy Code (other than a Permitted Assignee as specified in subsection (ii)(b) of this definition) shall not be made prior to the earlier of (a) the effective date of a plan providing for a trust created pursuant to Section 524(g) of the Bankruptcy Code, or (b) the date of entry of any order of a court in connection with a bankruptcy, insolvency, reorganization or similar proceeding authorizing any assignment and providing for a release or injunction against the assertion of any third-party claims against the AIG Companies with respect to this Agreement.

Q. "Person" means any natural person, corporation, limited liability company, syndicate, trust, joint venture, association, company, partnership, governmental authority or other entity.

R. "Pharmaceutical Claim" means any claim, demand or lawsuit (including, without limitation, any claim, demand or lawsuit for indemnity or contribution), by whomever brought and in whatever procedural posture, alleging that Pfizer and/or Quigley is or may be responsible to provide monetary or other relief for current, future or potential personal injury of any kind, including, but not limited to, bodily injury, mental anguish, emotional distress, shock, sickness, disease, any other illness or condition or death, or damage to property alleged to have been caused in whole or in part by a pharmaceutical product that is covered under the 1997-2001 Policy.

S. "Silica-Related Claim" means any claim, demand or lawsuit (including, without limitation, any claim, demand or lawsuit for indemnity or contribution), by whomever brought and in whatever procedural posture, alleging that Pfizer and/or Quigley is or may be responsible to provide monetary or other relief for current, future or potential personal injury of any kind, including, but not limited to, bodily injury, mental anguish, emotional distress, shock,

sickness, disease, any other illness or condition or death, or damage to property alleged to have been caused in whole or in part by silica or any silica-containing product.

T. "Trust" means the Insurance Settlement Proceeds Trust established pursuant to the Trust Agreement, dated on or about August 12, 2004, among Pfizer, Quigley and JPMorgan Chase Bank.

II. PAYMENT BY THE AIG COMPANIES

A. The AIG Companies jointly and severally agree to pay to the Trust for the joint benefit of the Joint Beneficiaries four hundred five million seven hundred forty-six thousand eight hundred fifty-six dollars and zero cents ($405,746,856.00) (the "Settlement Amount") (representing, in part, costs associated with Asbestos-Related Claims), in the manner specified in the schedule set forth on Attachment B hereto (such scheduled payments, collectively, the "AIG Settlement Payments"). The AIG Companies further agree that costs associated with Asbestos-Related Claims are covered by the Insurance Policies (other than the 1997-2001 Policy).

B. The AIG Companies hereby, jointly and severally, unconditionally and irrevocably agree directly with and for the joint benefit of the Joint Beneficiaries that the AIG Companies shall pay in full to the Trust for the joint benefit of the Joint Beneficiaries each AIG Settlement Payment in the applicable amount and on the applicable date (provided, that if such applicable date is not a Business Day, then such payment shall be made on the immediately preceding Business Day) in each case without any set-off, counterclaim, diminution or any other deduction whatsoever.

C. As a clarification and not as a limitation of their unconditional and irrevocable obligations hereunder, each AIG Company hereby (a) agrees that its obligations in respect of the AIG Payments are direct, absolute, unconditional and enforceable, (b) waives any and all

defenses to payment and any right of set-off, deduction, diminution, abatement, suspension, deferment or recoupment of claims or counterclaims it may now or hereafter have, including defenses relating to fraud, or fraud in the inducement or performance of fact, and (c) agrees that it will not assert as a defense to payment, a basis for nonpayment or reduction of payment, or as a right or basis for set-off, without limitation, any of the following, among other things:

i. any indulgence, concession, waiver or consent given to or by Pfizer or Quigley;

ii. any taking, exchange, release, amendment, non-perfection, realization or application of or on any security for or guarantee of the AIG Payments or any release by the Joint Beneficiaries of any AIG Company without the consent of the other AIG Companies;

iii. any defect as to the valid creation, existence or solvency of Pfizer or Quigley or any change, restructuring, or termination in or of the corporate structure or existence of Pfizer or Quigley;

iv. the insolvency of Pfizer or Quigley or the commencement of bankruptcy proceedings involving Pfizer or Quigley, or similar proceedings under state or local law;

v. any order, decree, decision, judgment or legislation requiring the AIG Companies to make payment of any AIG Payment to a Person other than Pfizer, Quigley, or a trust created in connection with a bankruptcy, insolvency, reorganization or similar proceeding, including without limitation a trust created pursuant to Section 524(g) of the Bankruptcy Code, or having such effect, or the establishment of a trust for the benefit of any Person in connection with any portion of the AIG Payments;

vi. the failure to collect or recover from a reinsurer any claim, exclusion, limitation or defense to coverage that may be asserted by a reinsurer or any claim, exclusion, limitation or defense to coverage that may be available under the Insurance Policies or the Settlement Agreement;

vii. the failure of Pfizer or Quigley to perform any covenant, condition or obligation under this Addendum, the Settlement Agreement or the Insurance Policies; or

viii. any other act or omission, circumstance, occurrence, happening or event whatsoever, whether similar or dissimilar to the foregoing, whether foreseen or unforeseen, that might otherwise constitute a legal or equitable discharge or defense of an insurer, surety or guarantor, or breach of any explicit or implied duties under law.

The AIG Companies agree and acknowledge that the foregoing clarification of the defenses they have waived in connection with this Agreement (the "Waiver of Defenses") was specifically drafted and agreed for the purposes of this Addendum, that the Waiver of Defenses shall not be deemed or considered standard form or "boilerplate" even if it is similar to or resembles waivers of defenses in other contracts, that the Waiver of Defenses was reviewed and evaluated by counsel to the AIG Companies prior to the execution of this Addendum, and that principles of construction and interpretation that would void any term of the Waiver of Defenses, deem any term of the Waiver of Defenses unenforceable, or construe any term of the Waiver of Defenses in favor of one Party over another, shall not apply to the interpretation or application of the Waiver of Defenses. The AIG Companies understand, accept and acknowledge that they have waived fraud-related defenses.

D. Each of the AIG Companies covenants and agrees that it shall not consent to, and shall oppose, the entry of any order, decree, judgment or injunction that would require the AIG Companies to make payment of any AIG Payment to, or for the benefit of, a Person other than the Joint Beneficiaries or a Permitted Assignee or that would prohibit, divert, channel or otherwise limit or restrict payment to the Joint Beneficiaries or a Permitted Assignee of any AIG Payment, or which would have any such effect, without the consent of the Joint Beneficiaries.

E. All payments made by an AIG Company pursuant hereto shall be made no later than the date when due, in U.S. dollars, in the full amount of the applicable AIG Payment, without any set-off, counterclaim, diminution or any other deduction whatsoever, by wire transfer or check and pursuant to the following payment instructions (provided that Pfizer or its designee may change such payment instructions with respect to any AIG Payment by notice to the AIG Companies in the manner specified in Section VII at least 10 days prior to the date of such AIG Payment):

If by Wire Transfer, to:	JP Morgan/Chase Manhattan Bank ABA Routing # 021000021
Further Credit to:	Acct Name: Pfizer - Quigley Joint Insurance Account Account # 304-239887
With Additional Notice to:	Colleen E. Ostrowski – Treasury Operations (Mail Stop 219/6/8), and Wilma Seylaz (Mail Stop 150/2/6) Pfizer Inc. 235 East 42nd Street New York, NY 10017-5755
If by Check, to:	Colleen E. Ostrowski – Treasury Operations Pfizer Inc. 235 East 42nd Street New York, NY 10017-5755

F. Any AIG Settlement Payment that is not made when due shall bear interest from (and including) the date that is three days after the date of notice of such overdue payment to the AIG Companies in the manner specified in Section VII to (but excluding) the date actually paid at an interest rate equal to the prime rate of Citibank, N.A. in effect on the date such payment was due plus three percent (3%), compounded daily; provided that, if any portion of an AIG Settlement Payment remains unpaid on the date that is 45 days after the date of notification to the AIG Companies that such AIG Settlement Payment was overdue, AIG shall be required to pay, in addition to accrued interest with respect to such AIG Settlement Payment, a supplemental amount of $5 million in addition to such AIG Settlement Payment (each such payment of the supplemental amount plus accrued interest, an "AIG Supplemental Payment") within three days after notice thereof to the AIG Companies in the manner specified in Section VII.

G. Each AIG Company hereby covenants and agrees that it shall not, prior to the date which is one year and one day after payment of the final AIG Payment, acquiesce, petition or otherwise invoke or cause Pfizer or Quigley to invoke the process of any court or government authority for the purpose of commencing or sustaining a case against the Joint Beneficiaries under any federal or state bankruptcy, insolvency or similar law, appointing a receiver, liquidator, assignee, trustee, custodian, sequestrator or other similar official of the Joint Beneficiaries or any substantial part of its property, making a general assignment for the benefit of creditors, or ordering the winding up or liquidation of the affairs of Pfizer or Quigley. The provisions of this subsection shall survive termination of this Addendum.

H. Each AIG Company hereby covenants and agrees that it shall not, prior to the date which is one year and one day after payment of the final AIG Payment, institute against, or join or assist any other Person in instituting against, the Joint Beneficiaries any suit, litigation or

other proceeding, other than in connection with satisfying its indemnification obligations to the Joint Beneficiaries. The provisions of this subsection shall survive termination of this Addendum.

III. ACCELERATION EVENTS

A. The occurrence of either of the following events shall constitute an acceleration event (an "Acceleration Event"):

1. Any failure to pay in full an AIG Settlement Payment or any interest when it becomes due and payable, and failure to cure any such failure in full within 90 days after notice thereof to the AIG Companies in the manner specified in Section VII; provided that no Acceleration Event shall be deemed to occur to the extent that the failure to pay or to cure was the result of (i) an act of God; (ii) a suspension or material limitation in trading in securities generally on the New York Stock Exchange or on NASDAQ; (iii) a general moratorium on commercial banking activities declared by either Federal or New York State banking authorities; or (iv) the outbreak or escalation of hostilities involving the United States or the declaration by the United States of a national emergency or war.

2. Any failure to pay in full an AIG Supplemental Payment when it becomes due and payable, and failure to cure any such failure in full within 45 days after notice thereof to the AIG Companies in the manner specified in Section VII; provided that no Acceleration Event shall be deemed to occur to the extent that the failure to pay was the

result of (i) an act of God; (ii) a suspension or material limitation in trading in securities generally on the New York Stock Exchange or on NASDAQ; (iii) a general moratorium on commercial banking activities declared by either Federal or New York State banking authorities; or (iv) the outbreak or escalation of hostilities involving the United States or the declaration by the United States of a national emergency or war.

B. If an Acceleration Event occurs and is continuing, then and in every such case, the Joint Beneficiaries may declare the entire outstanding balance of all of the AIG Payments to be immediately due and payable by a notice in writing to the AIG Companies in the manner specified in Section VII, and upon any such declaration such outstanding balance, together with interest accrued thereon and unpaid, shall become immediately due and payable.

C. At any time after the outstanding balance of all of the AIG Payments has been accelerated and before a judgment or decree for payment of the money due has been obtained, the Joint Beneficiaries, by written notice to the AIG Companies in the manner specified in Section VII, may rescind and annul such declaration and its consequences. No such rescission shall affect any subsequent Acceleration Event or impair any right consequent thereon.

D. Each of the AIG Companies agrees that, upon the occurrence of an Acceleration Event and declaration thereof that is not rescinded and annulled in the manner described in the preceding subsection, it shall execute such documents as the Joint Beneficiaries shall require acknowledging such AIG Company's joint and several indebtedness to the Joint Beneficiaries for the outstanding balance of all of the AIG Payments and confessing judgment for such amount in favor of the Joint Beneficiaries.

IV. ASSIGNMENT BY THE JOINT BENEFICIARIES

A. The AIG Companies agree that the Joint Beneficiaries have the absolute and unconditional right, but not the obligation, to assign any or all of the AIG Payments to one or more Permitted Assignees, and that such Permitted Assignee(s) has(ve) the right to collect the AIG Payments. The AIG Companies shall cooperate in assisting the Joint Beneficiaries to effect any such assignment; provided that none of AIG, the AIG Companies and their respective Affiliates shall be required to provide any information relating to the Insurance Policies to any Permitted Assignee (or any of its counsel, agents or representatives), including but not limited to claims data, or otherwise comply with due diligence requests from a Permitted Assignee (or any of its counsel, agents or representatives). Any assignment of the AIG Payments shall be available to the Joint Beneficiaries on the following terms, to which the AIG Companies hereby agree:

1. Assignment. The Joint Beneficiaries shall enter into an assignment agreement assigning to one or more Permitted Assignees all or a portion of their respective right, title and interest in and to the AIG Payments (an "Assignment Agreement").

2. Recourse to the AIG Companies. Immediately upon the assignment to one or more Permitted Assignees of all or a portion of the Joint Beneficiaries' right, title and interest in and to the AIG Payments, all of such assigned right, title and interest in and to the AIG Payments shall be transferred to such Permitted Assignees as if the AIG Payments were owed to such Permitted Assignees. Furthermore, should the AIG Companies in any manner fail to fulfill their joint and

several obligations under Section II, such Permitted Assignees shall have recourse only against the AIG Companies and shall have no recourse against the Joint Beneficiaries.

3. Further Assignment. Any Permitted Assignee shall have the same right as the Joint Beneficiaries to assign freely all or a portion of the AIG Payments assigned to it to another Permitted Assignee.

Notwithstanding anything in this Addendum to the contrary, the Parties acknowledge and agree that an assignment of any right, title and interest in and to the AIG Payments to a Person who is not a Permitted Assignee shall be null and void and of no effect whatsoever.

V. RELEASE, DISMISSAL AND WAIVER

A. Upon payment in full to or for the benefit of the Joint Beneficiaries by the AIG Companies or one or more Permitted Assignees, as applicable, of the AIG Payments:

1. The Joint Beneficiaries shall release the AIG Companies forever from any and all known or unknown, suspected or unsuspected, past, present, existing, potential or future obligations, duties, claims, demands, penalties, costs, fees, attorneys' fees, debts, actions, causes of action, choses in action, administrative actions or proceedings, suits, arbitrations, mediations or other proceedings, offsets, damages, injuries, rights, agreements, requests for relief, sums of money, losses or liabilities of any kind, nature, character or description, whether fixed or unliquidated, whether conditional or contingent, whether in law or equity (a) for insurance coverage with respect to the applicable products/completed operations hazards limits under the Insurance

Policies; and (b) for insurance coverage for Asbestos-Related Claims, Silica-Related Claims, Other Dust Claims and Pharmaceutical Claims under the Insurance Policies.

2. The AIG Companies shall release the Joint Beneficiaries forever from any and all known or unknown, suspected or unsuspected, past, present, existing, potential or future obligations, duties, claims, demands, penalties, costs, fees, attorneys' fees, debts, actions, causes of action, choses in action, administrative actions or proceedings, suits, arbitrations, mediations or other proceedings, offsets, damages, injuries, rights, agreements, requests for relief, sums of money, losses or liabilities of any kind, nature, character or description, whether fixed or unliquidated, whether conditional or contingent, whether in law or equity (a) in connection with the applicable products/completed operations hazards limits under the Insurance Policies; and (b) in connection with Asbestos-Related Claims, Silica-Related Claims, Other Dust Claims and Pharmaceutical Claims under the Insurance Policies.

B. Upon the execution of this Addendum, the Joint Beneficiaries will promptly undertake to dismiss the Insurance Policies from the Shortfall Action with prejudice. The Parties shall bear their own fees and costs incurred in connection with the Shortfall Action and this Addendum.

C. Notwithstanding anything to the contrary in this Section V, the foregoing release provisions of this Section V shall not be construed to apply to any breach by a Party of

any of its obligations under this Addendum or to discharge any rights that any of the Parties has to enforce this Addendum.

VI. FURTHER AGREEMENTS

A. In the event that Pfizer or Quigley becomes the subject of an order for relief under Chapter 11 of the Bankruptcy Code, the Joint Beneficiaries shall:

1. reimburse the AIG Companies for their reasonable legal fees and legal expenses in connection with the defense of any action or proceeding commenced by (a) any third party that seeks to set aside, render unenforceable or otherwise invalidate this Addendum, the Settlement Agreement or the transactions contemplated hereby; or (b) any other insurer of Pfizer or Quigley seeking contribution (or any similar relief, however styled) from an AIG Company with respect to an Asbestos-Related Claim, Silica-Related Claim, Other Dust Claim or Pharmaceutical Claim covered under any of the Insurance Policies; and

2. use their commercially reasonable best efforts to cause any bankruptcy plan adopted under Chapter 11 of the Bankruptcy Code for the benefit of Pfizer and/or Quigley to provide, among other things, for an injunction pursuant to Section 524(g) of the Bankruptcy Code permanently enjoining any Asbestos-Related Claims against the AIG Companies and the Joint Beneficiaries.

VII. NOTICES

Any and all statements, communications or notices to be provided pursuant to or in connection with this Addendum shall be in writing and sent by e-mail, facsimile and first-class mail, postage prepaid. Such notices shall be sent to each of the individuals noted below, or to such other individuals as hereafter designated in writing:

TO PFIZER INC.:

Sanford N. Berland, Esq.
Assistant General Counsel,
Assistant Secretary and Senior Director
Corporate Risk Management & Insurance
and Assistant General Counsel
Pfizer Inc.
150/2/25
235 East 42nd Street
New York, NY 10017-5755
Phone: (212) 573-1347
Fax: (212) 573-1822
E-mail: sandy.berland@pfizer.com

and

Rachel S. Kronowitz, Esq.
Gilbert Heintz & Randolph LLP
1100 New York Avenue, N.W.
Suite 700
Washington, D.C. 20005
Phone: (202) 772-2273
Fax: (202) 772-2275
E-mail: kronowitzr@ghrdc.com

TO QUIGLEY COMPANY, INC.:

Paul A. Street
President and Chief Executive Officer
Quigley Company, Inc.
18 Marshall Street, Suite 112
Norwalk, CT 06854
Phone: (203) 956-6560
Fax: (203) 956-6546
E-mail: pstreet@goadvisors.com

and

Michael L. Cook, Esq.
Schulte Roth & Zabel LLP
919 Third Avenue
New York, NY 10022
Phone: (212) 756-2150
Fax: (212) 593-5955
E-mail: michael.cook@srz.com

TO THE AIG COMPANIES:

Christopher J. Eskeland
Assistant Vice-President
AIG Technical Services, Inc.
Toxic Torts Claims Department
101 Hudson Street
29th Floor Jersey City, NJ 07032
Phone: (201) 631-7016
Fax: (201) 631-5008
E-mail: chris.eskelan@aig.com

and

R. Jeff Carlisle, Esq.
Lynberg & Watkins
16th Floor
International Tower Plaza
888 South Figueroa Street
Los Angeles, CA 90017-5475
Phone: (213) 532-7003
Fax: (213) 892-2773
E-Mail: jcarlisle@lynberg.com

VIII. CONFIDENTIALITY

None of this Addendum, the Settlement Agreement or their respective terms shall be disclosed to any person not an officer, director, employee, lawyer, auditor, consultant or agent of Pfizer, Quigley or an AIG Company, except as follows: (1) to any of Pfizer's or Quigley's other insurers, provided such insurers first execute an agreement (a "confidentiality agreement") that requires such insurers to treat and maintain the Addendum, the Settlement Agreement and their respective terms in strict confidence and not to use this Addendum, the Settlement Agreement or their respective terms in any manner adverse to the Parties; (2) by an AIG Company to any of its reinsurers or reinsurance intermediaries; (3) in any proceeding to enforce the terms of this Addendum or the Settlement Agreement; (4) in necessary filings with Federal or State governmental regulatory agencies or stock exchanges (including, without limitation, in connection with disclosure required or requested pursuant to a filing by Pfizer or Quigley

pursuant to Chapter 11 of the Bankruptcy Code); and (5) upon request and after execution of the a confidentiality agreement, to a Party's auditors, bond or credit rating agencies or lenders. A Party otherwise may disclose this Addendum, the Settlement Agreement or their respective terms only if required by court order (which no Party may seek) or if the other Parties consent in writing.

IX. MISCELLANEOUS

A. Except as expressly provided herein, this Addendum does not modify or supersede the Parties' rights and obligations under the Insurance Policies, the Settlement Agreement and any attachments thereto.

B. Each of the Joint Beneficiaries (a) represents and warrants that the AIG Settlement Payments (or, to the extent sold to a Permitted Assignee, the proceeds thereof) shall be used to pay costs associated with Asbestos-Related Claims, Silica-Related Claims, Pharmaceutical Claims or Other Dust Claims and (b) agrees that it will respond to all reasonable requests by the AIG Companies for information concerning claims handling, and that the AIG Companies will be afforded the opportunity to audit at any time, upon reasonable notice, the administrative, defense and settlement activities relating to any Asbestos-Related Claim, Silica-Related Claim, Pharmaceutical Claim, or Other Dust Claim paid pursuant to this Addendum or the transactions contemplated hereby; provided that any failure by Pfizer or Quigley to discharge this obligation, or the results of such a review by the AIG Companies, shall not affect the AIG Companies' joint and several obligations under this Addendum to make the AIG Payments; and provided, further, that the AIG Companies shall not provide any results, files, information or documents obtained by the AIG Companies pursuant to this Section IX.B (the "Materials") to any other Person and shall keep the Materials confidential, except that the AIG Companies may

(i) provide the Materials to any of their auditors, regulators, or reinsurers for the purpose of obtaining reinsurance for any portion of the Settlement Amount and (ii) use the Materials in any proceeding to obtain reinsurance with respect to the Settlement Amount or this Addendum or in connection with their compliance with applicable regulations. The AIG Companies shall exercise their commercially reasonable best efforts to maintain the confidentiality of the Materials, including seeking a confidentiality pledge from any Person with which the AIG Companies share the Materials and seeking a protective order in any proceeding in which they use the Materials.

C. The AIG Companies shall have the sole and unfettered right to determine how and the manner in which the AIG Settlement Payments are allocated to the Insurance Policies.

D. The Parties agree that, notwithstanding anything to the contrary in the Insurance Policies or the Settlement Agreement, Pfizer and/or Quigley shall provide (or, to the extent that agents or other third parties perform claims processing services for Pfizer and/or Quigley, cause such agents or other third parties to provide) any information with respect to Asbestos-Related Claims required to be provided to the AIG Companies under the terms of the Insurance Policies or the Settlement Agreement; provided, however, that any failure of Pfizer and/or Quigley to discharge such obligation shall not affect the AIG Companies' joint and several obligation to make the AIG Payments on the terms set forth in this Addendum.

E. Each Party acknowledges and agrees that the Joint Beneficiaries' rights to the AIG Settlement Payments are joint, not several, and derive from and are coextensive with their joint rights to the proceeds of the Insurance Policies. Each Party agrees that it shall not take any action inconsistent with such acknowledgement and agreement; provided, however, that the Joint Beneficiaries may by mutual agreement apportion between themselves the proceeds of the

Insurance Policies or the AIG Payments and the AIG Companies shall have the sole and unfettered right to determine how and the manner in which the AIG Settlement Payments are allocated to the Insurance Policies.

F. Each of the AIG Companies represents and warrants that the individual executing this Addendum on behalf of the AIG Companies has corporate authority to bind each such AIG Company. Pfizer represents and warrants that the individual executing this Addendum on behalf of Pfizer has corporate authority to bind Pfizer, and Quigley represents and warrants that the individual executing this Addendum on behalf of Quigley has corporate authority to bind Quigley.

G. Should any dispute arise concerning the terms, meaning or implementation of this Addendum or the Settlement Agreement, the Parties shall use their commercially reasonable best efforts to reach a prompt resolution of the dispute. In the event that they are unable to do so, any such dispute shall be determined by binding dispute resolution process under the auspices of the CPR Institute for Dispute Resolution, pursuant to its then-current Rules for Non-Administered Arbitration of Business Disputes (the "Rules"). There will be a sole arbitrator who shall be selected in accordance with the procedures set forth in the Rules, or as otherwise agreed by the Parties, from CPR's then-current National Panel of Distinguished Neutrals. The arbitrator's decision shall be final and binding, and there shall be no right to appeal the arbitrator's ruling to any other tribunal. This dispute resolution process shall be the exclusive means for resolving disputes related to or arising under this Addendum. Any of the Parties may bring an action in any court of competent jurisdiction to enforce any arbitration decision. The non-prevailing Parties shall pay the reasonable arbitration (and, if applicable, judicial enforcement) costs and expenses of the prevailing Parties.

H. This Addendum shall be executed in triplicate originals and shall become effective on the date when three originals have been signed by the Parties. One original Addendum is to be delivered to the AIG Companies, one original Addendum is to be delivered to Pfizer and one original Addendum is to be delivered to Quigley.

[The remainder of this page is intentionally left blank.]

IN WITNESS WHEREOF, this Addendum has been read and signed by the duly authorized representatives of the Parties, on the dates set forth below.

AIG TECHNICAL SERVICES, INC., as authorized agent for National Union Fire Insurance Company of Pittsburgh, PA, Colonia Insurance Co. (U.S. Branch), Granite State Insurance Co., AIU Insurance Co., Birmingham Fire Insurance Co. of Pennsylvania, Illinois National Insurance Co., L'Union Atlantique D'Assurances, S.A., American Home Assurance Company, Lexington Insurance Company and Landmark Insurance Company

Witness: _____

Date: 8/13/04

By: _____

Name: Christopher J. Eckeland

Title: Asst. Vice President

PFIZER INC.

Witness: _____

Date: _____

By: _____

Name: _____

Title: _____

QUIGLEY COMPANY, INC.

Witness: _____

Date: _____

By: _____

Name: _____

Title: _____

IN WITNESS WHEREOF, this Addendum has been read and signed by the duly authorized representatives of the Parties, on the dates set forth below.

AIG TECHNICAL SERVICES, INC.,
as authorized agent for National Union Fire Insurance Company of Pittsburgh, PA, Colonia Insurance Co. (U.S. Branch), Granite State Insurance Co., AIU Insurance Co., Birmingham Fire Insurance Co. of Pennsylvania, Illinois National Insurance Co., L'Union Atlantique D'Assurances, S.A., American Home Assurance Company, Lexington Insurance Company and Landmark Insurance Company

Witness: ______________________ By: ______________________

Date: ______________________ Name: ______________________

Title: ______________________

PFIZER INC.

Witness: [signature] By: [signature]

Date: 8/11/04 Name: Sanford N. Berland

Title: Assistant Secretary

QUIGLEY COMPANY, INC.

Witness: ______________________ By: ______________________

Date: ______________________ Name: ______________________

Title: ______________________

IN WITNESS WHEREOF, this Addendum has been read and signed by the duly authorized representatives of the Parties, on the dates set forth below.

AIG TECHNICAL SERVICES, INC., as authorized agent for National Union Fire Insurance Company of Pittsburgh, PA, Colonia Insurance Co. (U.S. Branch), Granite State Insurance Co., AIU Insurance Co., Birmingham Fire Insurance Co. of Pennsylvania, Illinois National Insurance Co., L'Union Atlantique D'Assurances, S.A., American Home Assurance Company, Lexington Insurance Company and Landmark Insurance Company

Witness: _____ By: _____

Date: _____ Name: _____

Title: _____

PFIZER INC.

Witness: _____ By: _____

Date: _____ Name: _____

Title: _____

QUIGLEY COMPANY, INC.

Witness: V. Street By: _____

Date: 8/11/04 Name: PAUL A STREET

Title: PRESIDENT

ATTACHMENT A

The Settlement Agreement

WORKING COPY

SETTLEMENT AGREEMENT BETWEEN PFIZER INC., QUIGLEY COMPANY, INC. AND AIU, ET AL.

This Agreement is made and entered into by Pfizer Inc. and Quigley Company, Inc. and their predecessors, successors, assigns, and affiliates (hereinafter collectively and individually referred to as "Pfizer") and by AIU Insurance Company, American Home Assurance Company, Granite State Insurance Company, Insurance Company of the State of Pennsylvania, Landmark Insurance Company, Lexington Insurance Company, L'Union d'Atlantique Reassurances and National Union Fire Insurance Company of Pittsburgh, PA, on behalf of their predecessors, successors, assigns, and affiliates (hereinafter collectively and individually referred to as "AIU, et al.").

RECITALS

WHEREAS, AIU, et al. issued to Pfizer the Insurance Policies, as defined below, which provide coverage to Pfizer; and

WHEREAS, there has been no agreement between Pfizer and AIU, et al. as to their respective rights and obligations concerning the application of the Insurance Policies to Asbestos-Related Bodily Injury Claims, as defined below; and

WHEREAS, the Insurance Policies have become the subject of litigation in the United States District Court for the Eastern District of Pennsylvania captioned Georgine, et al. v. Amchem Products Inc., et al. v. Admiral Insurance Co., et al., Civil Action No. 93-CV-0215 (the "Action"); and

WHEREAS, Pfizer and AIU, et al. wish to define their respective rights and obligations under the Insurance Policies in accordance with the terms of this Agreement and to terminate this litigation between them;

NOW, THEREFORE, in consideration of the mutual covenants contained herein and intending to be legally bound hereby, Pfizer and AIU, et al. agree as follows:

AGREEMENT

Definitions

As used herein, the following terms have the following meanings:

1.0 **"Asbestos-Related Bodily Injury Claims"** means claims or lawsuits for which an insured under the Insurance Policies is alleged to be or may be responsible by judgment, order, or settlement (including but not limited to that certain Agreement Concerning Asbestos-Related Claims dated June 19, 1985 (hereinafter referred to as the "Wellington Agreement"), the Producer Agreement Concerning Center for Claims Resolution dated September 28, 1988, as amended, and the CCR Defendants' Sharing Agreement Concerning That Stipulation of Settlement Between the Class of Claimants and Defendants Represented by the Center For Claims Resolution dated January 15, 1993, as amended), by whomever brought and in whatever procedural posture such claims or lawsuits may arise, seeking monetary relief (whether or not such relief is the only relief sought) for bodily injury, sickness, disease or death, alleged to have been caused in whole or in part by any asbestos or asbestos-containing product(s). Asbestos-Related Bodily

Injury Claims do not include statutory claims for compensation by an employee against his employer (such claims being commonly called "Workers' Compensation claims").

1.1 **"Allocated Expenses"** means all fees and expenses incurred by or on behalf of Pfizer for services performed that are attributable to the defense or disposition of any Asbestos-Related Bodily Injury Claims, exclusive of Liability Payments and Unallocated Expenses.

1.2 **"Effective Date"** means the first date by which all of the parties hereto will have executed this Agreement.

1.3 **"Insurance Policies"** means the general liability insurance policies issued by AIU, et al. to Pfizer that are set forth in Attachment A hereto. Attachment A also sets forth for each Insurance Policy (a) the policy period, (b) any applicable liability limits and (c) the total applicable underlying liability limits (including primary policies and self-insured retentions if any) for each policy period.

1.4 **"Liability Payments"** means the sums paid in settlement of, or in satisfaction of a judgment on, any Asbestos-Related Bodily Injury Claims, exclusive of Allocated Expenses and Unallocated Expenses for such claims and exclusive of any final judgment awarding punitive damages or amounts for conspiracy, concert of action, and/or willful breach of warranty if the law of the state governing the insurability of such damages in the particular case holds that awards for such amounts are not covered by insurance because of public policy or contract

interpretation, provided, that if such holding is by other than the highest court of the state in question, AIU, et al., shall pay 50% of the applicable amount of such award.

1.5 **"Unallocated Expenses"** means the overhead, operating and administrative expenses (other than Allocated Expenses) incurred in administering, defending and disposing of any Asbestos-Related Bodily Injury Claims.

1.6 Where the context so indicates or requires, each defined term stated in the singular includes the plural and each defined term stated in the plural includes the singular.

Scope of Agreement

2.0 This Agreement governs the application of the Insurance Policies to Asbestos-Related Bodily Injury Claims.

2.1 Pfizer, or its designee, has the exclusive authority and discretion to administer, evaluate, settle, pay or defend all Claims governed by this Agreement.

2.2 Pfizer will respond to all reasonable requests by AIU, et al. for information concerning claims handling, and AIU, et al. will be afforded the opportunity to audit at any time, upon reasonable notice, the administrative, defense and settlement activities relating to any Asbestos-Related Bodily Injury Claims paid by AIU, et al. pursuant to this Agreement.

Payment of Claims

3.0 With respect to all Liability Payments and Allocated Expenses incurred on or before September 30, 1994, AIU, et al. shall pay to Pfizer $9.8 million in the following installments:

On or before March 1, 1995	$1,633,333.33
On or before March 1, 1996	$1,633,333.33
On or before March 1, 1997	$1,633,333.33
On or before March 1, 1998	$1,633,333.33
On or before March 1, 1999	$1,633,333.33
On or before March 1, 2000	$1,633,333.33.

3.1 With respect to all Liability Payments and Allocated Expenses incurred on or after October 1, 1994, AIU, et al. will make Liability Payments and pay Allocated Expenses on Asbestos-Related Bodily Injury Claims to the extent that AIU, et al. would have been obligated to do so had AIU, et al. become a signatory to the Wellington Agreement as to Pfizer; provided, that (a) Liability Payments and Allocated Expenses will be allocated to AIU, et al. as if each of Pfizer's Insurers had agreed to make Liability Payments and pay Allocated Expenses under the terms of the Wellington Agreement, and (b) AIU, et al. will have no obligation to pay any amounts pursuant to Section XX of the Wellington Agreement in lieu of an insurer that is not a signatory to the Wellington Agreement. A copy of the Wellington Agreement is attached hereto as Attachment B. All terms and conditions of the Wellington Agreement are incorporated herein by reference to the extent that they are not inconsistent with this Agreement. As to any conflict between the terms of this Agreement and the Wellington Agreement, the terms of this Agreement will

govern. All reference to the "Asbestos Claims Facility" in the Wellington Agreement will be read as "The Center for Claims Resolution or other Pfizer designee." Nothing in this Agreement shall be used to construe that AIU, et al. is a signatory to the Wellington Agreement.

3.2 Liability Payments and Allocated Expenses will be allocated to AIU, et al. under Paragraph 3.1 above on the basis of a "Coverage Block," as defined in § IX, ¶ 1 of the Wellington Agreement, that begins on October 1, 1964, and ends on October 1, 1973; provided that upon exhaustion of the applicable products aggregate limits of all the Insurance Policies written to become effective between those dates Pfizer may, for purposes of allocation to AIU, et al., add Insurance Policies written to become effective after October 1, 1973, to its Coverage Block in accordance with § IX, ¶ 2 of the Wellington Agreement.

3.3 The applicable aggregate limits of the Insurance Policies will be reduced by all Liability Payments paid by AIU, et al. hereunder. The Allocated Expenses paid by AIU, et al. hereunder will be applied to the Insurance Policies in accordance with the Schedule attached as Attachment C to this Agreement. Amounts paid by AIU, et al. on Asbestos-Related Bodily Injury Claims will be allocated among the Insurance Policies pursuant to the Wellington Agreement. If an Insurance Policy is part of a quota-share layer, AIU, et al. is obligated only to pay a proportionate share of the Allocated Expenses and Liability Payments for each Asbestos-Related Bodily Injury Claim, and that share shall bear the same relationship to the total amount of each payment for each such claim that AIU, et

al.'s policy limits bear to the total amount of the quota share layer of which its policy is a part. Those Insurance Policies that are part of quota share layers are marked with an asterisk on Attachment A to this Agreement.

3.4 None of the Insurance Policies require any payment for Liability Payments or Allocated Expenses incurred after the exhaustion of aggregate limits. Upon the exhaustion of any products aggregate limit in any Insurance Policy, Pfizer shall make no further demand for Liability Payments or for Allocated Expenses incurred after the exhaustion of aggregate limits under the coverage subject to such aggregate limit. At that time, Pfizer and AIU, et al. each shall execute a Release concerning that products aggregate limit, substantially in the form of Attachment D to this Agreement.

3.5 AIU, et al. shall have no obligation to pay to or on behalf of Pfizer any Unallocated Expenses under any of the Insurance Policies.

<u>**Timing of Payments**</u>

4.0 All amounts due from AIU, et al. pursuant to this Agreement will be billed by or on behalf of Pfizer in accordance with the procedures then in effect with respect to billing insurers that are signatories to the Wellington Agreement for Liability Payments and Allocated Expenses allocable to Pfizer under the terms of the Wellington Agreement, provided, that AIU, et al. will be billed only for Allocated Expenses and Liability Payments actually incurred by and on behalf of Pfizer or its designees. AIU, et al. will have no obligation hereunder to pay any bills for

Allocated Expense or Liability Payments in advance of the date that such amounts are actually incurred by or on behalf of Pfizer or its designee.

4.1 AIU, et al. will make all payments due under this Agreement to Pfizer or its designee within thirty (30) days of the receipt of such bills. For each day that payment is late, interest will be added to the amount that is overdue at an annual rate equal to the rate paid on the last auction day of the previous month at the auction of short-term -- i.e., thirteen (13) week -- United States government bills as listed on the money rates chart published in the Wall Street Journal. AIU, et al. shall not have the right to assert any defenses to payment other than those listed in Appendix B to the Wellington Agreement. Notwithstanding the pendency of any dispute, AIU, et al. will timely make all payments required under this Agreement; such payments may be made pursuant to a reservation of rights and subject to reallocation upon a final resolution of such dispute.

Dismissal From the Action

5.0 AIU, et al. understands that effectuation of the Stipulation of Settlement between the Class of Claimants and Defendants Represented by the Center for Claims Resolution dated January 15, 1993, as amended, is expressly conditioned upon approval of the court and satisfaction of certain conditions precedent concerning insurance coverage. AIU, et al. has signed the letter attached hereto as Attachment E in satisfaction of these conditions precedent as they relate to the Insurance Policies.

5.1 Upon execution of this Agreement by the parties hereto, Pfizer will dismiss the Insurance Policies from the Action with prejudice.

Waiver of Claims of Other Pfizer Insurers Against AIU, et al.

6.0 Pfizer agrees that if in the future it enters into any settlements with any of its other insurers with respect to coverage for Asbestos-Related Bodily Injury Claims, Pfizer will seek to obtain as part of the settlement agreement a dismissal, release and waiver of any claims such other insurers might have against AIU, et al. on account of Insurance Policies AIU, et al. issued to Pfizer with respect to Asbestos-Related Bodily Injury Claims and also with respect to such other matters as have been resolved by this Agreement between AIU, et al. and Pfizer. Pfizer also agrees to request its insurers who have settled their coverage disputes with Pfizer relating to Asbestos-Related Bodily Injury Claims to dismiss, waive and release AIU, et al. with respect to such matters that have been resolved by this Agreement between AIU, et al. and Pfizer. AIU, et al. agree that they shall dismiss, release and waive any claims based upon insurance policies issued to Pfizer by any other insurer of Pfizer who similarly agrees to dismiss, release and waive any such claims against AIU, et al. with respect to such matters that have been resolved by this Agreement between AIU, et al. and Pfizer.

Confidentiality

7.0 Neither this Agreement nor its terms will be disclosed to any person not an officer, director, employee, lawyer or agent of a party hereto, except that this Agreement and its terms may be disclosed: (a) to any insurer or reinsurer

of any of the parties hereto; (b) in any proceeding to enforce the terms of this Agreement; (c) in filings with government agencies as may be necessary to fulfill filing obligations, and (d) under a pledge of confidentiality to auditors, bond rating agencies, or lenders of the parties hereto if they so request. Other than as stated above, a party hereto may disclose this Agreement to any other person or entity only if the other party consents in writing or the party is required to disclose this Agreement by court order. If a party is required to disclose this Agreement pursuant to a court order, it will notify the other party as soon as possible and provide a copy of the order upon receipt thereof.

Construction, Entire Agreement, Duration

8.0 This Agreement was negotiated between the parties hereto at arm's length, with each party receiving advice from independent legal counsel. It is the intent of the parties that no part of this Agreement be construed against any of the other parties because of the identity of the drafter or the fact that AIU, et al. is an insurance company.

8.1 This Agreement constitutes a single integrated written contract expressing the entire agreement between the parties hereto. This Agreement is separate, independent and stands on its own. This Agreement confers no rights, benefits or obligations upon any entity other than the parties hereto. This Agreement supersedes any prior understandings and agreements among the parties, except the Insurance Policies, with respect to the subject matter herein. There are no representations, agreements, arrangements or understandings among

the parties, oral or written, relating to the subject matter of this Agreement that are not fully expressed herein. Any statements, promises or inducements, whether made by any party or any agents of any party, that are not contained in this written agreement, will not be valid or binding. The failure or invalidation of any provision of this Agreement will not in any way affect the validity of, or performance of any party pursuant to, any other provision of this Agreement. This Agreement will have perpetual existence and may not be enlarged, modified or altered except by a written agreement signed by both of the parties hereto.

Agreement to Meet and Confer

9.0 To the extent any dispute arises with respect to the application, interpretation or performance of this Agreement, Pfizer and AIU, et al. agree to meet and confer for the purpose of attempting to resolve amicably any such disputes. To the extent any disputes cannot be resolved amicably by good-faith negotiation within thirty days from the date of notice of the dispute, Pfizer and AIU, et al. agree that they will attempt to agree upon an alternative dispute resolution mechanism for such disputes before initiating suit; however, nothing contained herein obligates either AIU, et al. or Pfizer to agree to any alternative dispute resolution mechanism. In any dispute that is resolved pursuant to an alternative dispute resolution mechanism or litigation, all costs (including attorney's fees) will be borne by the losing party to the maximum extent allowable by law.

Notices

10.0 Any and all statements, communications or notices to be provided pursuant to this Agreement will be in writing and sent by first-class mail, postage prepaid. Such notices will be sent for Pfizer to:

Mr. Harvey R. Molloy
Director -- Risk Management & Insurance
Treasurers Division, Pfizer Inc.
235 E. 42nd Street
New York, NY 10017-5755

Jean A. O'Hare, Esq.
Pfizer Inc.
235 E. 42nd Street
New York, NY 10017-5755

and for AIU, et al. to:

Mr. Peter L. Rand
Home Office Supervisor
AIG Technical Services, Inc.
Toxic Tort Claims Department
80 Pine Street, 6th Floor
New York, NY 10005

Mr. Jim Laughlin
Claims Examiner
Environmental Claims
Lexington Insurance Company
200 State Street
Boston, MA 02109

Miscellaneous Provisions

11.0 Each party will take such steps and will execute such documents as may be reasonably necessary or proper to effectuate the purpose and intent of this Agreement.

11.1 Titles and captions contained in this Agreement are inserted only as a matter of convenience and are for reference purposes only. Such titles and captions are intended in no way to define, limit, expand or describe the scope of this Agreement or the intent of any other provision hereof.

11.2 This Agreement will be executed by each party in counterparts, all of which, when so executed and taken together, will constitute one and the same instrument. AIU, et al. will deliver duly executed counterparts to Pfizer and Pfizer will deliver duly executed counterparts to AIU, et al.

IN WITNESS WHEREOF, this Agreement consisting of fourteen (14) pages, including this page, and five (5) attachments, has been read and signed by the duly authorized officers of the parties on the dates set forth below.

Pfizer Inc.

By (Name and Title):

December 19, 1994
Date

Quigley Company, Inc.

By (Name and Title):

December 19, 1994
Date

American International Underwriters on behalf of AIU Insurance Company and certain Granite State Insurance Company policies

By (Name and Title):

Date

Lexington Insurance Company

By (Name and Title):

Date

L'Union d'Atlantique Reassurances

By (Name and Title):

Date

AIG Technical Services, Inc. on behalf of American Home Assurance Company, certain Granite State Insurance Company policies, Insurance Company of the State of Pennsylvania, Landmark Insurance Company and National Fire Insurance Company of Pittsburgh, PA

By (Name and Title):

Date

IN WITNESS WHEREOF, this Agreement consisting of fifteen (15) pages, including this page, and five (5) attachments, has been read and signed by the duly authorized officers of the parties on the dates set forth below.

Pfizer Inc.

____

By (Name and Title):

____

Date

Quigley Company, Inc.

____

By (Name and Title):

____

Date

American International Underwriters on behalf of AIU Insurance Company and certain Granite State Insurance Company Policies

____

By (Name and Title):

____

Date

Lexington Insurance Company

____

By (Name and Title):

____

Date

Union Atlantique S.A. D'Assurances

[signature] N.D. OAKES

By (Name and Title): REINSURANCE CLAIMS MANAGER, AIG EUROPE (U.K.)

29th DECEMBER 1994

Date

IN WITNESS WHEREOF, this Agreement consisting of fifteen (15) pages, including this page, and five (5) attachments, has been read and signed by the duly authorized officers of the parties on the dates set forth below.

Pfizer Inc.

By (Name and Title):

Date

Quigley Company, Inc.

By (Name and Title):

Date

American International Underwriters on behalf of AIU Insurance Company and certain Granite State Insurance Company Policies

By (Name and Title):

Date

Lexington Insurance Company

By (Name and Title):

1/27/95

Date

Union Atlantique S.A. D'Assurances

By (Name and Title):

Date

American Home Assurance Company

By (Name and Title):

Date

Granite State Insurance Company
(Certain Policies)

By (Name and Title):

Date

Insurance Company of the State of
Pennsylvania

By (Name and Title):

Date

Landmark Insurance Company

By (Name and Title):

1/27/95
Date

National Union Fire Insurance Company
of Pittsburgh, PA

By (Name and Title):

Date

IN WITNESS WHEREOF, this Agreement consisting of fourteen (14) pages, including this page, and five (5) attachments, has been read and signed by the duly authorized officers of the parties on the dates set forth below.

Pfizer Inc.

____
By (Name and Title):

____
Date

Quigley Company, Inc.

____
By (Name and Title):

____
Date

American International Underwriters on behalf of AIU Insurance Company and certain Granite State Insurance Company policies

David A. Anderson, Claims Examiner
By (Name and Title):

12/19/1994
Date

Lexington Insurance Company

____
By (Name and Title):

____
Date

L'Union d'Atlantique Reassurances

____
By (Name and Title):

____
Date

AIG Technical Services, Inc. on behalf of American Home Assurance Company, certain Granite State Insurance Company policies, Insurance Company of the State of Pennsylvania, Landmark Insurance Company and National Fire Insurance Company of Pittsburgh, PA

____
By (Name and Title):

____
Date

American Home Assurance Company

Douglas Buchtay VICE PRESIDENT

By (Name and Title):

12-22-94

Date

Granite State Insurance Company
(Certain Policies)

Douglas E Buchtay VICE PRESIDENT

By (Name and Title):

12-22-94

Date

Insurance Company of the State of
Pennsylvania

Douglas E Buchtay VICE PRESIDENT

By (Name and Title):

12-22-94

Date

Landmark Insurance Company

____

By (Name and Title):

____

Date

National Union Fire Insurance Company
of Pittsburgh, PA

Douglas L. Barley VICE PRESIDENT

By (Name and Title):

12-22-94

Date

ATTACHMENT A

Insurance Policies Issued by AIU, et al. to Pfizer,
Applicable Liability Limits and Underlying Liability
Limits for Asbestos-Related Bodily Injury Product Claims

Policy Number and Period	Applicable Annual Occurrence/ Aggregate Limits	Applicable Annual Underlying Aggregate Limits
*AIU 75100745(A) 10/1/78-10/1/79	$2,000,000 part of $25,000,000	$57,000,000 excess of $10,000,000 Primary
*AIU 75100745(B) 10/1/78-10/1/79	$1,000,000 part of $28,000,000	$82,000,000 excess of $10,000,000 Primary
*AIU 75101167(A) 10/1/79-10/1/80	$2,000,000 part of $40,000,000	$60,000,000 excess of $10,000,000 Primary
*AIU 75101985(A) 10/1/80-10/1/81	$2,000,000 part of $40,000,000	$60,000,000 excess of $10,000,000 Primary
*AIU 75102089 10/1/81-10/1/82	$2,000,000 part of $40,000,000	$65,000,000 excess of $10,000,000 Primary
*American Home CE350060 1/11/65-10/1/68	$1,000,000 part of $15,000,000	$33,500,000 excess of $1,500,000 Primary
*American Home CE352680 2/1/67-10/1/69	$3,000,000 part of $50,000,000	$48,500,000 excess of $1,500,000 Primary

*American Home CE355488 10/1/68-10/1/71	$1,000,000 part of $5,000,000	$43,500,000 excess of $1,500,000 Primary
*American Home CE356547 10/1/69-10/1/70	$3,000,000 part of $25,000,000	$48,500,000 excess of $1,500,000 Primary
*American Home CE357710 10/1/70-10/1/71	$4,300,000 part of $5,000,000	$5,000,000 excess of $1,500,000 Primary
*American Home CE2692073 10/1/71-10/1/72	$4,500,000 part of $5,000,000	$7,200,000 excess of $800,000 Primary
American Home CE3380206 10/1/72-10/1/73	$5,000,000	$6,000,000 excess of $1,200,000 Primary
American Home CE3437367 10/1/73-10/1/76	$5,000,000	10/1/73- 10/1/75 $6,000,000 excess of $1,200,000 Primary; 10/1/75- 10/1/76 $6,000,000 excess of $1,500,000 Primary
*Granite State SCLD8094019 10/1/76-10/1/77	$1,000,000 part of $10,000,000	$30,000,000 excess of $2,000,000 Primary

*Granite State SCLD8094018 10/1/76-10/1/77	$1,000,000 part of $10,000,000	$40,000,000 excess of $2,000,000 Primary
*Granite State SCLD8093343(A) 10/1/77-10/1/78	$1,000,000 part of $10,000,000	$31,500,000 excess of $2,000,000 Primary
*Granite State SCLD8093343(B) 10/1/77-10/1/78	$1,000,000 part of $10,000,000	$41,500,000 excess of $2,000,000 Primary
*Granite State SCLD8093345 10/1/77-10/1/78	$1,000,000 part of $14,500,000	$61,500,000 excess of $2,000,000 Primary
*Granite State 61780806 10/1/78-10/1/79	$1,500,000 part of $15,000,000	$20,000,000 excess of $10,000,000 Primary
*Granite State 61780807[1/] 10/1/78-10/1/79	$1,500,000 part of $25,000,000	$57,000,000 excess of $10,000,000 Primary
*Granite State 61791720 10/1/79-10/1/80	$3,000,000 part of $35,000,000	$25,000,000 excess of $10,000,000 Primary
*Granite State 61791721 10/1/79-10/1/80	$5,000,000 part of $40,000,000	$60,000,000 excess of $10,000,000 Primary
*Granite State 6180-2536 10/1/80-10/1/81	$3,000,000 part of $35,000,000	$25,000,000 excess of $10,000,000 Primary

1/ This policy has no aggregate limit.

*Granite State 6180-2537 10/1/80-10/1/81	$5,000,000 part of $50,000,000	$60,000,000 excess of $10,000,000 Primary
*Granite State 6481-5270 10/1/81-10/1/82	$3,000,000 part of $35,000,000	$30,000,000 excess of $10,000,000 Primary
*Granite State 6481-5271 10/1/81-10/1/82	$5,000,000 part of $40,000,000	$65,000,000 excess of $10,000,000 Primary
*INSCOPA[2/] 4104691 10/1/70-10/1/71	$500,000 part of $5,000,000	$5,000,000 excess of $1,500,000 Primary
*INSCOPA 4104692 10/1/70-10/1/71	$5,000,000 part of $10,000,000	$20,000,000 excess of $1,500,000 Primary
*INSCOPA 41715096 10/1/71-10/1/72	$500,000 part of $5,000,000	$7,200,000 excess of $800,000 Primary
*INSCOPA 41715097 10/1/71-10/1/72	$5,000,000 part of $10,000,000	$22,200,000 excess of $800,000 Primary
*INSCOPA 41715095 10/1/71-10/1/72	$1,500,000 part of $10,000,000	$42,200,000 excess of $800,000 Primary
*INSCOPA 41767273 10/1/76-10/1/77	$500,000 part of $5,000,000	$5,000,000 excess of $2,000,000 Primary

[2/]Insurance Company of the State of Pennsylvania

*INSCOPA 41767274 10/1/76-10/1/77	$1,250,000 part of $10,000,000	$30,000,000 excess of $2,000,000 Primary
*INSCOPA 41778352 10/1/77-10/1/78	$1,000,000 part of $5,000,000	$4,000,000 excess of $2,000,000 Primary
*INSCOPA 41778353 10/1/77-10/1/78	$1,250,000 part of $10,000,000	$31,500,000 excess of $2,000,000 Primary
*Landmark FE4000086 10/1/78-10/1/79	$2,000,000 part of $28,000,000	$82,000,000 excess of $10,000,000 Primary
*Landmark FE4001193 10/1/81-10/1/82	$3,000,000 part of $40,000,000	$65,000,000 excess of $10,000,000 Primary
*Lexington SCP50025 1/11/65-10/1/68	$1,000,000 part of $15,000,000	$33,500,000 excess of $1,500,000 Primary
*Lexington GC402778 10/1/68-10/1/71	$1,000,000 part of $10,000,000	10/1/68- 10/1/70 $35,000,000 excess of $1,500,000 Primary; 10/1/70- 10/1/71 $30,000,000 excess of $1,500,000 Primary

*Lexington GC5502909 10/1/75-10/1/76	$2,000,000 part of $10,000,000	$61,000,000 excess of $1,500,000 Primary
*Lexington GC5502910 10/1/75-10/1/76	$3,000,000 part of $5,000,000	$71,000,000 excess of $1,500,000 Primary
*Lexington GC5501717 10/1/76-10/1/77	$4,000,000 part of $16,000,000	$60,000,000 excess of $2,000,000 Primary
*Lexington 5510457 10/1/77-10/1/78	$2,000,000 part of $14,500,000	$61,500,000 excess of $2,000,000 Primary
*Lexington 5512454 10/1/78-10/1/79	$3,000,000 part of $28,000,000	$82,000,000 excess of $10,000,000 Primary
*Lexington 5514905 10/1/79-10/1/80	$3,000,000 part of $40,000,000	$60,000,000 excess of $10,000,000 Primary
*Lexington 5520543 10/1/80-10/1/81	$3,000,000 part of $40,000,000	$60,000,000 excess of $10,000,000 Primary
*L'Union d'Atlantique Reassurances 79DD225C 10/1/78-10/1/79	27.02% of $344,316 part of $22,000,000	$35,000,000 excess of $10,000,000 Primary
*L'Union d'Atlantique Reassurances 79DD2100C 10/1/79-10/1/80	21.44% of $1,500,000 part of $35,000,000	$25,000,000 excess of $10,000,000 Primary

*National Union Fire CE1011252 10/1/68-10/1/70	$1,000,000 part of $5,000,000	$43,500,000 part of $1,500,000 Primary
*National Union Fire 1189211 10/1/76-10/1/77	$1,250,000 part of $5,000,000	$5,000,000 excess of $2,000,000 Primary
*National Union Fire 1189212 10/1/76-10/1/77	$750,000 part of $10,000,000	$20,00,000 excess of $2,000,000 Primary
*National Union Fire 1229269 10/1/77-9/4/78	$1,250,000 part of $5,000,000	$4,000,000 excess of $2,000,000 Primary
*National Union Fire 1232924 10/1/78-10/1/79	$2,000,000 part of $25,000,000	$57,000,000 excess of $10,000,000 Primary

AGREEMENT CONCERNING ASBESTOS-RELATED CLAIMS

June 19, 1985

ATTACHMENT C

Application of Allocated Expenses for Asbestos-Related
Bodily Injury Claims to the Insurance Policies
Listed on Attachment A

Policy Number and Period	Application of Allocated Expenses
AIU 75100745(A) 10/1/78-10/1/79	Within Limits
AIU 75100745(B) 10/1/78-10/1/79	Within Limits
*AIU 75101167(A) 10/1/79-10/1/80	Disputed
*AIU 75101985(A) 10/1/80-10/1/81	Disputed
*AIU 75102089 10/1/81-10/1/82	Disputed
American Home CE350060 1/11/65-10/1/68	Within Limits
American Home CE352680 2/1/67-10/1/69	Within Limits
American Home CE355488 10/1/68-10/1/71	Within Limits
American Home CE356547 10/1/69-10/1/70	Within Limits

* The parties disagree on the manner in which Allocated Expenses will be applied for Asbestos-Related Bodily Injury Claims to these Insurance Policies. At such time as Pfizer seeks coverage under these policies for such claims pursuant to this Settlement Agreement, the parties will refer these issues to Alternative Dispute Resolution in accordance with Appendix C of the Wellington Agreement, if agreement cannot be otherwise reached. All references in Appendix C to the "Asbestos Claims Facility" will be read as "The Center for Public Resources."

American Home CE357710 10/1/70-10/1/71	Within Limits
American Home CE2692073 10/1/71-10/1/72	Within Limits
American Home CE3380206 10/1/72-10/1/73	Within Limits
American Home CE3437367 10/1/73-10/1/76	Within Limits
Granite State SCLD8094019 10/1/76-10/1/77	Within Limits
Granite State SCLD8094018 10/1/76-10/1/77	Within Limits
Granite State SCLD8093343(A) 10/1/77-10/1/78	Within Limits
Granite State SCLD8093343(B) 10/1/77-10/1/78	Within Limits
Granite State SCLD8093345 10/1/77-10/1/78	Within Limits
Granite State 61780806 10/1/78-10/1/79	Within Limits
Granite State 61780807 10/1/78-10/1/79[1]	Within Limits
Granite State 61791720 10/1/79-10/1/80	In Addition to Limits
*Granite State 61791721 10/1/79-10/1/80	Disputed
*Granite State 6180-2536 10/1/80-10/1/81	Disputed
*Granite State 6180-2537 10/1/80-10/1/81	Disputed

[1] This policy has no aggregate limit.

*Granite State 6481-5270 10/1/81-10/1/82	Disputed
*Granite State 6481-5271 10/1/81-10/1/82	Disputed
INSCOPA[1/] 4104691 10/1/70-10/1/71	Within Limits
INSCOPA 4104692 10/1/70-10/1/71	Within Limits
INSCOPA 41715096 10/1/71-10/1/72	Within Limits
INSCOPA 41715097 10/1/71-10/1/72	Within Limits
INSCOPA 41715095 10/1/71-10/1/72	Within Limits
INSCOPA 41767273 10/1/76-10/1/77	Within Limits
INSCOPA 41767274 10/1/76-10/1/77	Within Limits
INSCOPA 41778352 10/1/77-10/1/78	Within Limits
INSCOPA 41778353 10/1/77-10/1/78	Within Limits
Landmark FE4000086 10/1/78-10/1/79	Within Limits
*Landmark FE4001193 10/1/81-10/1/82	Disputed
Lexington SCP50025 1/11/65-10/1/68	Within Limits
Lexington GC402778 10/1/68-10/1/71	Within Limits
Lexington GC5502909 10/1/75-10/1/76	Within Limits

[1/]Insurance Company of the State of Pennsylvania

Lexington GC5502910 10/1/75-10/1/76	Within Limits
Lexington GC5501717 10/1/76-10/1/77	Within Limits
*Lexington 5510457 10/1/77-10/1/78	Disputed
*Lexington 5512454 10/1/78-10/1/79	Disputed
*Lexington 5514905 10/1/79-10/1/80	Disputed
*Lexington 5520543 10/1/80-10/1/81	Disputed
L'Union d'Atlantique Reassurances 79DD225C 10/1/78-10/1/79	Within Limits
L'Union d'Atlantique Reassurances 79DD2100C 10/1/79-10/1/80	In Addition to Limits
National Union Fire CE1011252 10/1/68-10/1/70	Within Limits
National Union Fire 1189211 10/1/76-10/1/77	Within Limits
National Union Fire 1189212 10/1/76-10/1/77	Within Limits
National Union Fire 1229269 10/1/77-9/4/78	Within Limits
National Union Fire 1232924 10/1/78-10/1/79	Within Limits

ATTACHMENT D

RELEASE

I. Pfizer hereby releases and forever discharges [name of AIG company] of and from any and all actions, causes of action in law or in equity, suits, debts, liens, contracts, indemnity and defense obligations, claims, demands, losses, costs or expenses of any kind or nature, known or unknown, fixed or contingent, direct or indirect under Policy [number of policy] that Pfizer now has or hereafter may have against [name of AIG company], in any way relating to the payment or handling of Claims (including, but not limited to, Asbestos-Related Bodily Injury Claims) that are subject to the products/ completed-operations hazard of said Policy, including, but not limited to, any alleged or potential claims for bad faith, unfair claims practices or punitive damages. Pfizer acknowledges that it has been advised by legal counsel and is familiar with the provisions of California Civil Code, Section 1542. In connection with this release, Pfizer hereby expressly waives any and all rights and benefits conferred upon Pfizer by the provisions of California Civil Code Section 1542 which provides as follows:

> "A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor."
>
> "In connection with this release, Pfizer also waives any and all rights under all statutes and principles of similar effect."

II. The [name of AIG Company] hereby releases and forever discharges Pfizer of and from any and all actions, causes of action in law or in equity, suits, debts, liens, contracts, indemnity and defense obligations, agreements, promises, liabilities, claims, demands, losses, costs or expenses of any kind or nature, known or unknown, fixed or contingent, direct or indirect that the [name of AIG company] now has or hereafter may have against Pfizer in any way relating to the payment or handling of Claims (including, but not limited to, Asbestos-Related Bodily Injury Claims) that are subject to the products/ completed-operations hazard or Policy [number of policy]. The [name of AIG company] acknowledges that it has been advised by legal counsel and is familiar with the provisions of California Civil Code Section 1542. IN connection with this release, the [name of AIG company] hereby expressly waives any and all rights and benefits conferred upon it by the provisions of California Civil Code Section 1542, which provides as follows:

> "A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor."
>
> "In connection with this release, the [name of AIG company] also waives any and all rights under all statutes and principles of similar effect."

This Release has been read and signed by the duly authorized officers of the parties on the dates set forth below.

Pfizer Inc.

____
BY (Name and Title)

____
Witness:

____
Date

[Name of AIG Company]

____
BY (Name and Title)

____
Witness

____
Date

LYNBERG & WATKINS
ATTORNEYS AT LAW
A PROFESSIONAL CORPORATION
SIXTEENTH FLOOR
INTERNATIONAL TOWER PLAZA
888 SOUTH FIGUEROA STREET
LOS ANGELES, CALIFORNIA 90017-2516
(213) 624-8700
FAX 213-627-3732

ORANGE COUNTY OFFICE
2020 EAST FIRST STREET, SUITE 101
SANTA ANA, CALIFORNIA 92705-4015
(714) 873-1220
FAX 714-873-1002

PLEASE REPLY TO:

Los Angeles

CHARLES A. LYNBERG
JUDITH GOLD
NORMAN J. WATKINS
R. JEFF CARLISLE
DANA J. McCUNE
MICHAEL J. LARIN
RANDALL J. PETERS
RIC C. OTTAIANO
DANA ALDEN FOX
STEPHEN M. HARBER
RUTH SEGAL
CATHERINE L. FERRO
CHRISTINE GOSNEY
HELLAR-ANN C. HANCOCK
LOUIS E. MARINO, JR.
DOUGLAS G. MACKAY
WILLIAM F. BERNARD
MICHAEL A. CARTELLI
SHARON P. McALEENAN
PAMELA H. ROTH

PETER B. LANGBORD
CLAUDIA H. HANZLICK
PEGGY KOLKEY
WENDY E. SCHULTZ
SUE ANN SALMON
JAMIE L. BUSCHINO
DAVID K. MORRISON
TIMOTHY F. RIVERS
DAVID C. PIERCE
ROBERT F. McLAUGHLIN
AARON L. BOWERS
ANDREW I. SELMAN
SHARYN G. ALCARAZ
MONIQUE M. HANNO
MARK F. GAMBOA
NICHOLAS R. ANDREA
BRIAN J. GLADSTONE
DINA M. DELAURENTIS
CAROLINE ALBERT
ANTONIA M. CHAN

OF COUNSEL
ROBERT JOHN JENSEN
MARTIN D. KAPLAN
LISA THALER MATHIES

December 19, 1994

VIA FACSIMILE

Rachel Kronowitz, Attorney at Law
Covington & Burling
1201 Pennsylvania Avenue, N.W.
Washington, D.C. 20044

Re: Georgine, et al. v. Amchem Products, Inc., et al. v. Admiral Insurance Company, et al.

Dear Ms. Kronowitz:

On behalf of AIU Insurance Company, American Home Assurance Company, Granite State Insurance Company, Insurance Company of the State of Pennsylvania, Landmark Insurance Company, Lexington Insurance Company, L'Union d'Atlantique Reassurances and National Union Fire Insurance Company of Pittsburgh, PA ("AIU, et al."), we have reviewed a copy of the proposed Stipulation of Settlement Between Class Plaintiffs and the CCR Defendants dated January 15, 1993, with attached Exhibits A through E, as amended ("Stipulation"), which was filed by the Class Plaintiffs in conjunction with the Class Action Complaint against the CCR Defendants in Federal District Court for the Eastern District of Pennsylvania in the above-referenced case. We further understand that effectuation of the Stipulation is expressly conditioned upon approval of the court and satisfaction of certain conditions precedent concerning insurance coverage. This letter is written to satisfy those conditions precedent.

Based upon our review of the Stipulation we have concluded that: (1) The Stipulation is a reasonable compromise and settlement of Pfizer, Inc.'s ("Pfizer") and Quigley Company, Inc.'s ("Quigley") liabilities and legal obligations to the class members; and (2) the allocated share of Pfizer and Quigley pursuant to the Producer Sharing Agreement attached to the Stipulation, of all sums paid pursuant to the terms of the Stipulation is reasonable and Pfizer

Rachel Kronowitz, Attorney at Law
Re: Pfizer
December 19, 1994

Quigley will be legally obligated and liable to pay their allocated shares of all such sums. Accordingly, we agree that agreement to and participation in the Stipulation by Pfizer and Quigley does not breach any express or implied term or condition of the policies issued by AIU, et al., (which are at issue in the above-referenced case) or otherwise provide a valid coverage defense for any obligations or liabilities incurred under the Stipulation by Pfizer and Quigley.

Sincerely,

R. JEFF CARLISLE
LYNBERG & WATKINS
Counsel for AIU Insurance Company, American Home Assurance Company, Granite State Insurance Company, Insurance Company of the State of Pennsylvania, Landmark Insurance Company, Lexington Insurance Company, L'Union d'Atlantique Reassurances and National Union Fire Insurance Company of Pittsburgh, PA ("AIU, et al.")

RJC/di

ATTACHMENT B

<u>SCHEDULE OF AIG SETTLEMENT PAYMENTS</u>

Pymt #	Payment Date	Payment Amount
1	9/30/04	$6,250,000
2	12/31/04	$6,250,000
3	03/31/05	$6,250,000
4	06/30/05	$6,250,000
5	09/30/05	$6,250,000
6	12/31/05	$6,250,000
7	03/31/06	$6,250,000
8	06/30/06	$6,250,000
9	09/30/06	$6,250,000
10	12/31/06	$6,250,000
11	03/31/07	$6,250,000
12	06/30/07	$6,250,000
13	09/30/07	$11,670,602
14	12/31/07	$11,670,602
15	03/31/08	$11,670,602
16	06/30/08	$11,670,602
17	09/30/08	$11,670,602
18	12/31/08	$11,670,602
19	03/31/09	$11,670,602
20	06/30/09	$11,670,602
21	09/30/09	$11,670,602
22	12/31/09	$11,670,602
23	03/31/10	$11,670,602
24	06/30/10	$11,670,602
25	09/30/10	$11,670,602
26	12/31/10	$11,670,602
27	03/31/11	$11,670,602
28	06/30/11	$11,670,602
29	09/30/11	$11,670,602
30	12/31/11	$11,670,602
31	03/31/12	$11,670,602
32	06/30/12	$11,670,602
33	09/30/12	$11,670,602
34	12/31/12	$11,670,602
35	03/31/13	$11,670,602
36	06/30/13	$11,670,602
37	0930/13	$11,670,602
38	12/31/13	$11,670,602
39	03/31/14	$11,670,602
40	06/30/14	$11,670,602
41	09/30/14	$3,970,000
		$405,746,856

ATTACHMENT C

LIST OF INSURANCE POLICIES

Pfizer/Quigley
AIG Products/Completed Operations Limits Available for Asbestos

Carrier	Policy Number	Begin	End	Attachment Point (xs Primary)	Products/Completed Operations Applicable Limit	Remaining Available Products/Completed Operations Limits
AIU Insurance Company	75100745(A)	10/1/1978	10/1/1979	$57,000,000	$2,000,000	$2,000,000
AIU Insurance Company	75100745(B)	10/1/1978	10/1/1979	$82,000,000	$1,000,000	$1,000,000
AIU Insurance Company	75101167(A)	10/1/1979	10/1/1980	$60,000,000	$2,000,000	$2,000,000
AIU Insurance Company	75101167(B)	10/1/1979	10/1/1980	$100,000,000	$1,000,000	$1,000,000
AIU Insurance Company	75101985(A)	10/1/1980	10/1/1981	$60,000,000	$2,000,000	$2,000,000
AIU Insurance Company	75101985(B)	10/1/1980	10/1/1981	$100,000,000	$1,000,000	$1,000,000
AIU Insurance Company	75102089	10/1/1981	10/1/1982	$65,000,000	$2,000,000	$918,520
AIU Insurance Company	75102090	10/1/1981	10/1/1982	$105,000,000	$1,000,000	$1,000,000
AIU Insurance Company	75102095	10/1/1981	10/1/1982	$155,000,000	$1,500,000	$1,500,000
American Home Assurance Co.	CE350060(A)	1/11/1965	10/1/1965	$33,500,000	$1,000,000	$814,718
American Home Assurance Co.	CE350060(B)	10/1/1965	10/1/1966	$33,500,000	$1,000,000	$547,357
American Home Assurance Co.	CE350060(C)	10/1/1966	10/1/1967	$33,500,000	$1,000,000	$426,337
American Home Assurance Co.	CE350060(D)	10/1/1967	10/1/1968	$33,500,000	$1,000,000	$0
American Home Assurance Co.	CE352680(A)	2/1/1967	10/1/1967	$48,500,000	$3,000,000	$3,000,000
American Home Assurance Co.	CE352680(B)	10/1/1967	10/1/1968	$48,500,000	$3,000,000	$0
American Home Assurance Co.	CE352680(C)	10/1/1968	10/1/1969	$48,500,000	$3,000,000	$0
American Home Assurance Co.	CE355488 (A)	10/1/1968	10/1/1969	$43,500,000	$1,000,000	$0
American Home Assurance Co.	CE355488 (B)	10/1/1969	10/1/1970	$43,500,000	$1,000,000	$0
American Home Assurance Co.	CE356547	10/1/1969	10/1/1970	$48,500,000	$3,000,000	$0
American Home Assurance Co.	CE357710	10/1/1970	10/1/1971	$5,000,000	$4,300,000	$0
American Home Assurance Co.	CE355488 (C)	10/1/1970	10/1/1971	$40,000,000	$1,000,000	$0
American Home Assurance Co.	CE2692073	10/1/1971	10/1/1972	$6,500,000	$4,500,000	$0
American Home Assurance Co.	CE3380206	10/1/1972	10/1/1973	$6,500,000	$5,000,000	$0
American Home Assurance Co.	CE3437367(A)	10/1/1973	10/1/1974	$6,500,000	$5,000,000	$5,000,000
American Home Assurance Co.	CE3437367(B)	10/1/1974	10/1/1975	$6,500,000	$5,000,000	$5,000,000
American Home Assurance Co.	CE3437367(C)	10/1/1975	10/1/1976	$6,000,000	$5,000,000	$5,000,000
Birmingham Fire Ins. Co. of PA	SE6073563	10/1/1979	10/1/1980	$100,000,000	$3,000,000	$3,000,000
Birmingham Fire Ins. Co. of PA	SE6073572	10/1/1979	10/1/1980	$150,000,000	$2,000,000	$2,000,000
Birmingham Fire Ins. Co. of PA	SE6073716	10/1/1980	10/1/1981	$100,000,000	$3,000,000	$3,000,000
Birmingham Fire Ins. Co. of PA	SE6073861	10/1/1981	10/1/1982	$105,000,000	$3,000,000	$3,000,000
Colonia Ins Co	SEC5000028	10/1/1980	10/1/1981	$150,000,000	$2,000,000	$2,000,000
Colonia Ins Co	SEC5000039	10/1/1981	10/1/1982	$155,000,000	$2,000,000	$2,000,000
Granite State Insurance Co.	SCLD 8094019	10/1/1976	10/1/1977	$30,000,000	$1,000,000	$1,000,000
Granite State Insurance Co.	SCLD 8094018	10/1/1976	10/1/1977	$40,000,000	$1,000,000	$1,000,000
Granite State Insurance Co.	SCLD8093343(A)	10/1/1977	10/1/1978	$31,500,000	$1,000,000	$1,000,000
Granite State Insurance Co.	SCLD8093343(B)	10/1/1977	10/1/1978	$41,500,000	$1,000,000	$1,000,000
Granite State Insurance Co.	SCLD8093345	10/1/1977	10/1/1978	$61,500,000	$1,000,000	$1,000,000
Granite State Insurance Co.	61780806	10/1/1978	10/1/1979	$20,000,000	$1,500,000	$1,500,000
Granite State Insurance Co.	61780807	10/1/1978	10/1/1979	$57,000,000	$1,500,000	$1,500,000
Granite State Insurance Co.	61791720	10/1/1979	10/1/1980	$25,000,000	$3,000,000	$3,000,000
Granite State Insurance Co.	61791721	10/1/1979	10/1/1980	$60,000,000	$5,000,000	$5,000,000
Granite State Insurance Co.	61802536	10/1/1980	10/1/1981	$25,000,000	$3,000,000	$2,219,000
Granite State Insurance Co.	61802537	10/1/1980	10/1/1981	$60,000,000	$5,000,000	$5,000,000
Granite State Insurance Co.	61802538	10/1/1980	10/1/1981	$150,000,000	$3,000,000	$3,000,000
Granite State Insurance Co.	64815270	10/1/1981	10/1/1982	$30,000,000	$3,000,000	$0
Granite State Insurance Co.	64815271	10/1/1981	10/1/1982	$65,000,000	$5,000,000	$2,296,300
Granite State Insurance Co.	64815272	10/1/1981	10/1/1982	$155,000,000	$3,000,000	$3,000,000
Granite State Insurance Co.	64815273	10/1/1981	10/1/1982	$220,000,000	$2,000,000	$2,000,000
Ins. Co. of the State of PA (INSCOPA)	4104691	10/1/1970	10/1/1971	$5,000,000	$500,000	$0
Ins. Co. of the State of PA (INSCOPA)	4104692	10/1/1970	10/1/1971	$20,000,000	$5,000,000	$0
Ins. Co. of the State of PA (INSCOPA)	41715096	10/1/1971	10/1/1972	$6,500,000	$500,000	$0
Ins. Co. of the State of PA (INSCOPA)	41715097	10/1/1971	10/1/1972	$21,500,000	$5,000,000	$0
Ins. Co. of the State of PA (INSCOPA)	41715095	10/1/1971	10/1/1972	$41,500,000	$1,500,000	$0
Ins. Co. of the State of PA (INSCOPA)	41767273	10/1/1976	10/1/1977	$5,000,000	$500,000	$500,000
Ins. Co. of the State of PA (INSCOPA)	41767274	10/1/1976	10/1/1977	$30,000,000	$1,250,000	$1,250,000
Ins. Co. of the State of PA (INSCOPA)	41778352	10/1/1977	10/1/1978	$5,000,000	$1,000,000	$1,000,000
Ins. Co. of the State of PA (INSCOPA)	41778353	10/1/1977	10/1/1978	$31,500,000	$1,250,000	$1,250,000
Landmark Insurance Company	FE4000086	10/1/1978	10/1/1979	$82,000,000	$2,000,000	$2,000,000
Landmark Insurance Company	FE4001053	10/1/1979	10/1/1980	$100,000,000	$4,000,000	$4,000,000
Landmark Insurance Company	FE4001114	10/1/1980	10/1/1981	$100,000,000	$4,000,000	$4,000,000
Landmark Insurance Company	FE4001122	10/1/1980	10/1/1981	$200,000,000	$6,000,000	$6,000,000
Landmark Insurance Company	FE 4001193	10/1/1981	10/1/1982	$65,000,000	$3,000,000	$1,377,780
Landmark Insurance Company	FE4001194	10/1/1981	10/1/1982	$105,000,000	$11,000,000	$11,000,000
Landmark Insurance Company	FE4001195	10/1/1981	10/1/1982	$220,000,000	$10,000,000	$10,000,000
Lexington Insurance Company	SCP50025(A)	1/11/1965	10/1/1965	$33,500,000	$1,000,000	$755,496
Lexington Insurance Company	SCP50025(B)	10/1/1965	10/1/1966	$33,500,000	$1,000,000	$476,624
Lexington Insurance Company	SCP50025(C)	10/1/1966	10/1/1967	$33,500,000	$1,000,000	$351,393
Lexington Insurance Company	SCP50025(D)	10/1/1967	10/1/1968	$33,500,000	$1,000,000	$0
Lexington Insurance Company	GC402778(A)	10/1/1968	10/1/1969	$33,500,000	$1,000,000	$0
Lexington Insurance Company	GC402778(B)	10/1/1969	10/1/1970	$33,500,000	$1,000,000	$0
Lexington Insurance Company	GC402779(A)	10/1/1968	10/1/1969	$48,500,000	$300,000	$0
Lexington Insurance Company	GC402779(B)	10/1/1969	7/12/1970	$48,500,000	$300,000	$0
Lexington Insurance Company	GC5502909	10/1/1975	10/1/1976	$61,000,000	$2,000,000	$1,679,067
Lexington Insurance Company	GC5502910	10/1/1975	10/1/1976	$71,000,000	$3,000,000	$3,000,000

Pfizer/Quigley

AIG Products/Completed Operations Limits Available for Asbestos

Carrier	Policy Number	Begin	End	Attachment Point (xs Primary)	Products/Completed Operations Applicable Limit	Remaining Available Products/Completed Operations Limits
Lexington Insurance Company	GC 5501717	10/1/1976	10/1/1977	$60,000,000	$4,000,000	$4,000,000
Lexington Insurance Company	5510457	10/1/1977	10/1/1978	$61,500,000	$2,000,000	$2,000,000
Lexington Insurance Company	5512454	10/1/1978	10/1/1979	$82,000,000	$3,000,000	$3,000,000
Lexington Insurance Company	5514905	10/1/1979	10/1/1980	$60,000,000	$3,000,000	$3,000,000
Lexington Insurance Company	5514906	10/1/1979	10/1/1980	$100,000,000	$7,000,000	$7,000,000
Lexington Insurance Company	5520543	10/1/1980	10/1/1981	$60,000,000	$3,000,000	$3,000,000
Lexington Insurance Company	5520544	10/1/1980	10/1/1981	$100,000,000	$7,000,000	$7,000,000
Lexington Insurance Company	5520545	10/1/1980	10/1/1981	$200,000,000	$4,000,000	$4,000,000
L'Union Atlantique D'Assurances, S.A.	79DD225C	10/1/1978	10/1/1979	$35,000,000	$202,645	$202,645
L'Union Atlantique D'Assurances, S.A.	79DD2100C	10/1/1979	10/1/1980	$25,000,000	$321,600	$321,600
National Union Fire Ins. Co. of Pittsburgh, PA	CE1011252(A)	10/1/1968	10/1/1969	$43,500,000	$1,000,000	$0
National Union Fire Ins. Co. of Pittsburgh, PA	CE1011252(B)	10/1/1969	10/1/1970	$43,500,000	$1,000,000	$0
National Union Fire Ins. Co. of Pittsburgh, PA	1189211	10/1/1976	10/1/1977	$5,000,000	$1,250,000	$1,250,000
National Union Fire Ins. Co. of Pittsburgh, PA	1189212	10/1/1976	10/1/1977	$20,000,000	$750,000	$750,000
National Union Fire Ins. Co. of Pittsburgh, PA	1229269(A)	10/1/1977	9/4/1978	$5,000,000	$1,250,000	$1,250,000
National Union Fire Ins. Co. of Pittsburgh, PA	1229269(B)	10/1/1977	9/4/1978	$61,500,000	$750,000	$750,000
National Union Fire Ins. Co. of Pittsburgh, PA	1232924	10/1/1978	10/1/1979	$57,000,000	$2,000,000	$2,000,000
National Union Fire Ins. Co. of Pittsburgh, PA	9782389(A)	10/1/1979	10/1/1980	$100,000,000	$2,000,000	$2,000,000
National Union Fire Ins. Co. of Pittsburgh, PA	9782389(B)	10/1/1979	10/1/1980	$150,000,000	$2,000,000	$2,000,000
National Union Fire Ins. Co. of Pittsburgh, PA	9910407(A)	10/1/1980	10/1/1981	$100,000,000	$2,000,000	$2,000,000
National Union Fire Ins. Co. of Pittsburgh, PA	9910407(B)	10/1/1980	10/1/1981	$150,000,000	$2,000,000	$2,000,000
National Union Fire Ins. Co. of Pittsburgh, PA	9602989(A)	10/1/1981	10/1/1982	$105,000,000	$2,000,000	$2,000,000
National Union Fire Ins. Co. of Pittsburgh, PA	9602989(B)	10/1/1981	10/1/1982	$155,000,000	$2,500,000	$2,500,000
National Union Fire Ins. Co. of Pittsburgh, PA	9602989(C)	10/1/1981	10/1/1982	$220,000,000	$11,000,000	$11,000,000
AIU Insurance Company	75102278	10/1/1982	10/1/1983	$65,000,000	$2,000,000	$952,250
AIU Insurance Company	75102279	10/1/1982	10/1/1983	$105,000,000	$1,000,000	$1,000,000
AIU Insurance Company	75102280	10/1/1982	10/1/1983	$155,000,000	$1,500,000	$1,500,000
AIU Insurance Company	75102281	10/1/1982	10/1/1983	$220,000,000	$4,500,000	$4,500,000
AIU Insurance Company	75102234	10/1/1982	10/1/1983	$290,000,000	$6,000,000	$6,000,000
AIU Insurance Company	75103128	10/1/1983	10/1/1984	$65,000,000	$2,000,000	$2,000,000
AIU Insurance Company	75103129	10/1/1983	10/1/1984	$105,000,000	$1,000,000	$1,000,000
AIU Insurance Company	75103130	10/1/1983	10/1/1984	$181,000,000	$1,500,000	$1,500,000
AIU Insurance Company	75103131	10/1/1983	10/1/1984	$269,500,000	$4,500,000	$4,500,000
AIU Insurance Company	75103132	10/1/1983	10/1/1984	$347,000,000	$6,000,000	$6,000,000
AIU Insurance Company	75104292	10/1/1984	10/1/1985	$54,250,000	$5,000,000	$5,000,000
AIU Insurance Company	75104293	10/1/1984	10/1/1985	$102,200,000	$5,000,000	$5,000,000
AIU Insurance Company	75-104294	10/1/1984	10/1/1985	$167,300,000	$5,000,000	$5,000,000
Granite State Insurance Co.	64845966	10/1/1984	10/1/1985	$10,000,000	$2,250,000	$813,086
Granite State Insurance Co.	64845967	10/1/1984	10/1/1985	$25,000,000	$3,500,000	$2,074,364
Granite State Insurance Co.	64845972	10/1/1984	10/1/1985	$54,250,000	$500,000	$500,000
Illinois National Ins. Co.	8867145(A)	10/1/1983	10/1/1984	$65,000,000	$3,000,000	$3,000,000
Illinois National Ins. Co.	8867145(B)	10/1/1983	10/1/1984	$105,000,000	$11,000,000	$11,000,000
Illinois National Ins. Co.	8867145(C)	10/1/1983	10/1/1984	$269,500,000	$10,000,000	$10,000,000
Landmark Insurance Company	FE 4001417	10/1/1982	10/1/1983	$65,000,000	$3,000,000	$1,428,370
Landmark Insurance Company	FE 4001418	10/1/1982	10/1/1983	$106,000,000	$11,000,000	$11,000,000
Landmark Insurance Company	FE 4001419	10/1/1982	10/1/1983	$220,000,000	$10,000,000	$10,000,000
Landmark Insurance Company	FF4001572	10/1/1984	10/1/1985	$167,300,000	$5,000,000	$5,000,000
Lexington Insurance Company	5526390	10/1/1984	10/1/1985	$102,200,000	$5,000,000	$5,000,000
National Union Fire Ins. Co. of Pittsburgh, PA	9607007(A)	10/1/1982	10/1/1983	$105,000,000	$2,000,000	$2,000,000
National Union Fire Ins. Co. of Pittsburgh, PA	9607007(B)	10/1/1982	10/1/1983	$155,000,000	$2,500,000	$2,500,000
National Union Fire Ins. Co. of Pittsburgh, PA	9607007(C)	10/1/1982	10/1/1983	$220,000,000	$11,000,000	$11,000,000
National Union Fire Ins. Co. of Pittsburgh, PA	9608420(A)	10/1/1983	10/1/1984	$105,000,000	$2,000,000	$2,000,000
National Union Fire Ins. Co. of Pittsburgh, PA	9608420(B)	10/1/1983	10/1/1984	$181,000,000	$2,500,000	$2,500,000
National Union Fire Ins. Co. of Pittsburgh, PA	9608420(C)	10/1/1983	10/1/1984	$269,500,000	$11,000,000	$11,000,000
National Union Fire Ins. Co. of Pittsburgh, PA	9608959	10/1/1984	10/1/1985	$102,200,000	$3,000,000	$3,000,000
AIU Insurance Company	3570152	11/1/1997	11/1/2001	$50,000,000	$75,000,000	$75,000,000

EXHIBIT H

TO

QUIGLEY COMPANY, INC. FIFTH AMENDED AND RESTATED PLAN OF REORGANIZATION UNDER CHAPTER 11 OF THE BANKRUPTCY CODE

AMENDED BYLAWS OF REORGANIZED QUIGLEY

AMENDED AND RESTATED

BY-LAWS

OF

QUIGLEY COMPANY, INC.

ARTICLE I

Offices

Section 1. The registered office of the Corporation shall be in the City of New York, County of New York, State of New York. The Corporation also may have offices at such other places, within or without the State of New York, as the Board of Directors determines from time to time or the business of the Corporation requires.

ARTICLE II

Meetings of Stockholders

Section 1. Place of Meetings. Except as otherwise provided in these By-laws, all meetings of the stockholders shall be held on such dates and at such times and places, within or without the State of New York, as shall be determined by the Board of Directors and as shall be stated in the notice of the meeting or in waivers of notice thereof. If the place of any meeting is not so fixed, it shall be held at the registered office of the Corporation in the State of New York.

Section 2. Annual Meeting. The annual meeting of stockholders for the election of directors and the transaction of such other proper business as may be brought before the

meeting shall be held on such date after the close of the Corporation's fiscal year, and at such time, as the Board of Directors may from time to time determine.

Section 3. Special Meetings. Special meetings of the stockholders, for any purpose or purposes, may be called by the Board of Directors and shall be called by the President or the Secretary upon the written request of a majority of the directors or holders of not less than 50% of the Corporation's outstanding shares entitled to vote at such meeting. The request shall state the date, time, place and purpose or purposes of the proposed meeting.

Section 4. Notice of Meetings. Except as otherwise required or permitted by law, whenever the stockholders are required or permitted to take any action at a meeting, written notice thereof shall be given, stating the place, date and hour of the meeting and, unless it is the annual meeting, by or at whose direction it is being issued. The notice also shall designate the place where the stockholders list is available for examination, unless the list is kept at the place where the meeting is to be held. Notice of a special meeting also shall state the purpose or purposes for which the meeting is called. A copy of the notice of any meeting shall be delivered personally or shall be mailed, not less than 10 and not more than 60 days before the date of the meeting, to each stockholder entitled to vote at the meeting. If mailed, the notice shall be deemed given when deposited in the United States mail, postage prepaid, directed to each stockholder at such stockholder's address as it appears on the records of the Corporation, unless such stockholder shall have filed with the Secretary of the Corporation a written request that such notices be mailed to some other address, in which case it shall be directed to such other address. Notice of any meeting of stockholders need not be given to any stockholder who shall attend the meeting, other than for the express purpose of objecting at the beginning thereof to the transaction of any business because the meeting is not lawfully called or convened, or who shall

submit, either before or after the time stated therein, a signed waiver of notice. Unless the Board of Directors, after an adjournment is taken, shall fix a new record date for an adjourned meeting or unless the adjournment is for more than 30 days, notice of an adjourned meeting need not be given if the place, date and time to which the meeting shall be adjourned are announced at the meeting at which the adjournment is taken.

Section 5. Quorum; Adjournments. Except as otherwise provided by law or by the Certificate of Incorporation of the Corporation, at all meetings of stockholders the holders of a majority of the shares of the Corporation entitled to vote, present in person or represented by proxy, shall constitute a quorum for the transaction of business. If, however, a quorum shall not be present or represented at any meeting of the stockholders, the stockholders entitled to vote thereat, present in person or represented by proxy, shall, by a majority vote of the shares held by such stockholders, have the power to adjourn the meeting from time to time, without notice of the adjourned meeting if the time and place thereof are announced at the meeting at which the adjournment is taken, until a quorum shall be present or represented. Even if a quorum shall be present or represented at any meeting of the stockholders, the stockholders entitled to vote thereat, present in person or represented by proxy, shall, by a majority vote of the shares held by such stockholders, have the power to adjourn the meeting from time to time without notice of the adjourned meeting if the time and place thereof are announced at the meeting at which the adjournment is taken (except as otherwise provided herein), until a date which is not more than 30 days after the date of the original meeting. At any such adjourned meeting, at which a quorum shall be present in person or represented by proxy, any business may be transacted which might have been transacted at the meeting as originally called. If the adjournment is for more than 30 days, or if after the adjournment a new record date is fixed for the adjourned

meeting, notice of the adjourned meeting shall be given to each stockholder of record entitled to vote thereat.

Section 6. Voting. Except as otherwise provided by law or by the Certificate of Incorporation of the Corporation, at any meeting of the stockholders every stockholder of record having the right to vote thereat shall be entitled to one vote for every share of stock standing in his name as of the record date and entitling him to so vote. A stockholder may vote in person or by proxy. Except as otherwise provided by law or by the Certificate of Incorporation, any corporate action to be taken by a vote of the stockholders, other than the election of directors, shall be authorized by the affirmative vote of a majority of the shares present or represented by proxy at the meeting and entitled to vote on the subject matter. Directors shall be elected as provided in Section 2 of Article III of these By-laws. Written ballots shall not be required for voting on any matter unless ordered by the chairman of the meeting.

Section 7. Proxies. Every proxy shall be executed in writing by the stockholder or by his authorized representative, or otherwise as provided in the Business Corporation Law of the State of New York (the "BCL").

Section 8. List of Stockholders. At least 10 days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing their addresses and the number of shares registered in their names as of the record date shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least 10 days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or, if not so specified, at the place where the meeting is to

be held. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present.

Section 9. Conduct of Meetings. At each meeting of the stockholders, the President or, in his absence, any one of the Vice Presidents, in order of their seniority, shall act as chairman of the meeting. The Secretary or, in his absence, any person appointed by the chairman of the meeting shall act as secretary of the meeting and shall keep the minutes thereof. The order of business at all meetings of the stockholders shall be as determined by the chairman of the meeting.

Section 10. Consent of Stockholders in Lieu of Meeting. Unless otherwise provided in the Certificate of Incorporation of the Corporation, any action required to be taken or which may be taken at any annual or special meeting of stockholders may be taken without a meeting, without prior notice and without a vote, if a consent or consents in writing, setting forth the action so taken, shall be signed, in person or by proxy, by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted in person or by proxy and shall be delivered to the Corporation as required by law. Prompt notice of the taking of the corporate action without a meeting by less than unanimous written consent shall be given to those stockholders who have not consented in writing.

ARTICLE III

Board of Directors

Section 1. Number of Directors. Upon effectiveness of these By-Laws, the Board of Directors shall consist of three directors. The number of Directors may be reduced or

increased from time to time by the Board of Directors or the stockholders. Except as otherwise provided in the Certificate of Incorporation of the Corporation (including any Certificates of Designations in respect of any series of Preferred Stock of the Corporation), the number of directors may be reduced or increased from time to time by action of a majority of the whole Board, provided that no decrease may shorten the term of an incumbent director. When used in these By-laws, the term "whole Board" means the total number of directors which the Corporation would have if there were no vacancies.

Section 2. Election and Term. Except as otherwise provided by law, by the Certificate of Incorporation of the Corporation or by these By-laws, the directors shall be elected at the annual meeting of the stockholders and the persons receiving a plurality of the votes cast shall be so elected. Subject to his earlier death, resignation or removal as provided in Section 3 of this Article III, each director shall hold office until his successor shall have been elected and shall have qualified.

Section 3. Removal. Unless otherwise provided by the Certificate of Incorporation of the Corporation, these By-Laws or any contract or agreement to which the Corporation is a party, a director may be removed at any time, with or without cause, by the holders of a majority of the shares then entitled to vote at an election of directors.

Section 4. Resignations. Any director may resign at any time by giving written notice of his resignation to the Corporation. A resignation shall take effect at the time specified therein or, if the time when it shall become effective shall not be specified therein, immediately upon its receipt, and, unless otherwise specified therein, the acceptance of a resignation shall not be necessary to make it effective.

Section 5. Vacancies. Except as otherwise provided in the Certificate of Incorporation of the Corporation, any vacancy in the Board of Directors arising from an increase in the number of directors or otherwise may be filled by the vote of a majority of the directors then in office, although less than a quorum, or by a sole remaining director.

Section 6. Place of Meetings. Except as otherwise provided in these By-laws, all meetings of the Board of Directors shall be held at such places, within or without the State of New York, as the Board determines from time to time.

Section 7. Annual Meeting. The annual meeting of the Board of Directors shall be held either without notice immediately after the annual meeting of stockholders and in the same place, or as soon as practicable after the annual meeting of stockholders on such date and at such time and place as the Board determines from time to time.

Section 8. Regular Meetings. Regular meetings of the Board of Directors shall be held on such dates and at such times and places as the Board determines from time to time. Notice of regular meetings need not be given, except as otherwise required by law.

Section 9. Special Meetings. Special meetings of the Board of Directors, for any purpose or purposes, may be called by the President and shall be called by the President or the Secretary upon the written request of a majority of the directors. The request shall state the date, time, place and purpose or purposes of the proposed meeting.

Section 10. Notice of Meetings. Notice of each special meeting of the Board (and of each annual meeting which is not held immediately after, and in the same place as, the annual meeting of stockholders) shall be given, not later than 24 hours before the meeting is scheduled to commence, by the President or the Secretary and shall state the place, date and time of the meeting. Notice of each meeting may be delivered to a director by hand or given to a

director orally (either by telephone or in person) or mailed, telegraphed or sent by facsimile transmission to a director at his residence or usual place of business, provided, however, that if notice of less than 72 hours is given it may not be mailed. If mailed, the notice shall be deemed given when deposited in the United States mail, postage prepaid; if telegraphed, the notice shall be deemed given when the contents of the telegram are transmitted to the telegraph service with instructions that the telegram immediately be dispatched; and if sent by facsimile transmission, the notice shall be deemed given when transmitted with transmission confirmed. Notice of any meeting need not be given to any director who shall submit, either before or after the time stated therein, a signed waiver of notice or who shall attend the meeting, other than for the express purpose of objecting at the beginning thereof to the transaction of any business because the meeting is not lawfully called or convened. Notice of an adjourned meeting, including the place, date and time of the new meeting, shall be given to all directors not present at the time of the adjournment, and also to the other directors unless the place, date and time of the new meeting are announced at the meeting at the time at which the adjournment is taken.

Section 11. Quorum. Except as otherwise provided by law or in these By-laws, at all meetings of the Board of Directors a majority of the whole Board shall constitute a quorum for the transaction of business, and the vote of a majority of the directors present at a meeting at which a quorum is present shall be the act of the Board. A majority of the directors present, whether or not a quorum is present, may adjourn any meeting to another place, date and time.

Section 12. Conduct of Meetings. At each meeting of the Board of Directors, the President or, in his absence, a director chosen by a majority of the directors present shall act as chairman of the meeting. The Secretary or, in his absence, any person appointed by the chairman of the meeting shall act as secretary of the meeting and keep the minutes thereof. The

order of business at all meetings of the Board shall be as determined by the chairman of the meeting.

Section 13. Committees of the Board. The Board of Directors, by resolution adopted by a majority of the whole Board, may designate an executive committee and other committees, each consisting of one or more directors. Each committee (including the members thereof) shall serve at the pleasure of the Board of Directors and shall keep minutes of its meetings and report the same to the Board. The Board of Directors may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member or members at any meeting of the committee. In addition, in the absence or disqualification of a member of a committee, if no alternate member has been designated by the Board of Directors, the member or members present at any meeting and not disqualified from voting, whether or not they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of the absent or disqualified member. Except as limited by law, each committee, to the extent provided in the resolution of the Board of Directors establishing it, shall have and may exercise all the powers and authority of the Board in the management of the business and affairs of the Corporation.

Section 14. Operation of Committees. A majority of all the members of a committee shall constitute a quorum for the transaction of business, and the vote of a majority of all the members of a committee present at a meeting at which a quorum is present shall be the act of the committee. Each committee shall adopt whatever other rules of procedure it determines for the conduct of its activities.

Section 15. Consent to Action. Any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a

meeting if all members of the Board or committee, as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the Board or committee.

Section 16. Attendance Other Than in Person. Members of the Board of Directors or any committee thereof may participate in a meeting of the Board or committee, as the case may be, by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and such participation shall constitute presence in person at the meeting.

ARTICLE IV

Officers

Section 1. Executive and Other Officers. The Board of Directors may elect or appoint a Chairman, a President, a Secretary, and a Treasurer. The Board of Directors also may elect or appoint one or more Vice Presidents (any of whom may be designated as Executive Vice Presidents or otherwise), and any other officers it deems necessary or desirable for the conduct of the business of the Corporation, each of whom shall have such powers and duties as the Board determines. Any officer may devote less than all of his working time to his activities as such if the Board so approves.

Section 2. Duties.

(a) The Chairman. The Chairman shall have such powers and shall perform such duties as shall from time to time be designated by the Board.

(b) The President. The President shall be the chief executive officer and chief operating officer of the Corporation, and shall preside at all meetings of the stockholders and of the Board of Directors. The President shall have general management of the

business and affairs of the Corporation, subject to the control of the Board of Directors, and he shall have such other powers and duties as the Board assigns to him.

(c) The Vice President. The Vice President or, if there shall be more than one, the Vice Presidents, if any, in the order of their seniority or in any other order determined by the Board of Directors, shall perform, in the absence or disability of the President, the duties and exercise the powers of the President, and shall have such other powers and duties as the Board or the President assigns to him or them.

(d) The Secretary. Except as otherwise provided in these By-laws or as directed by the Board of Directors, the Secretary shall attend all meetings of the stockholders and the Board; he shall record the minutes of all proceedings in books to be kept for that purpose; he shall give notice of all meetings of the stockholders and special meetings of the Board; and he shall keep in safe custody the seal of the Corporation and, when authorized by the Board, he shall affix the same to any corporate instrument. The Secretary shall have such other powers and duties as the Board or the President assigns to him.

(e) The Treasurer. Subject to the control of the Board, the Treasurer shall have the care and custody of the corporate funds and the books relating thereto; and he shall perform all other duties incident to the office of Treasurer. The Treasurer shall have such other powers and duties as the Board or the President assigns to him.

Section 3. Term; Removal. Subject to his earlier death, resignation or removal, each officer shall hold his office until his successor shall have been elected or appointed and shall have qualified, or until his earlier death, resignation or removal. Any officer may be removed at any time, with or without cause, by the Board of Directors.

Section 4. Resignations. Any officer may resign at any time by giving written notice of his resignation to the Corporation. A resignation shall take effect at the time specified therein or, if the time when it shall become effective shall not be specified therein, immediately upon its receipt, and, unless otherwise specified therein, the acceptance of a resignation shall not be necessary to make it effective.

Section 5. Vacancies. If an office becomes vacant for any reason, the Board of Directors or the stockholders may fill the vacancy, and each officer so elected or appointed shall serve for the remainder of his predecessor's term and until his successor shall have been elected or appointed and shall have qualified.

ARTICLE V

Provisions Relating to Stock

Certificates and Stockholders

Section 1. Form, Signatures.

(a) To the extent the Corporation issues any certificates representing some or all classes or series of its stock, each such certificate shall be in a form approved by the Board of Directors and shall be signed by or in the name of the Corporation by the Chairman of the Board, if any, or the President or any Vice-President, and the Treasurer or any Assistant Treasurer or the Secretary or any Assistant Secretary of the Corporation, exhibiting the number and class (and series, if any) of shares owned by such stockholder. Such signatures may be facsimiles. In case any officer who has signed, or whose facsimile signature was placed on, a certificate shall have ceased to be such officer before such certificate is issued, it may

nevertheless be issued by the Corporation with the same effect as if he or she were such officer at the date of its issue.

(b) All requested stock certificates that represent shares of capital stock that are subject to restrictions on transfer or to other restrictions shall have conspicuously noted thereon such notation to such effect as may be required by law or determined by the Board of Directors.

Section 2. Registration of Transfer. Except as provided in the Certificate of Incorporation or any contract or agreement to which the Corporation is a party, upon surrender to the Corporation or any transfer agent of the Corporation of a certificate for shares, if such a certificate was issued, duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, it shall be the duty of the Corporation or its transfer agent to issue, upon request, a new certificate to the person entitled thereto, to cancel the old certificate (if any) and to record the transaction upon its books.

Section 3. Registered Stockholders.

(a) Except as otherwise provided by law, the Corporation shall be entitled to recognize the exclusive right of a person that is registered on its books as the owner of shares of its capital stock to receive dividends or other distributions, to vote as such owner, and to hold liable for calls and assessments any person that is registered on its books as the owner of shares of its capital stock. The Corporation shall not be bound to recognize any equitable or legal claim to or interest in such shares on the part of any other person.

(b) If a stockholder desires that notices and dividends shall be sent to a name or address other than the name or address appearing on the stock ledger maintained by the

Corporation, such stockholder shall have the duty to notify the Corporation of such desire. Such notice shall specify the alternate name or address to be used.

Section 4. Record Date.

(a) In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, the Board of Directors may fix a record date, which record date shall not (i) precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and (ii) be more than 60 nor less than 10 days before the date of such meeting. If no record date is fixed by the Board of Directors, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting taken pursuant to Section 5 of Article II; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

(b) In order that the Corporation may determine the stockholders entitled to consent to corporate action in writing without a meeting, the Board of Directors may fix a record date, which record date shall not (i) precede the date upon which the resolution fixing the record date is adopted by the Board of Directors and (ii) be more than 10 days after the date upon which the resolution fixing the record date is adopted by the Board of Directors. If no record date has been fixed by the Board of Directors, the record date for determining stockholders entitled to consent to corporate action in writing without a meeting, when no prior action by the Board of Directors is required by applicable law, shall be the first date on which a

signed written consent setting forth the action taken or proposed to be taken is delivered to the Corporation by delivery to its registered office, its principal place of business or an officer or agent of the Corporation having custody of the book in which proceedings of meetings of stockholders are recorded. Delivery made to the Corporation's registered office shall be by hand or by certified or registered mail, return receipt requested. If no record date has been fixed by the Board of Directors and prior action by the Board of Directors is required by applicable law, the record date for determining stockholders entitled to consent to corporate action in writing without a meeting shall be at the close of business on the day on which the Board of Directors adopts the resolution taking such prior action.

(c) In order that the Corporation may determine the stockholders entitled to receive payment of any dividend or other distribution or allotment of any rights or the stockholders entitled to exercise any rights in respect of any change, conversion, or exchange of stock, or for the purpose of any other lawful action, the Board of Directors may fix a record date, which record date shall not be more than 60 days prior to such action. If no record date is fixed, the record date for any such purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto.

Section 5. Lost, Stolen or Destroyed Certificates. The Board of Directors may direct, upon request, a new certificate to be issued in place of any certificate theretofore issued by the Corporation, alleged to have been lost, stolen or destroyed. When authorizing such issuance of a new certificate, the Board of Directors may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen or destroyed certificate, or its legal representative, to give the Corporation a bond in such sum, or other security in such

form, as it may direct as indemnity against any claim that may be made against the Corporation with respect to the certificate claimed to have been lost, stolen or destroyed.

ARTICLE VI

Indemnification

Section 1. Indemnification. Unless otherwise determined by the Board of Directors, the Corporation shall, to the fullest extent permitted by the BCL (including, without limitation, Sections 722 and 723 thereof) or other provisions of the laws of New York relating to indemnification of directors, officers, employees and agents, as the same may be amended and supplemented from time to time, indemnify any and all such persons whom it shall have power to indemnify under the BCL or such other provisions of law.

Section 2. Statutory Indemnification. Without limiting the generality of Section 1 of this Article VI, to the fullest extent permitted, and subject to the conditions imposed, by law, and pursuant to the BCL unless otherwise determined by the Board of Directors:

(i) the Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding whether civil, criminal, administrative or investigative (other than an action by or in the right of the Corporation) by reason of the fact that such person is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if such person acted in good faith and in a manner he reasonably believed to be in or

not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful; and

(ii) the Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that such person is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if such person acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Corporation, except as otherwise provided by law.

Section 3. Indemnification by Resolution of Stockholders or Directors or Agreement. Without limiting the generality of Section 1 or Section 2 of this Article VI, to the fullest extent permitted by law, indemnification may be granted, and expenses may be advanced, to the persons described in Section 722 of the BCL or other provisions of the laws of New York relating to indemnification and advancement of expenses, as from time to time may be in effect, by (i) a resolution of stockholders, (ii) a resolution of the Board of Directors, or (iii) an agreement providing for such indemnification and advancement of expenses, provided that no indemnification may be made to or on behalf of any person if a judgment or other final adjudication adverse to the person establishes that such person's acts were committed in bad faith or were the result of active and deliberate dishonesty and were material to the cause of action so adjudicated, or that such person personally gained in fact a financial profit or other advantage to which such person was not legally entitled.

Section 4. General. It is the intent of this Article VI to require the Corporation, unless otherwise determined by the Board of Directors, to indemnify the persons referred to herein for judgments, fines, penalties, amounts paid in settlement and expenses (including attorneys' fees), and to advance expenses to such persons, in each and every circumstance in which such indemnification and such advancement of expenses could lawfully be permitted by express provision of by-laws, and the indemnification and expense advancement provided by this Article VI shall not be limited by the absence of an express recital of such circumstances. The indemnification and advancement of expenses provided by, or granted pursuant to, these By-laws shall not be deemed exclusive of any other rights to which a person seeking indemnification or advancement of expenses may be entitled, whether as a matter of law, under any provision of the Certificate of Incorporation of the Corporation, these By-laws, by agreement, by vote of stockholders or disinterested directors of the Corporation or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office.

Section 5. Indemnification Benefits. Indemnification pursuant to these By-laws shall inure to the benefit of the heirs, executors, administrators and personal representatives of those entitled to indemnification.

ARTICLE VII

General Provisions

Section 1. Dividends. To the extent permitted by law, the Board of Directors shall have full power and discretion, subject to the provisions of the Certificate of Incorporation of the Corporation and the terms of any other corporate document or instrument binding upon the

Corporation, to determine what, if any, dividends or distributions shall be declared and paid or made.

Section 2. Seal. The Corporation may have a corporate seal which shall be in such form as is required by law and approved by the Board of Directors.

Section 3. Fiscal Year. The fiscal year of the Corporation shall be determined by the Board of Directors.

Section 4. Voting Shares in Other Corporations. Unless otherwise directed by the Board of Directors, shares in other corporations which are held by the Corporation shall be represented and voted only by the President or by a proxy or proxies appointed by him.

ARTICLE VIII

Amendments

Section 1. By-Laws may be adopted, amended or repealed by the Board of Directors, provided the conferral of such power on the Board shall not divest the stockholders of the power, or limit their power, to adopt, amend or repeal By-laws.

EXHIBIT I

TO

QUIGLEY COMPANY, INC. FIFTH AMENDED AND RESTATED PLAN OF REORGANIZATION UNDER CHAPTER 11 OF THE BANKRUPTCY CODE

AMENDED CERTIFICATE OF INCORPORATION OF REORGANIZED QUIGLEY

AMENDED AND RESTATED

CERTIFICATE OF INCORPORATION

OF

QUIGLEY COMPANY, INC.
(A NEW YORK CORPORATION)

I, the undersigned, Kim D. Jenkins, being the President of Quigley Company, Inc., a corporation organized and existing under and by virtue of Business Corporation Law of the State of New York (the "BCL"), DO HEREBY CERTIFY:

1. The name of the corporation is Quigley Company, Inc. The date of filing of its original Certificate of Incorporation, under the name Quigley Furnace Specialties Company, Inc., with the Secretary of State was May 18, 1916. A Certificate of Change of Name, changing the corporation's name to Quigley Company, Inc., was filed on July 7, 1930.

2. This Amended and Restated Certificate of Incorporation has been duly adopted and effected in conformity with Section 402 of the BCL and pursuant to the order entered by the United States Bankruptcy and District Courts for the Southern District of New York on [_____], 2012, in the case under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code") encaptioned *In re Quigley Company, Inc.*, Case No. 04-15739 (SMB), confirming the Quigley Company, Inc. Fifth Amended and Restated Plan of Reorganization Under Chapter 11 of the Bankruptcy Code (the "Plan").

3. This Amended and Restated Certificate of Incorporation shall be effective upon filing.

4. This Amended and Restated Certificate of Incorporation restates, integrates and further amends the Certificate of Incorporation of this corporation by restating the text of the original Certificate of Incorporation, as amended and restated, in full to read as follows:

FIRST: The name of the corporation is Quigley Company, Inc. (the "Corporation").

SECOND: The Secretary of State of the State of New York is hereby designated as the agent of the Corporation upon whom process in any action or proceeding against it may be served, and the address to which the Secretary of State shall mail a copy of process in any action or proceeding against the Corporation which may be served upon the Secretary of State is 111 Eighth Avenue, New York, New York 10011. CT Corporation System is the Corporation's registered agent at that address.

THIRD: The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the BCL, provided that the Corporation is not formed to engage in any act or activity requiring the consent or approval of any state official, department, board, agency or other body without such consent or approval first being obtained.

FOURTH: A. The total number of shares of stock which the corporation shall have authority to issue is one thousand shares (1,000), par value one hundred dollars ($100) per share.

B. The corporation shall not issue any class of non-voting equity securities unless, and solely to the extent, permitted by section 1123(a)(6) of the Bankruptcy Code as in effect on the effective date of the Plan and applicable to the Corporation’s chapter 11 case; provided, however, that this Section B of Article FOURTH (i) shall have no further force and effect beyond that required under section 1123(a)(6) of the Bankruptcy Code, (ii) shall have such force and effect, if any, only for so long as section 1123(a)(6) of the Bankruptcy Code is in effect and applicable to the Corporation, and (iii) in all events may be amended or eliminated in accordance with applicable law as from time to time in effect.

FIFTH: Except as otherwise provided by the BCL as the same exists or may hereafter be amended, no director of the Corporation shall be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director; provided, however, that the foregoing shall not apply to liability of a director (i) for any breach of the director's duty of loyalty to the Corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 719 of the BCL, or (iv) for any transaction from which the director derived an improper personal benefit. The Corporation shall indemnify directors and officers of the Corporation to

the fullest extent permitted by the BCL. Any repeal or modification of this Article FIFTH by the stockholders of the Corporation shall not adversely affect any right or protection of a director of the Corporation existing at the time of such repeal or modification.

SIXTH: The Board of Directors shall have the power to adopt, amend or repeal By-laws of the Corporation, subject to the right of the stockholders of the Corporation to adopt, amend or repeal any By-law.

SEVENTH: The Corporation shall, to the fullest extent permitted by the BCL, as the same may be amended and supplemented from time to time, indemnify any and all persons whom it shall have power to indemnify under the BCL. The Corporation also may indemnify such persons pursuant to agreement or resolution of shareholders or directors, from and against any and all of the expenses, liabilities or other matters referred to in or covered by the BCL. The indemnification provided for herein shall not be deemed exclusive of any other rights to which any person may be entitled under any By-law, resolution of shareholders, resolution of directors, agreement or otherwise, as permitted by the BCL, as to action, or as to the failure to act, in any capacity in which such person served at the request of the Corporation.

EIGHTH: The election of directors of the Corporation need not be by written ballot, unless the By-laws of the Corporation otherwise provide.

NINTH: The county, within this state, in which the office of the Corporation is to be located is New York.

The undersigned, being the President of the Corporation, does make and file this Amended and Restated Certificate of Incorporation, hereby declaring and certifying that the facts herein stated are true, and accordingly has hereunto set his hand this ___ day of _____, 2012.

_____

Name: Kim D. Jenkins
Title: President

Quigley Company, Inc.
52 Vanderbilt Ave.
13th Floor
New York, New York 10017

EXHIBIT J

TO

QUIGLEY COMPANY, INC. FIFTH AMENDED AND RESTATED PLAN OF REORGANIZATION UNDER CHAPTER 11 OF THE BANKRUPTCY CODE

[RESERVED]

EXHIBIT K

TO

QUIGLEY COMPANY, INC. FIFTH AMENDED AND RESTATED PLAN OF REORGANIZATION UNDER CHAPTER 11 OF THE BANKRUPTCY CODE

INSURANCE RELINQUISHMENT AGREEMENT

INSURANCE RELINQUISHMENT AGREEMENT

This INSURANCE RELINQUISHMENT AGREEMENT (the "Agreement"), effective as of the Effective Date, is entered into by and between Quigley and Pfizer (the "Parties"). All capitalized terms used herein but not otherwise defined shall have the respective meanings given to such terms in the Quigley Company, Inc. Fifth Amended and Restated Plan of Reorganization Under Chapter 11 of the Bankruptcy Code, as restated, amended, modified, or supplemented from time to time (the "Plan").

RECITALS

WHEREAS, at the time of the entry of the order for relief in the Chapter 11 Case, Quigley was named as a defendant in personal injury actions seeking recovery for damages allegedly caused by the presence of, or exposure to, asbestos and/or asbestos-containing products;

WHEREAS, Quigley has reorganized under the provisions of chapter 11 of the Bankruptcy Code in a case pending in the Bankruptcy Court, known as *In re Quigley Company, Inc.*, Case No. 04-15739 (SMB);

WHEREAS, the Plan, filed by Quigley and supported by the Creditors' Committee and the Future Demand Holders' Representative, has been confirmed by the Bankruptcy Court and affirmed by the District Court;

WHEREAS, the Confirmation Order has been entered or affirmed by the District Court, and such Confirmation Order has become a Final Order;

WHEREAS, the Plan provides for, among other things, the creation of the Asbestos PI Trust;

WHEREAS, all Asbestos PI Claims are channeled to the Asbestos PI Trust;

WHEREAS, pursuant to the Plan, the Asbestos PI Trust is to use its assets and income to pay Asbestos PI Claims as and to the extent provided for in the Asbestos PI Trust Agreement and in the Asbestos PI Trust Distribution Procedures;

WHEREAS, certain insurers issued to Pfizer (a) the Shared Asbestos Insurance Policies listed on Schedule 1 hereto, (b) the Shared Asbestos-Excluded Insurance Policies listed on Schedule 3 hereto, and (c) the Shared Asbestos-Excluded Claims-Made Insurance Policies listed on Schedule 4 hereto;

WHEREAS, Pfizer and Quigley have entered into the Insurance Settlement Agreements listed on Schedule 2 hereto;

WHEREAS, payments made pursuant to the Insurance Settlement Agreements along with other insurance proceeds (exclusive of the AIG Payments made pursuant to the AIG Insurance Settlement Agreement and interest earned thereon) have been jointly held for the

benefit of Pfizer and Quigley in the Insurance Settlement Proceeds Trust and total $____, including interest earned thereon (the "Non-AIG Insurance Proceeds");

WHEREAS, pursuant to the Plan, Pfizer is making the Pfizer Contribution, which includes, among other things, Pfizer's execution of this Insurance Relinquishment Agreement;

WHEREAS, in consideration for the Pfizer Contribution, Pfizer and the other Pfizer Protected Parties are entitled to all of the rights and protections of Asbestos Protected Parties under the Plan, including without limitation, the benefits and protections provided by the Asbestos PI Channeling Injunction; and

WHEREAS, the Parties desire to execute and implement this Agreement as contemplated by the Plan.

NOW, THEREFORE, in consideration of the foregoing promises and the mutual covenants and agreements of the Parties contained herein and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Parties hereby agree as follows:

1. Pfizer's Insurance Relinquishment.

a. Pfizer hereby relinquishes free and clear of all Claims, Liens and Encumbrances, any and all of its rights, titles, privileges, interests, Claims, demands or entitlements to any proceeds, payments, initial or supplemental dividends, scheme payments, supplemental scheme payments, state guaranty fund payments, Causes of Action and choses in action under, for or related to the following: (i) the Products/Completed Operations Coverage remaining under the Shared Asbestos Insurance Policies; (ii) the Insurance Settlement Agreements, solely with respect to the Products/Completed Operations Coverage remaining under the Shared Asbestos Insurance Policies; and (iii) the Non-AIG Insurance Proceeds, subject in the case of (i) and (ii) to Subparagraphs 1.d and 1.e, below.

b. To the extent that claims under the Products/Completed Operations Coverage under any Shared Asbestos Insurance Policy reduces any aggregate, per occurrence or other policy limit of such Shared Asbestos Insurance Policy that is or could potentially be applicable to Asbestos PI Claims, Pfizer hereby also relinquishes free and clear of all Claims, Liens and Encumbrances, its rights, titles, privileges, interests, Claims, demands or entitlements to any proceeds, payments, initial or supplemental dividends, scheme payments, supplemental scheme payments, state guaranty fund payments, Causes of Action and choses in action under, for or related to any aggregate, per occurrence or other policy limit under such Shared Asbestos Insurance Policy, subject to Subparagraphs 1.d and 1.e, below.

c. Pfizer is retaining and not relinquishing its rights, titles, privileges, interests, Claims, demands or entitlements to any proceeds, payments, initial or supplemental dividends, scheme payments, supplemental scheme payments, state guaranty fund payments, Causes of Action and choses in action under, for or related to the Shared Asbestos-Excluded Insurance Policies. Pfizer and Quigley shall continue to share access to such Shared Asbestos-Excluded Insurance Policies on the same first-billed, first-paid basis as was their practice prior to

Quigley's Chapter 11 Case; however, Pfizer hereby relinquishes free and clear of all Claims, Liens and Encumbrances, any and all rights, titles, privileges and interests Pfizer may have to object to any settlement by Quigley concerning any of the Shared Asbestos-Excluded Insurance Policies, provided that such settlement is not manifestly unreasonable.

d. Pfizer is retaining and not relinquishing its rights, titles, privileges, interests, Claims, demands or entitlements to any proceeds, payments, initial or supplemental dividends, scheme payments, supplemental scheme payments, state guaranty fund payments, Causes of Action and choses in action under, for or related to a Shared Asbestos Insurance Policy and/or related Insurance Settlement Agreement in the event there is a final and binding determination (by settlement or adjudication) that such Shared Asbestos Insurance Policy and/or related Insurance Settlement Agreement does not provide Products/Completed Operations Coverage for Asbestos PI Claims; in such event, Pfizer and Quigley shall continue to share access to such Shared Asbestos Insurance Policy and/or related Insurance Settlement Agreement on the same first-billed, first-paid basis as was their practice prior to Quigley's Chapter 11 Case; however, in such event, Pfizer will not object to any settlement by Quigley concerning any such Shared Asbestos Insurance Policy, provided that such settlement is not manifestly unreasonable.

e. Pfizer is retaining and not relinquishing its rights, titles, privileges, interests, Claims, demands or entitlements to any proceeds, payments, initial or supplemental dividends, scheme payments, supplemental scheme payments, state guaranty fund payments, Causes of Action and choses in action under, for or related to any unpaid amount Pfizer billed to any insurer prior to the Petition Date pursuant to any settlement agreement with any Asbestos Insurance Entity (the "Pfizer Insurer Receivables"). The Pfizer Insurance Receivables are listed on Schedule 5 hereto.

2. Quigley's Insurance Relinquishment. Quigley hereby relinquishes free and clear of all Claims, Liens and Encumbrances, any and all of Quigley's rights, titles, privileges, interests, Claims, demands or entitlements to any proceeds, payments, initial or supplemental dividends, scheme payments, supplemental scheme payments, state guaranty fund payments, Causes of Action and choses in action under, for or related to the Shared Asbestos-Excluded Claims-Made Insurance Policies.

3. Intent of Parties. It is the intention of the Parties that Pfizer's relinquishment, as set forth in Paragraph 1, be absolute, and without recourse except as expressly set forth in Paragraph 1. It is the intention of the Parties that Quigley's relinquishment, as set forth in Paragraph 2, be absolute, and without recourse. The Parties intend and affirm that the objective of this Agreement is to consummate the transactions described in the Plan and the other Plan Documents as the transactions to be implemented pursuant to the Insurance Relinquishment Agreement. This Agreement shall be construed by the Parties in a manner consistent with these intentions and objectives.

4. Binding Effect. This Agreement shall be binding upon and inure to the benefit of Quigley and Pfizer and their respective successors and assigns, including without limitation, the Asbestos PI Trust pursuant to the terms of the Plan. Exclusive of those Entities described in the preceding sentence, this Agreement is not intended to, and shall not be

construed, deemed, or interpreted to confer on any Entity not a Party hereto any rights or remedies hereunder.

5. Cooperation. To the fullest extent commercially reasonable, Pfizer shall provide Quigley and/or the Asbestos PI Trust with such cooperation as Quigley and/or the Asbestos PI Trust may request in connection with Quigley's and/or the Asbestos PI Trust's recovery of: (a) the Products/Completed Operations Coverage remaining under the Shared Asbestos Insurance Policies; (b) coverage under the Insurance Settlement Agreements, solely with respect to the Products/Completed Operations Coverage remaining under the Shared Asbestos Insurance Policies; and (c) the Non-AIG Insurance Proceeds. Such cooperation shall include, but is not limited to, Pfizer making its books, records, employees, agents, and professionals reasonably available to Quigley and/or the Asbestos PI Trust during normal business hours on not less than five (5) Business Days' notice. Pfizer shall have the right to require Quigley and/or the Asbestos PI Trust to execute a confidentiality agreement satisfactory to Pfizer prior to Pfizer providing Quigley and/or the Asbestos PI Trust with any information pursuant to this Paragraph 5. Quigley and/or the Asbestos PI Trust shall reimburse Pfizer for its reasonable out-of-pocket costs and expenses (including reasonable attorneys' fees and consultants' fees) incurred in connection with this Paragraph 5. Such reimbursement shall be paid promptly within twenty (20) days following a request for reimbursement accompanied by appropriate documentation.

To the fullest extent commercially reasonable, Quigley shall provide Pfizer with such cooperation as Pfizer may request in connection with Pfizer's recovery of any insurance coverage. Such cooperation shall include, but is not limited to, Quigley making its books, records, employees, agents, and professionals reasonably available to Pfizer during normal business hours on not less than five (5) Business Days' notice. Quigley shall have the right to require Pfizer to execute a confidentiality agreement satisfactory to Quigley prior to Quigley providing Pfizer with any information pursuant to this Paragraph 5. Pfizer shall reimburse Quigley for its reasonable out-of-pocket costs and expenses (including reasonable attorneys' fees and consultants' fees) incurred in connection with this Paragraph 5. Such reimbursement shall be paid promptly within twenty (20) days following a request for reimbursement accompanied by appropriate documentation.

6. Entire Agreement. This Agreement, the Plan, the other Plan Documents, and the Confirmation Order shall constitute the entire agreement and understanding between the Parties with respect to the subject matter hereof and supercede all prior agreements and understandings, oral or written, between the Parties relating to the subject matter of this Agreement. There are no representations, warranties, promises, or inducements, whether oral, written, expressed, or implied, that in any way affect or condition the validity of this Agreement or alter its terms. This Agreement shall have perpetual existence, except as otherwise provided herein.

7. Amendment, Modification and Waiver. No amendment or modification of this Agreement shall be valid unless it is made in writing and signed by the Parties. If required by law at the time such an amendment or modification is made, Bankruptcy Court approval shall also be required for an amendment or modification to be valid. No waiver of any provision of this Agreement, nor consent to any departure from the terms thereof, shall be effective unless it

is in writing and signed by an authorized representative of the Party affected thereby and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which it is given.

8. Governing Law. This Agreement, its validity, interpretation, and application, and the rights and obligations of the Parties under this Agreement, shall be governed by, and be construed and enforced in accordance with, the substantive laws of the state of New York, without regard to any conflicts of law provisions thereof that would result in the application of the laws of any other jurisdiction.

9. Construction. This Agreement is delivered pursuant to and is subject to the Plan. Nothing contained herein is intended to or shall be construed to modify, alter, amend, expand, interpret, supersede, or otherwise change any of the terms of the Plan. In the event of any conflict between the terms of the Plan and the terms of this Agreement, the terms of the Plan shall prevail.

10. Severability. The invalidity, illegality, or unenforceability of any provision of this Agreement pursuant to a judicial or tribunal decree shall not affect the validity or enforceability of any other provision of this Agreement and all other provisions of this Agreement shall remain in full force and effect.

11. Schedules. Pfizer and Quigley hereby agree that: (a) Schedule 1 hereto is a complete and accurate listing of the Shared Asbestos Insurance Policies, which is one and the same as Exhibit C to the Plan; (b) Schedule 2 hereto is a complete and accurate listing of the Insurance Settlement Agreements, which is one and the same as Exhibit F to the Plan, except that Schedule 2 does not include the AIG Companies or the AIG Insurance Settlement Agreement; (c) Schedule 3 hereto is a complete and accurate listing of the Shared Asbestos-Excluded Insurance Policies, which is one and the same as Exhibit D to the Plan; (d) Schedule 4 hereto is a complete and accurate listing of the Shared Asbestos-Excluded Claims Made Policies, which is one and the same as Exhibit E to the Plan; and (e) Schedule 5 hereto is a complete and accurate listing of the Pfizer Insurance Receivables.

12. Authority to Bind. Pfizer represents and warrants that the individual executing this Agreement on behalf of Pfizer has corporate authority to bind Pfizer. Quigley represents and warrants that the individual executing this Agreement on behalf of Quigley has corporate authority to bind Quigley, subject to Bankruptcy Court approval, as necessary.

13. Counterparts. This Agreement may be signed in two or more counterparts, each of which shall be deemed an original, and all of which counterparts taken together shall constitute one and the same agreement. The Parties further agree that counterparts to this Agreement may be delivered by facsimile.

IN WITNESS WHEREOF, the Parties have caused this INSURANCE RELINQUISHMENT AGREEMENT, consisting of six (6) pages and five (5) attachments to be executed by their respective duly authorized representatives.

QUIGLEY COMPANY, INC.

By: ______________________________
Name: ______________________________
Title: ______________________________

PFIZER INC.

By: ______________________________
Name: ______________________________
Title: ______________________________

Schedule 1

Shared Asbestos Insurance Policies*

*The inclusion, exclusion or classification of any insurance policy on this Schedule to the Insurance Relinquishment Agreement does not constitute a determination as to whether any particular insurance policy provides coverage for any Claim or a waiver of any position of any Entity with respect to any coverage defense. As and to the extent provided in the Plan, all applicable Asbestos PI Insurer Coverage Defenses are preserved with respect to all such policies.

SCHEDULE 1-A TO THE INSURANCE RELINQUISHMENT AGREEMENT
SHARED ASBESTOS INSURANCE POLICIES
ISSUED BY SOLVENT INSURERS

Insurer	Policy Number	Start Date	End Date	Remaining Products/Completed Operations Coverage
Aetna Casualty and Surety Co.	01XN141WC *	10/1/70	10/1/71	$3,000,000
Aetna Casualty and Surety Co.	01XN4467WCA	10/1/84	10/1/85	$20,000,000
Aetna Casualty and Surety Co.	01XN4466WCA	10/1/84	10/1/85	$10,000,000
Aetna Casualty and Surety Co.	01XN4465WCA	10/1/84	10/1/85	$8,000,000
Affiliated Factory Mutual Insurance Co.	9027289T(A)	10/1/77	10/1/78	$507,500
Allianz Insurance Co.	UMB599618	10/1/79	10/1/80	$4,991,667
Allianz Insurance Co.	XL559510	10/1/81	10/1/82	$4,991,667
Allianz Underwriters Inc.	AUX5200193	10/1/80	10/1/81	$4,991,667
Assurances Generales De France	UAP65-19-703G(A)	10/1/83	10/1/84	$400,000
Assurances Generales De France	UAP65-19-703G(B)	10/1/84	10/1/85	$500,000
Atlanta International Insurance Co.	XL 06184	10/1/83	10/1/84	$1,000,000
Atlanta International Insurance Co.	XL 06316	10/1/84	10/1/85	$1,000,000
Caisse Industrielle d'Assurance Mutuelle	9027289T(A)	10/1/77	10/1/78	$72,500
Caisse Industrielle d'Assurance Mutuelle	9027289T(B)	10/1/78	10/1/79	$62,500
Centennial Insurance Co.	462018417	10/1/78	10/1/79	$1,400,000
Colonia Vershicherung Aktiengesellschaft	98230200004	10/1/78	10/1/79	$2,500,000
Continental Casualty Co.	RDX9255350(B)	10/1/67	10/1/68	$1,000,000
Continental Casualty Co.	RDX9160814(A)	10/1/67	10/1/68	$127,576
Continental Insurance Co.	SRX1591800[b]	10/1/82	10/1/83	$3,000,000
Continental Insurance Co.	SRX1591800[a]	10/1/82	10/1/83	$2,000,000
Continental Insurance Co.	SRX1592064[b]	10/1/83	10/1/84	$5,000,000
Continental Insurance Co.	SRX1592064[a]	10/1/83	10/1/84	$3,000,000
Drake Insurance Co. of New York	XL01401	10/1/76	10/1/77	$500,000
Employers Insurance Co. of Wausau	5734-00-200381	10/1/83	10/1/84	$7,000,000
Employers Insurance Co. of Wausau	5734-00-200557	10/1/83	10/1/84	$6,000,000
Employers Insurance Co. of Wausau	5734-00-200552	10/1/83	10/1/84	$2,000,000
Employers Surplus Lines Insurance Co.	S1604452(A)	10/1/67	10/1/68	$2,636,066
Employers Surplus Lines Insurance Co.	S1603741(B)	10/1/67	10/1/68	$2,000,000
Employers Surplus Lines Insurance Co.	S1602097(C)	10/1/67	10/1/68	$1,000,000
Employers Surplus Lines Insurance Co.	S1603741(C)	10/1/68	10/1/69	$380,897
Florists Mutual Insurance Co.	UMF0021NY	10/1/83	10/1/84	$3,000,000
Florists Mutual Insurance Co.	UMF0019NY	10/1/83	10/1/84	$870,000
Florists Mutual Insurance Co.	UMF0020NY	10/1/83	10/1/84	$1,000,000
Government Employees Insurance Co.	GXU30061	10/1/81	10/1/82	$6,000,000
Group Ancienne Mutuelle	9.992.758	10/1/79	10/1/80	$500,000
Group Ancienne Mutuelle	5640651	10/1/80	10/1/81	$500,000
Guildhall Insurance Co.	7930-87-66(A)	10/1/82	10/1/83	$1,950,000
Guildhall Insurance Co.	7930-87-66(B)	10/1/83	10/1/84	$1,950,000
Haftpflichtverband der Deutschen Industrie, V.a.G.	EMIL PREUSS	10/1/79	10/1/80	$871,667
Haftpflichtverband der Deutschen Industrie, V.a.G.	EMIL PREUSS	10/1/80	10/1/81	$871,667
Haftpflichtverband der Deutschen Industrie, V.a.G.	EMIL PREUSS	10/1/81	10/1/82	$871,667
Haftpflichtverband der Deutschen Industrie, V.a.G.	EMIL PREUSS	10/1/82	10/1/83	$871,667
Haftpflichtverband der Deutschen Industrie, V.a.G.	EMIL PREUSS	10/1/83	10/1/84	$871,667
Haftpflichtverband der Deutschen Industrie, V.a.G.	EMIL PREUSS	10/1/84	10/1/85	$871,667
Industrial Indemnity Insurance Co.	JE8843452	10/1/84	10/1/85	$4,850,000
International Insurance Co.	FTZ20373	10/1/83	10/1/84	$5,000,000
International Insurance Co.	FTZ20608	10/1/84	10/1/85	$6,000,000
International Insurance Co.	FTZ20607	10/1/84	10/1/85	$5,000,000
International Insurance Co.	FTZ20606	10/1/84	10/1/85	$7,000,000
Korean Reinsurance Corp.	90544120000(A)	2/11/69	10/1/69	$100,000
Korean Reinsurance Corp.	90544110000(A)	2/11/69	10/1/69	$200,000
Korean Reinsurance Corp.	90544110000(B)	10/1/69	10/1/70	$200,000
Korean Reinsurance Corp.	90544120000(B)	10/1/69	10/1/70	$100,000
La Preservatrice Fonciere Tiard	UAP3116981	10/1/80	10/1/81	$200,000
La Preservatrice Fonciere Tiard	UAP9029260(A)	10/1/81	10/1/82	$200,000
La Preservatrice Fonciere Tiard	UAP9029260(B)	10/1/82	10/1/83	$308,000
Le Secours	9027289T(A)	10/1/77	10/1/78	$200,000
Le Secours	9027289T(B)	10/1/78	10/1/79	$200,000
Lilloise d'Assurances et de Reassurances	9.029.260L	10/1/79	10/1/80	$17,566
Lilloise d'Assurances et de Reassurances	UAP3116981	10/1/80	10/1/81	$200,000
Lilloise d'Assurances et de Reassurances	UAP9029260(A)	10/1/81	10/1/82	$200,000
Lilloise d'Assurances et de Reassurances	UAP9029260(B)	10/1/82	10/1/83	$44,000

SCHEDULE 1-A TO THE INSURANCE RELINQUISHMENT AGREEMENT
SHARED ASBESTOS INSURANCE POLICIES
ISSUED BY SOLVENT INSURERS

Insurer	Policy Number	Start Date	End Date	Remaining Products/Completed Operations Coverage
London Guarantee and Accident Co. of NY	LX2107900	10/1/83	10/1/84	$10,000,000
Mead Reinsurance Corp.	XL1060	10/1/79	10/1/80	$1,000,000
Mead Reinsurance Corp.	XL1542	10/1/81	10/1/82	$2,000,000
Motor Vehicle Casualty Co.	M7046796	10/1/81	10/1/82	$1,000,000
Mutuelle Generale Francaise	9027289T(B)	10/1/78	10/1/79	$250,000
Mutuelle Generale Francaise	9.029.260L	10/1/79	10/1/80	$200,000
Mutuelles Unis	5702371	10/1/81	10/1/82	$500,000
Mutuelles Unis	15-028-742	10/1/82	10/1/83	$500,000
Mutuelles Unis	15-037-915(A)	10/1/83	10/1/84	$500,000
Mutuelles Unis	15-037-915(B)	10/1/84	10/1/85	$500,000
National Casualty Co.	XU000031	10/1/82	10/1/83	$4,000,000
National Casualty Co.	XU000066	10/1/83	10/1/84	$1,000,000
New England Insurance Co.	NE00096	10/1/84	10/1/85	$2,500,000
Northbrook Excess and Surplus Insurance Co.	63007189 **	10/1/80	10/1/81	$10,000,000
Northbrook Excess and Surplus Insurance Co.	63007190 **	10/1/80	10/1/81	$10,000,000
Northbrook Indemnity Co.	63007227 **	10/1/80	10/1/81	$2,000,000
Northbrook Indemnity Co.	900018 **	10/1/81	10/1/82	$8,500,000
Old Republic Insurance Co.	OZX-11691[c]	10/1/81	10/1/82	$3,991,803
Puritan Insurance Co.	ML652238[c]	10/1/79	10/1/80	$4,000,000
Puritan Insurance Co.	ML652238[b]	10/1/79	10/1/80	$29,708
Puritan Insurance Co.	ML653113[c]	10/1/80	10/1/81	$4,000,000
Royal Indemnity Co.	ED101515[a]	10/1/82	10/1/83	$6,000,000
Royal Indemnity Co.	ED101515[b]	10/1/82	10/1/83	$2,000,000
Royal Indemnity Co.	ED102250[b]	10/1/83	10/1/84	$800,000
Royal Indemnity Co.	ED102250[c]	10/1/83	10/1/84	$6,000,000
Royal Indemnity Co.	ED102250[d]	10/1/83	10/1/84	$2,000,000
Royal Indemnity Co. (Hartford Group)	RED100036	10/1/82	10/1/83	$5,000,000
Royal Indemnity Co. (Hartford Group)	RED100035	10/1/82	10/1/83	$5,000,000
Royal Indemnity Co. (Hartford Group)	RED100034	10/1/82	10/1/83	$5,000,000
Royal Indemnity Co. (Hartford Group)	RED100033	10/1/82	10/1/83	$1,480,000
Royal Indemnity Co. (Hartford Group)	RED102460	10/1/83	10/1/84	$4,740,000
Royal Indemnity Co. (Hartford Group)	RED102461	10/1/83	10/1/84	$5,000,000
Royal Indemnity Co. (Hartford Group)	RED102462	10/1/83	10/1/84	$5,000,000
Transamerica Insurance Co.	USL13397890	10/1/84	10/1/85	$2,000,000
Twin City Fire Insurance Co.	TXS103141[c]	10/1/83	10/1/84	$4,000,000
Twin City Fire Insurance Co.	TXS103141[b]	10/1/83	10/1/84	$3,000,000
Twin City Fire Insurance Co.	TXS103141[a]	10/1/83	10/1/84	$2,850,000
Union des Assurances de Paris	9027289T(A)	10/1/77	10/1/78	$1,000,000
Union des Assurances de Paris	9027289T(B)	10/1/78	10/1/79	$1,000,000
Union des Assurances de Paris	9.029.260L	10/1/79	10/1/80	$1,600,000
Union des Assurances de Paris	EMIL PREUSS	10/1/79	10/1/80	$2,000,000
Union des Assurances de Paris	EMIL PREUSS	10/1/80	10/1/81	$2,000,000
Union des Assurances de Paris	UAP3116981	10/1/80	10/1/81	$1,600,000
Union des Assurances de Paris	EMIL PREUSS	10/1/81	10/1/82	$2,000,000
Union des Assurances de Paris	UAP9029260(A)	10/1/81	10/1/82	$1,600,000
Union des Assurances de Paris	UAP9029260(B)	10/1/82	10/1/83	$1,408,000
Union des Assurances de Paris	UAP65-19-703G(A)	10/1/83	10/1/84	$1,600,000
Union des Assurances de Paris	UAP65-19-703G(B)	10/1/84	10/1/85	$600,000

* Policy existence in dispute and reserved in Wellington Agreement

** Remaining Products/Completed Operations Coverage subject to potential adjustment pursuant to Section VI of the Settlement Agreement Between and Among Pfizer Inc., Quigley Company, Inc. and Allstate Insurance Company Concerning Asbestos-Related Bodily Injury Claims effective June 1, 1999, as amended in or around April, 2004, pursuant to an Addendum to Settlement Agreement Between and Among Pfizer Inc., Quigley Company, Inc. and Allstate Insurance Company Concerning Asbestos-Related Bodily Injury Claims.

All capitalized terms used in this Schedule 1-A to the Insurance Relinquishment Agreement shall have the meanings ascribed to them in the Plan. This Schedule 1-A is qualified in its entirety by reference to the Plan.

SCHEDULE 1-B TO THE INSURUANCE RELINQUISHMENT AGREEMENT
SHARED ASBESTOS INSURANCE POLICIES ISSUED BY INSOLVENT INSURERS

Insurer	Policy Number	Start Date	End Date	Original Products/Completed Operations Coverage
Andrew Weir Insurance Co. Ltd.	C/L67E8161(A)	10/1/67	10/1/68	$267,873
Andrew Weir Insurance Co. Ltd.	L67E8161A(A)	10/1/67	10/1/68	$24,650
Andrew Weir Insurance Co. Ltd.	L67E8161A(A)	10/1/67	10/1/68	$175,568
Andrew Weir Insurance Co. Ltd.	635/65/11618/1/BB402218(D)	10/1/67	10/1/68	$343,750
Andrew Weir Insurance Co. Ltd.	C/L67E8161(B)	10/1/68	10/1/69	$267,873
Andrew Weir Insurance Co. Ltd.	L67E8161A(B)	10/1/68	10/1/69	$24,650
Andrew Weir Insurance Co. Ltd.	L67E8161A(B)	10/1/68	10/1/69	$175,568
Andrew Weir Insurance Co. Ltd.	C/L67E8161(C)	10/1/69	10/1/70	$267,873
Andrew Weir Insurance Co. Ltd.	L67E8161A(C)	10/1/69	10/1/70	$24,650
Andrew Weir Insurance Co. Ltd.	L67E8161A(C)	10/1/69	10/1/70	$175,568
Andrew Weir Insurance Co. Ltd.	545/FUL078325 (A)	10/1/70	10/1/71	$100,425
Andrew Weir Insurance Co. Ltd.	545/FUL078325 (B)	10/1/71	11/30/71	$16,738
Andrew Weir Insurance Co. Ltd.	FUL078783	12/1/71	10/1/72	$82,050
Andrew Weir Insurance Co. Ltd.	545FUL079054 (A)	10/1/72	10/1/73	$99,400
Beacon Insurance Co.	NX0165462	10/1/80	10/1/81	$1,000,000
Bercanus Insurance Co., Ltd.	BX404278	10/1/78	10/1/79	$2,000,000
Bercanus Insurance Co., Ltd.	BX404279	10/1/79	10/1/80	$1,000,000
Bermuda Fire & Marine Insurance Co.	545/FUL078325 (A)	10/1/70	10/1/71	$62,498
Bermuda Fire & Marine Insurance Co.	545/FUL078327 (A)	10/1/70	10/1/71	$31,250
Bermuda Fire & Marine Insurance Co.	545/FUL078325 (B)	10/1/71	11/30/71	$10,416
Bermuda Fire & Marine Insurance Co.	545/FUL078327 (B)	10/1/71	11/30/71	$5,208
Bermuda Fire & Marine Insurance Co.	FUL078783	12/1/71	10/1/72	$36,600
Bermuda Fire & Marine Insurance Co.	FUL078784	12/1/71	10/1/72	$14,879
Bermuda Fire & Marine Insurance Co.	77DD2215	10/1/77	10/1/78	$160,000
Bermuda Fire & Marine Insurance Co.	77DD2216	10/1/77	10/1/78	$62,500
Bermuda Fire & Marine Insurance Co.	79DD219C	10/1/78	10/1/79	$458,400
Bermuda Fire & Marine Insurance Co.	79DD219C	10/1/78	10/1/79	$500,160
Bermuda Fire & Marine Insurance Co.	79DD221C	10/1/78	10/1/79	$140,977
Bermuda Fire & Marine Insurance Co.	79DD221C	10/1/78	10/1/79	$460,681
Bermuda Fire & Marine Insurance Co.	799DD2099C	10/1/79	10/1/80	$497,000
Bermuda Fire & Marine Insurance Co.	799DD2099C	10/1/79	10/1/80	$499,500
Bermuda Fire & Marine Insurance Co.	5435561980	10/1/80	10/1/81	$439,200
Bermuda Fire & Marine Insurance Co.	5435561980	10/1/80	10/1/81	$500,000
Bermuda Fire & Marine Insurance Co.	56550/81	10/1/81	10/1/82	$459,500
British National Insurance Co. Ltd.	C/L67E8161(A)	10/1/67	10/1/68	$153,000
British National Insurance Co. Ltd.	L67E8161A(A)	10/1/67	10/1/68	$24,650
British National Insurance Co. Ltd.	635/67/11618/2/B09448 (B)	10/1/67	10/1/68	$1,000,000
British National Insurance Co. Ltd.	C/L67E8161(B)	10/1/68	10/1/69	$153,000
British National Insurance Co. Ltd.	L67E8161A(B)	10/1/68	10/1/69	$24,650
British National Insurance Co. Ltd.	L/C68E10166 (A) 65116185	10/1/68	10/1/69	$99,910
British National Insurance Co. Ltd.	635/67/11618/2/B09448 (C)	10/1/68	10/1/69	$1,000,000
British National Insurance Co. Ltd.	L/C68E10166 (B) 65116185	10/1/69	10/1/70	$99,910
Bryanston Insurance Co. Ltd.	799DD2099C	10/1/79	10/1/80	$292,000
Bryanston Insurance Co. Ltd.	5435561980	10/1/80	10/1/81	$258,750
Bryanston Insurance Co. Ltd.	56550/81	10/1/81	10/1/82	$287,500
Citizens Casualty Co. of New York	XP8323(A)	10/1/67	10/1/68	$1,000,000
Citizens Casualty Co. of New York	XP8323(B)	10/1/68	10/1/69	$1,000,000
Citizens Casualty Co. of New York	XP8323(C)	10/1/69	10/1/70	$1,000,000
City Insurance Co.	HEC9693654	10/1/77	10/1/78	$3,500,000
City Insurance Co.	HEC9693655	10/1/77	10/1/78	$3,000,000
City Insurance Co.	HEC9694238	10/1/78	3/2/79	$3,500,000
City Insurance Co.	HEC9694241	10/1/78	10/1/79	$1,000,000
City Insurance Co.	HEC9694249	10/1/78	10/1/79	$2,000,000
City Insurance Co.	HEC9825650	10/1/78	10/1/79	$3,000,000
City Insurance Co.	HEC9826285	10/1/79	10/1/80	$5,000,000
City Insurance Co.	HEC9826283	10/1/79	10/1/80	$2,000,000
City Insurance Co.	HEC9826286	10/1/79	10/1/80	$5,000,000
City Insurance Co.	HEC9826284	10/1/79	10/1/80	$5,500,000
City Insurance Co.	HEC9902986	10/1/80	10/1/81	$5,000,000

SCHEDULE 1-B TO THE INSURUANCE RELINQUISHMENT AGREEMENT
SHARED ASBESTOS INSURANCE POLICIES ISSUED BY INSOLVENT INSURERS

Insurer	Policy Number	Start Date	End Date	Original Products/Completed Operations Coverage
City Insurance Co.	HEC9902984	10/1/80	10/1/81	$2,000,000
City Insurance Co.	HEC9902985	10/1/80	10/1/81	$5,000,000
City Insurance Co.	HEC9902983	10/1/80	10/1/81	$5,500,000
City Insurance Co.	HEC1198734	10/1/81	10/1/82	$5,000,000
City Insurance Co.	HEC1198735	10/1/81	10/1/82	$5,500,000
City Insurance Co.	HEC1198736	10/1/81	10/1/82	$7,000,000
Colonial Assurance Co.	CGL226572	10/1/76	10/1/77	$500,000
Colonial Assurance Co.	CGL226776	10/1/77	10/1/78	$500,000
Compagnie Europeene de Reassurance	9027289T(B)	10/1/78	10/1/79	$192,500
Dart Insurance Co. Ltd. n/k/a Kingscroft Insurance Co. Ltd.	77DD2215	10/1/77	10/1/78	$123,040
Dart Insurance Co. Ltd. n/k/a Kingscroft Insurance Co. Ltd.	77DD2216	10/1/77	10/1/78	$48,000
Dart Insurance Co. Ltd. n/k/a Kingscroft Insurance Co. Ltd.	79DD219C	10/1/78	10/1/79	$404,640
Dart Insurance Co. Ltd. n/k/a Kingscroft Insurance Co. Ltd.	79DD221C	10/1/78	10/1/79	$124,166
Dart Insurance Co. Ltd. n/k/a Kingscroft Insurance Co. Ltd.	799DD2099C	10/1/79	10/1/80	$584,500
Dart Insurance Co. Ltd. n/k/a Kingscroft Insurance Co. Ltd.	5435561980	10/1/80	10/1/81	$595,350
Dart Insurance Co. Ltd. n/k/a Kingscroft Insurance Co. Ltd.	56550/81	10/1/81	10/1/82	$919,500
El Paso Insurance Co. Ltd.	79DD219C	10/1/78	10/1/79	$188,640
El Paso Insurance Co. Ltd.	79DD221C	10/1/78	10/1/79	$58,101
El Paso Insurance Co. Ltd.	799DD2099C	10/1/79	10/1/80	$292,000
El Paso Insurance Co. Ltd.	5435561980	10/1/80	10/1/81	$258,300
El Paso Insurance Co. Ltd.	56550/81	10/1/81	10/1/82	$445,500
English & American Insurance Co. Ltd.	C/L67E8161(A)	10/1/67	10/1/68	$111,488
English & American Insurance Co. Ltd.	C/L67E8161(A)	10/1/67	10/1/68	$133,787
English & American Insurance Co. Ltd.	L67E8161A(A)	10/1/67	10/1/68	$87,686
English & American Insurance Co. Ltd.	635/67/11618/2/B09448 (B)	10/1/67	10/1/68	$83,333
English & American Insurance Co. Ltd.	C/L67E8161(B)	10/1/68	10/1/69	$111,488
English & American Insurance Co. Ltd.	C/L67E8161(B)	10/1/68	10/1/69	$133,787
English & American Insurance Co. Ltd.	L67E8161A(B)	10/1/68	10/1/69	$87,686
English & American Insurance Co. Ltd.	C/L67E8161(C)	10/1/69	10/1/70	$111,488
English & American Insurance Co. Ltd.	C/L67E8161(C)	10/1/69	10/1/70	$133,787
English & American Insurance Co. Ltd.	L67E8161A(C)	10/1/69	10/1/70	$87,686
English & American Insurance Co. Ltd.	545/FUL078325 (A)	10/1/70	10/1/71	$100,425
English & American Insurance Co. Ltd.	545/FUL078325 (B)	10/1/71	11/30/71	$16,738
English & American Insurance Co. Ltd.	FUL078783	12/1/71	10/1/72	$61,575
English & American Insurance Co. Ltd.	545FUL079054 (A)	10/1/72	10/1/73	$49,700
English & American Insurance Co. Ltd.	545FUL079054 (B)	10/1/73	10/1/74	$49,700
Great Atlantic Insurance Co.	Unknown	5/1/79	10/1/79	$1,000,000
Home Insurance Co.	HEC9544065(D)	10/1/67	10/1/68	$3,000,000
Home Insurance Co.	HEC9557962(B)	10/1/67	10/1/68	$3,250,000
Home Insurance Co.	HEC9304815(A)	10/1/68	10/1/69	$3,000,000
Home Insurance Co.	HEC9557962(C)	10/1/68	10/1/69	$3,250,000
Home Insurance Co.	HEC9304815(B)	10/1/69	10/1/70	$3,000,000
Home Insurance Co.	HEC9792923	10/1/70	10/1/71	$5,000,000
Home Insurance Co.	HEC9304815(C)	10/1/70	10/1/71	$3,000,000
Home Insurance Co.	HEC4165804	10/1/71	10/1/72	$1,500,000
Home Insurance Co.	HEC9794909	10/1/71	10/1/72	$3,925,000
Home Insurance Co.	HEC4428564	10/1/72	10/1/73	$5,000,000
Home Insurance Co.	HEC4356556(A)	10/1/72	10/1/73	$10,000,000
Home Insurance Co.	HEC4763976(A)	10/1/73	10/1/74	$5,000,000
Home Insurance Co.	HEC4356556(B)	10/1/73	10/1/74	$10,000,000
Home Insurance Co.	HEC4763976(B)	10/1/74	10/1/75	$5,000,000
Home Insurance Co.	HEC4356556(C)	10/1/74	10/1/75	$10,000,000
Home Insurance Co.	HEC4763976(C)	10/1/75	10/1/76	$4,500,000
Home Insurance Co.	HEC9006900	10/1/75	10/1/76	$10,000,000
Home Insurance Co.	HEC9328635	10/1/76	10/1/77	$3,000,000
Home Insurance Co.	HEC9328639	10/1/76	10/1/77	$3,500,000
Home Insurance Co.	HEC9329037	10/1/76	10/1/77	$1,000,000
Home Insurance Co.	HEC9320937	10/1/77	10/1/78	$750,000
Home Insurance Co.	HEC1199864	10/1/82	10/1/83	$7,000,000
Home Insurance Co.	HEC1199866	10/1/82	10/1/83	$5,000,000
Home Insurance Co.	HEC1199865	10/1/82	10/1/83	$5,500,000

SCHEDULE 1-B TO THE INSURANCE RELINQUISHMENT AGREEMENT
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Insurer	Policy Number	Start Date	End Date	Original Products/Completed Operations Coverage
Home Insurance Co.	HEC1203817	10/1/83	10/1/84	$7,000,000
Home Insurance Co.	HEC1203816	10/1/83	10/1/84	$5,500,000
Home Insurance Co.	HEC1203815	10/1/83	10/1/84	$5,000,000
Ideal Mutual Insurance Co.	0005[a]	10/1/79	10/1/80	$500,000
Ideal Mutual Insurance Co.	0005[b]	10/1/79	10/1/80	$500,000
Ideal Mutual Insurance Co.	0039[a]	10/1/80	10/1/81	$500,000
Ideal Mutual Insurance Co.	0039[b]	10/1/80	10/1/81	$500,000
Ideal Mutual Insurance Co.	0081[a]	10/1/81	10/1/82	$500,000
Ideal Mutual Insurance Co.	0081[b]	10/1/81	10/1/82	$2,500,000
Ideal Mutual Insurance Co.	0121[a]	10/1/82	10/1/83	$500,000
Ideal Mutual Insurance Co.	0121[b]	10/1/82	10/1/83	$2,500,000
Ideal Mutual Insurance Co.	0171[a]	10/1/83	10/1/84	$500,000
Ideal Mutual Insurance Co.	0171[b]	10/1/83	10/1/84	$2,500,000
Integrity Insurance Co.	XL200440	10/1/78	10/1/79	$1,000,000
Integrity Insurance Co.	XL201386	10/1/79	10/1/80	$2,000,000
Integrity Insurance Co.	XL201567	10/1/80	10/1/81	$3,000,000
Integrity Insurance Co.	XL203532	10/1/81	10/1/82	$3,000,000
The London & Overseas Insurance Co. Ltd.	C/L67E8161(A)	10/1/67	10/1/68	$200,980
The London & Overseas Insurance Co. Ltd.	L67E8161A(A)	10/1/67	10/1/68	$131,725
The London & Overseas Insurance Co. Ltd.	L67E8161A(A)	10/1/67	10/1/68	$147,900
The London & Overseas Insurance Co. Ltd.	635/65/11618/1/BB402218(D)	10/1/67	10/1/68	$343,750
The London & Overseas Insurance Co. Ltd.	635/67/11618/2/B09448 (B)	10/1/67	10/1/68	$125,000
The London & Overseas Insurance Co. Ltd.	C/L67E8161(B)	10/1/68	10/1/69	$200,980
The London & Overseas Insurance Co. Ltd.	L67E8161A(B)	10/1/68	10/1/69	$131,725
The London & Overseas Insurance Co. Ltd.	L67E8161A(B)	10/1/68	10/1/69	$147,900
The London & Overseas Insurance Co. Ltd.	635/67/11618/2/B09448 (C)	10/1/68	10/1/69	$125,000
The London & Overseas Insurance Co. Ltd.	C/L67E8161(C)	10/1/69	10/1/70	$200,980
The London & Overseas Insurance Co. Ltd.	L67E8161A(C)	10/1/69	10/1/70	$131,725
The London & Overseas Insurance Co. Ltd.	L67E8161A(C)	10/1/69	10/1/70	$147,900
Louisville Insurance Co. Ltd. n/k/a Lime Street Insurance Co. Ltd.	5435561980	10/1/80	10/1/81	$310,500
Louisville Insurance Co. Ltd. n/k/a Lime Street Insurance Co. Ltd.	56550/81	10/1/81	10/1/82	$345,000
Midland Insurance Co.	XL1849	10/1/70	10/1/71	$200,000
Midland Insurance Co.	XL2803	10/1/70	10/1/71	$250,000
Midland Insurance Co.	XL1851	10/1/71	10/1/72	$1,000,000
Midland Insurance Co.	SL590006(A)	10/1/71	4/1/72	$200,000
Midland Insurance Co.	XL1850	10/1/71	10/1/72	$1,000,000
Midland Insurance Co.	SL590006(B)	4/1/72	10/1/72	$475,000
Midland Insurance Co.	SL590231	10/1/72	10/1/73	$1,500,000
Midland Insurance Co.	XL1110170159731(A)	10/1/72	10/1/73	$2,000,000
Midland Insurance Co.	1113170150734(A)	10/1/73	10/1/74	$1,500,000
Midland Insurance Co.	XL1110170159731(B)	10/1/73	10/1/74	$2,000,000
Midland Insurance Co.	1113170150734(B)	10/1/74	10/1/75	$1,500,000
Midland Insurance Co.	XL1110170159731(C)	10/1/74	10/1/75	$2,000,000
Midland Insurance Co.	XL145084(A)	10/1/74	10/1/75	$24,000,000
Midland Insurance Co.	XL145714	10/1/75	10/1/76	$1,000,000
Midland Insurance Co.	XL145692	10/1/75	10/1/76	$2,000,000
Midland Insurance Co.	XL145690	10/1/75	10/1/76	$1,000,000
Midland Insurance Co.	XL145084(B)	10/1/75	10/1/76	$24,000,000
Midland Insurance Co.	XL151962	10/1/76	10/1/77	$4,000,000
Midland Insurance Co.	XL151963	10/1/76	10/1/77	$5,000,000
Midland Insurance Co.	XL151964	10/1/76	10/1/77	$2,000,000
Midland Insurance Co.	XL151965	10/1/76	10/1/77	$4,500,000
Midland Insurance Co.	XL151966	10/1/76	10/1/77	$5,000,000
Midland Insurance Co.	XL145084(C)	10/1/76	10/1/77	$24,000,000
Midland Insurance Co.	XL151657	10/1/77	10/1/78	$3,000,000
Midland Insurance Co.	XL151658	10/1/77	10/1/78	$2,000,000
Midland Insurance Co.	XL148492	10/1/77	10/1/78	$1,250,000
Midland Insurance Co.	XL160162	10/1/78	10/1/79	$4,500,000
Midland Insurance Co.	XL160166	10/1/78	10/1/79	$1,000,000
Midland Insurance Co.	XL153060	10/1/79	10/1/80	$4,500,000
Midland Insurance Co.	XL153061	10/1/79	10/1/80	$500,000

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Insurer	Policy Number	Start Date	End Date	Original Products/Completed Operations Coverage
Midland Insurance Co.	XL713016	10/1/80	10/1/81	$4,500,000
Midland Insurance Co.	XL713017	10/1/80	10/1/81	$500,000
Midland Insurance Co.	XL724567	10/1/81	10/1/82	$5,000,000
Midland Insurance Co.	XL724568	10/1/81	10/1/82	$2,000,000
Midland Insurance Co.	XL724569	10/1/81	10/1/82	$3,000,000
Midland Insurance Co.	XL749137	10/1/83	10/1/84	$5,000,000
Midland Insurance Co.	XL770672	10/1/84	10/1/85	$4,500,000
Midland Insurance Co.	XL770673	10/1/84	10/1/85	$1,950,000
Midland Insurance Co.	XL770671	10/1/84	10/1/85	$2,000,000
Midland Insurance Co.	XL770670	10/1/84	10/1/85	$4,000,000
Midland Property & Casualty Co.	XL802057	10/1/83	10/1/84	$1,000,000
Mission Insurance Co.	M830560	10/1/75	10/1/76	$4,000,000
Mission Insurance Co.	M877509	10/1/81	10/1/82	$1,000,000
Mission Insurance Co.	M877506	10/1/81	10/1/82	$4,000,000
Mission Insurance Co.	M888753	10/1/83	10/1/84	$1,000,000
Mission Insurance Co.	M888752	10/1/83	10/1/84	$4,000,000
Mission Insurance Co.	M890532	10/1/84	10/1/85	$4,000,000
Mutual Reinsurance Co. Ltd.	77DD2215	10/1/77	10/1/78	$246,240
Mutual Reinsurance Co. Ltd.	77DD2216	10/1/77	10/1/78	$96,125
Mutual Reinsurance Co. Ltd.	79DD219C	10/1/78	10/1/79	$485,760
Mutual Reinsurance Co. Ltd.	79DD221C	10/1/78	10/1/79	$149,235
Mutual Reinsurance Co. Ltd.	799DD2099C	10/1/79	10/1/80	$526,000
Mutual Reinsurance Co. Ltd.	5435561980	10/1/80	10/1/81	$465,300
Mutual Reinsurance Co. Ltd.	56550/81	10/1/81	10/1/82	$517,500
North Atlantic Insurance Co. Ltd.	FUL078784	12/1/71	10/1/72	$83,333
North Atlantic Insurance Co. Ltd.	545FUL079054 (A)	10/1/72	10/1/73	$99,400
North Atlantic Insurance Co. Ltd.	545FUL079054 (B)	10/1/73	10/1/74	$99,400
North Atlantic Insurance Co. Ltd.	545FUL079054 (C)	10/1/74	10/1/75	$99,400
North Atlantic Insurance Co. Ltd.	545FUL079054 (D)	10/1/75	10/1/76	$97,500
Northeastern Fire Insurance Co.	226247	5/25/79	10/1/79	$1,000,000
Northeastern Fire Insurance Co.	230647	10/1/79	10/1/80	$1,000,000
Orion N/M (The Orion Insurance Co. plc)	C/L67E8161(A)	10/1/67	10/1/68	$92,707
Orion N/M (The Orion Insurance Co. plc)	L67E8161A(A)	10/1/67	10/1/68	$73,950
Orion N/M (The Orion Insurance Co. plc)	C/L67E8161(B)	10/1/68	10/1/69	$92,707
Orion N/M (The Orion Insurance Co. plc)	L67E8161A(B)	10/1/68	10/1/69	$73,950
Orion N/M (The Orion Insurance Co. plc)	C/L67E8161(C)	10/1/69	10/1/70	$92,707
Orion N/M (The Orion Insurance Co. plc)	L67E8161A(C)	10/1/69	10/1/70	$73,950
Orion T (The Orion Insurance Co. plc)	C/L67E8161(A)	10/1/67	10/1/68	$148,651
Orion T (The Orion Insurance Co. plc)	C/L67E8161(A)	10/1/67	10/1/68	$214,179
Orion T (The Orion Insurance Co. plc)	L67E8161A(A)	10/1/67	10/1/68	$140,376
Orion T (The Orion Insurance Co. plc)	L67E8161A(A)	10/1/67	10/1/68	$737,800
Orion T (The Orion Insurance Co. plc)	635/65/11618/1/BB402218(D)	10/1/67	10/1/68	$137,500
Orion T (The Orion Insurance Co. plc)	635/65/11618/1/BB402218(D)	10/1/67	10/1/68	$206,250
Orion T (The Orion Insurance Co. plc)	C/L67E8161(B)	10/1/68	10/1/69	$148,651
Orion T (The Orion Insurance Co. plc)	C/L67E8161(B)	10/1/68	10/1/69	$214,179
Orion T (The Orion Insurance Co. plc)	L67E8161A(B)	10/1/68	10/1/69	$140,376
Orion T (The Orion Insurance Co. plc)	L67E8161A(B)	10/1/68	10/1/69	$737,800
Orion T (The Orion Insurance Co. plc)	C/L67E8161(C)	10/1/69	10/1/70	$214,179
Orion T (The Orion Insurance Co. plc)	L67E8161A(C)	10/1/69	10/1/70	$140,376
Orion T (The Orion Insurance Co. plc)	L67E8161A(C)	10/1/69	10/1/70	$737,800
Pine Top Insurance Co.	MLP100024[b]	10/1/77	10/1/78	$1,500,000
Pine Top Insurance Co.	MLP100024[c]	10/1/77	10/1/78	$500,000
Pine Top Insurance Co.	MLP100024[d]	10/1/77	10/1/78	$1,500,000
Pine Top Insurance Co.	MLP100024[a]	10/1/77	10/1/78	$2,000,000
Pine Top Insurance Co.	MLP101235[a]	10/1/78	10/1/79	$2,000,000
Pine Top Insurance Co.	MLP101235[b]	10/1/78	10/1/79	$2,000,000
Pine Top Insurance Co.	MLP101235[c]	10/1/78	10/1/79	$3,000,000
Pine Top Insurance Co.	MLP101235[d]	10/1/78	10/1/79	$3,000,000
Protective National Insurance Co.	XUB1807209	10/1/82	10/1/83	$9,000,000
Protective National Insurance Co.	XUB1807255	10/1/83	10/1/84	$2,000,000
Southern American Insurance Co.	545/FUL078325 (A)	10/1/70	10/1/71	$50,018
Southern American Insurance Co.	545/FUL078327 (A)	10/1/70	10/1/71	$25,000

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Southern American Insurance Co.	545/FUL078325 (B)	10/1/71	11/30/71	$8,336
Southern American Insurance Co.	545/FUL078327 (B)	10/1/71	11/30/71	$4,167
Southern American Insurance Co.	FUL078783	12/1/71	10/1/72	$29,325
Southern American Insurance Co.	FUL078784	12/1/71	10/1/72	$11,908
Southern American Insurance Co.	545FUL079054 (A)	10/1/72	10/1/73	$36,000
Southern American Insurance Co.	545FUL079054 (B)	10/1/73	10/1/74	$36,000
Southern American Insurance Co.	545FUL079054 (C)	10/1/74	10/1/75	$36,000
Southern American Insurance Co.	545FUL079054 (D)	10/1/75	10/1/76	$35,900
Southern American Insurance Co.	04006XX800065	10/1/78	10/1/79	$500,000
Southern American Insurance Co.	04006XX800070	10/1/78	10/1/79	$1,000,000
St. Helens	635/65/11618/1/BB402218(D)	10/1/67	10/1/68	$275,000
St. Louis Fire & Marine Insurance Co.	IXL16846(D)	10/1/67	10/1/68	$1,000,000
Transit Casualty Co.	SCU955002	12/1/78	10/1/79	$10,000,000
Transit Casualty Co.	UMB950042	10/1/79	10/1/80	$5,000,000
Transit Casualty Co.	SCU955279	10/1/79	10/1/80	$5,000,000
Transit Casualty Co.	UMB950111	10/1/80	10/1/81	$5,000,000
Transit Casualty Co.	SCU955670	10/1/80	10/1/81	$5,000,000
Transit Casualty Co.	SCU955671	10/1/80	10/1/81	$5,000,000
Transit Casualty Co.	UMB950191	10/1/81	10/1/82	$5,000,000
Transit Casualty Co.	SCU956041	10/1/81	10/1/82	$2,000,000
Transit Casualty Co.	SCU956042	10/1/81	10/1/82	$5,000,000
Transit Casualty Co.	SCU956043	10/1/81	10/1/82	$7,000,000
Transit Casualty Co.	SCU956343	10/1/82	10/1/83	$2,000,000
Transit Casualty Co.	SCU956342	10/1/82	10/1/83	$5,000,000
Transit Casualty Co.	SCU956344	10/1/82	10/1/83	$5,000,000
Transit Casualty Co.	UMB950260	10/1/82	10/1/83	$10,000,000
Transit Casualty Co.	UMB950324	10/1/83	10/1/84	$5,000,000
Transit Casualty Co.	SCU956616	10/1/83	10/1/84	$5,000,000
Transit Casualty Co.	SCU956617	10/1/83	10/1/84	$5,000,000
Transit Casualty Co.	SCU956619	10/1/83	10/1/84	$5,000,000
Transit Casualty Co.	SCU956618	10/1/83	10/1/84	$5,000,000
Transit Casualty Co.	SCU956993	10/1/84	10/1/85	$4,500,000
Transit Casualty Co.	UMB950420	10/1/84	10/1/85	$5,000,000
Transit Casualty Co.	SCU956990	10/1/84	10/1/85	$2,750,000
Transit Casualty Co.	SCU956989	10/1/84	10/1/85	$2,750,000
Transit Casualty Co.	SCU956991	10/1/84	10/1/85	$4,500,000
Transit Casualty Co.	SCU956992	10/1/84	10/1/85	$2,500,000
Union Indemnity Insurance Co.	UF1100042	10/1/78	10/1/79	$2,000,000
Union Indemnity Insurance Co.	UF1100155	10/1/79	10/1/80	$2,000,000
Union Indemnity Insurance Co.	UF1100273	10/1/80	10/1/81	$1,000,000
Union Indemnity Insurance Co.	UF1100645	10/1/81	10/1/82	$1,000,000
Union Indemnity Insurance Co.	UF1100918	10/1/82	10/1/83	$1,000,000
Union Indemnity Insurance Co.	UF1101132	10/1/83	10/1/84	$1,000,000
Walbrook Insurance Co. Ltd.	545FUL079054 (A)	10/1/72	10/1/73	$427,000
Walbrook Insurance Co. Ltd.	545FUL079054 (B)	10/1/73	10/1/74	$427,000
Walbrook Insurance Co. Ltd.	545FUL079054 (C)	10/1/74	10/1/75	$427,000
Walbrook Insurance Co. Ltd.	545FUL079054 (D)	10/1/75	10/1/76	$419,100
Walbrook Insurance Co. Ltd.	77DD2215	10/1/77	10/1/78	$393,760
Walbrook Insurance Co. Ltd.	77DD2216	10/1/77	10/1/78	$153,875
Walbrook Insurance Co. Ltd.	79DD219C	10/1/78	10/1/79	$998,400
Walbrook Insurance Co. Ltd.	79DD221C	10/1/78	10/1/79	$306,727
Walbrook Insurance Co. Ltd.	799DD2099C	10/1/79	10/1/80	$1,198,000
Walbrook Insurance Co. Ltd.	5435561980	10/1/80	10/1/81	$1,059,750
Walbrook Insurance Co. Ltd.	56550/81	10/1/81	10/1/82	$1,336,000

All capitalized terms used in this Schedule 1-B to the Insurance Relinquishment Agreement shall have the meanings ascribed to them in the Plan. This Schedule 1-B is qualified in its entirety by reference to the Plan.

Schedule 2

Insurance Settlement Agreements

SCHEDULE 2 TO THE INSURANCE RELINQUISHMENT AGREEMENT
INSURANCE SETTLEMENT AGREEMENTS

Name of Insurance Settlement Agreement(s)	Asbestos Insurance Entity(ies)	Settling Asbestos Insurance Entity(ies)
• Settlement and Insurance Policy Repurchase Agreement and Release dated August 24, 2010 and approved by the Bankruptcy Court on January 14, 2011 • Agreement Concerning Asbestos-Related Claims, dated June 19, 1985 (Wellington Agreement)	Arrowood Indemnity Company (f/k/a Royal Indemnity Company)	Yes
• Agreement Among Pfizer Inc., Quigley Company, Inc. and Centennial Insurance Company, dated September 19, 2005 and approved by Bankruptcy Court on December 22, 2005 • Settlement Agreement Among Pfizer Inc., Quigley Company, Inc. and Centennial Insurance Company, dated March 17, 1999	Centennial Insurance Company	Yes

All capitalized terms used in this Schedule 2 to the Insurance Relinquishment Agreement shall have the meanings ascribed to them in the Plan. This Schedule 2 is qualified in its entirety by reference to the Plan.

SCHEDULE 2 TO THE INSURANCE RELINQUISHMENT AGREEMENT

INSURANCE SETTLEMENT AGREEMENTS

Name of Insurance Settlement Agreement(s)	Asbestos Insurance Entity(ies)	Settling Asbestos Insurance Entity(ies)
• Settlement Agreement Among Pfizer Inc., Quigley Company, Inc., Century Indemnity Company and Other Signatory Insurers, dated May 19, 2008 and approved by the Bankruptcy Court on July 23, 2008 • Agreement Concerning Asbestos-Related Claims, dated June 19, 1985 (Wellington Agreement) • Confidential Settlement Agreement Between Pfizer Inc. and Quigley Company, Inc. and Cravens, Dargan & Company, Pacific Coast (as managing general agent for Highlands Insurance Company) effective October 1, 1994 • Confidential Settlement Agreement Between Pfizer Inc. and Quigley Company, Inc. and Cravens, Dargan & Company, Pacific Coast (as managing general agent for Central National Insurance Company) effective October 1, 1994	(1) Century Indemnity Company (successor to both (a) CCI Insurance Company, successor to Insurance Company of North America with respect to certain policies and (b) CIGNA Specialty Insurance Company f/k/a California Union Insurance Company); (2) Insurance Company of North America; (3) Highlands Insurance Company in Receivership, by and through its claims handling agent, Cravens, Dargan & Co., Pacific Coast; (4) ACE Property and Casualty Insurance Company (f/k/a CIGNA Property & Casualty Insurance Company), as successor in interest to Central National Insurance Company of Omaha, but only with respect to policies issued through Cravens, Dargan & Co., Pacific Coast; (5) ACE Property & Casualty Insurance Company (f/k/a CIGNA Property & Casualty Insurance Company), as successor in interest to Motor Vehicle Casualty Company, but only with respect to policies issued through Cravens, Dargan & Company, Pacific Coast; and (6) Westchester Fire Insurance Company	Yes

All capitalized terms used in this Schedule 2 to the Insurance Relinquishment Agreement shall have the meanings ascribed to them in the Plan. This Schedule 2 is qualified in its entirety by reference to the Plan.

SCHEDULE 2 TO THE INSURANCE RELINQUISHMENT AGREEMENT

INSURANCE SETTLEMENT AGREEMENTS

Name of Insurance Settlement Agreement(s)	Asbestos Insurance Entity(ies)	Settling Asbestos Insurance Entity(ies)
• Settlement Agreement Among Pfizer Inc., Quigley Company, Inc. and Certain Insurers, dated June 3, 2008 and approved by Bankruptcy Court on July 23, 2008 • Settlement Agreement Concerning Asbestos-Related Bodily Injury Claims, dated August 11, 1999	(1) AXA France IARD, as successor in interests and liabilities to Union des Assurances de Paris; (2) AXA Corporate Solutions Assurances, as successor in interests and liabilities to Le Secours a/k/a Uni Europe and Mutuelles Unies a/k/a Group Ancienne Mutuelle; (3) Caisse Industrielle d'Assurance Mutuelle; (4) FM Insurance Company, Ltd. (as successor to Affiliated Factory Mutual Paris); (5) AXA Versicherung AG, as successor to Union des Assurances de Paris in respect of the Emil Preuss Policies (Underwriting years 10/1/79 – 10/1/80; 10/1/80-10/1/81; and 10/1/81-10/1/82); (6) Assurances Generales de France IART SA on behalf of itself, its predecessors, assigns and affiliates including, but not limited to La Preservatrice Fonciere Assurances, La Preservatrice Fonciere Tiard, La Fonciere Assurances Transports Accident, Lilloise D'Assurance and as successor in interests and liabilities to these companies; and (vii) MMA IARD Assurances Mutuelles as successor to Mutuelle Generale Francaise	Yes

All capitalized terms used in this Schedule 2 to the Insurance Relinquishment Agreement shall have the meanings ascribed to them in the Plan. This Schedule 2 is qualified in its entirety by reference to the Plan.

SCHEDULE 2 TO THE INSURANCE RELINQUISHMENT AGREEMENT
INSURANCE SETTLEMENT AGREEMENTS

Name of Insurance Settlement Agreement(s)	Asbestos Insurance Entity(ies)	Settling Asbestos Insurance Entity(ies)
• Settlement Agreement and Release Between and Among Pfizer Inc., Quigley Company, Inc. and Continental Insurance Company (on its own behalf and as successor to London Guarantee and Accident Company of New York), Continental Casualty Company, and Fidelity & Casualty Company, dated January 30, 2009 and approved by Bankruptcy Court on February 19, 2009 • Settlement Agreement Between and Among Pfizer Inc and Its Wholly-Owned Subsidiary, Quigley Company, Inc. and Continental Casualty Company, dated April 27, 1999 • Agreement Concerning Asbestos-Related Claims, dated June 19, 1985 (Wellington Agreement)	(1) Continental Insurance Company (on its own behalf and as successor to London Guarantee and Accident Company of New York); (2) Continental Casualty Company; and (3) Fidelity & Casualty Company	Yes
• Settlement Agreement and Release Pfizer Inc., Quigley Company, Inc., and Nationwide Indemnity Company, on behalf of Employers Insurance of Wausau, dated March 18, 2009 and approved by the Bankruptcy Court on June 9, 2009 • Agreement Concerning Asbestos-Related Claims, dated June 19, 1985 (Wellington Agreement)	(1) Employers Insurance of Wausau and (2) Nationwide Indemnity Company, solely in its capacity as claims administrator for Employers Insurance of Wausau	Yes
• Addendum to Settlement Agreement Among Pfizer Inc, Quigley Company, Inc. and Everest Reinsurance Company, dated July 6, 2004 and related Bankruptcy Court order dated March 30, 2006 • Settlement Agreement Among Pfizer Inc, Quigley Company, Inc. and Everest Reinsurance Company, effective June 1, 1999	Everest Reinsurance Company	Yes

All capitalized terms used in this Schedule 2 to the Insurance Relinquishment Agreement shall have the meanings ascribed to them in the Plan. This Schedule 2 is qualified in its entirety by reference to the Plan.

SCHEDULE 2 TO THE INSURANCE RELINQUISHMENT AGREEMENT
INSURANCE SETTLEMENT AGREEMENTS

Name of Insurance Settlement Agreement(s)	Asbestos Insurance Entity(ies)	Settling Asbestos Insurance Entity(ies)
• Settlement and Insurance Policy Repurchase Agreement and Release between and among Pfizer Inc., Quigley Company, Inc., and Hartford, dated October 28, 2008 and approved by the Bankruptcy Court on June 9, 2009 • Agreement Concerning Asbestos-Related Claims, dated June 19, 1985 (Wellington Agreement)	(1) First State Insurance Company, on its own behalf and as the real party in interest as to those of the Policies issued by Royal Indemnity Company; (2) Hartford Accident and Indemnity Company; (3) New England Insurance Company (4) First State Underwriters Agency of New England Reinsurance Corporation; and (5) Twin City Fire Insurance Company	Yes, as to (1) First State Insurance Company, on its own behalf and as the real party in interest as to those of the Policies issued by Royal Indemnity Company; (2) First State Underwriters Agency of New England Reinsurance Corporation; and (3) Twin City Fire Insurance Company
• Settlement Agreement Among Pfizer Inc., Quigley Company, Inc., and Haftplflichtverband der Deutschen Industrie, V.a.G, dated September 8, 2009 and approved by the Bankruptcy Court on October 13, 2009	HDI-Gerling Industrie Versicherung AG, as successor to Haftpflichterband der Deutschen Industrie, V.a.G.	Yes
• Agreement Among Pfizer Inc., Quigley Company, Inc. and Old Republic Insurance Company, dated December 9, 2005 and approved by Bankruptcy Court on March 1, 2006 • Settlement Agreement Between Pfizer Inc., Quigley Company, Inc., and Old Republic Insurance Company, dated June 16, 1998	Old Republic Insurance Company	Yes

All capitalized terms used in this Schedule 2 to the Insurance Relinquishment Agreement shall have the meanings ascribed to them in the Plan. This Schedule 2 is qualified in its entirety by reference to the Plan.

SCHEDULE 2 TO THE INSURANCE RELINQUISHMENT AGREEMENT

INSURANCE SETTLEMENT AGREEMENTS

Name of Insurance Settlement Agreement(s)	Asbestos Insurance Entity(ies)	Settling Asbestos Insurance Entity(ies)
• Settlement Agreement and Release between and among Pfizer Inc., Quigley Company, Inc., and OneBeacon Insurance Company, the successor-in-interest to CGU Insurance, which in turn is the successor-in-interest to Commercial Union Insurance Company, dated June 19, 2009 and approved by Bankruptcy Court on July 16, 2009 • Settlement Agreement Among Pfizer Inc., Quigley Company, Inc. and OneBeacon Insurance Company, dated February 7, 2008 and approved by Bankruptcy Court on March 6, 2008 • Settlement Agreement Between and Among Pfizer Inc, Quigley Company, Inc. and CGU Insurance Regarding Asbestos-Related Bodily Injury Claims, dated March 25, 1999	OneBeacon Insurance Company, the successor-in-interest to CGU Insurance, which in turn is the successor-in-interest to Commercial Union Insurance Company	Yes
• Agreement Among Pfizer Inc., Quigley Company, Inc. and Stonewall Insurance Company dated March 31, 2006 and approved by Bankruptcy Court on April 27, 2006 • Settlement Agreement Among Pfizer Inc., Quigley Company, Inc. and Stonewall Insurance Company Concerning Certain Asbestos-Related Claims, dated August 31, 1999	Stonewall Insurance Company	Yes
• Agreement Among Pfizer Inc., Quigley Company, Inc. and Westport Insurance Company, dated November 28, 2005 and approved by Bankruptcy Court on March 1, 2006 • Settlement Agreement Between Pfizer Inc., Quigley Company, Inc. and Westport Insurance Company, dated June 1, 1999	Westport Insurance Company, including its predecessor Puritan Insurance Company	Yes

All capitalized terms used in this Schedule 2 to the Insurance Relinquishment Agreement shall have the meanings ascribed to them in the Plan. This Schedule 2 is qualified in its entirety by reference to the Plan.

SCHEDULE 2 TO THE INSURANCE RELINQUISHMENT AGREEMENT
INSURANCE SETTLEMENT AGREEMENTS

Name of Insurance Settlement Agreement(s)	Asbestos Insurance Entity(ies)	Settling Asbestos Insurance Entity(ies)
• Addendum to Settlement Agreement Between and Among Pfizer Inc., Quigley Company, Inc. and Allstate Insurance Company dated April 14, 2004 • Settlement Agreement Between and Among Pfizer Inc., Quigley Company, Inc. and Allstate Insurance Company Concerning Asbestos-Related Bodily Injury Claims, dated April 18, 2000	Allstate Insurance Company, solely as successor-in-interest to Northbrook Indemnity Company and Northbrook Excess and Surplus Insurance Company, formerly Northbrook Insurance Company	No
• Settlement Agreement Between Pfizer Inc., Quigley Company, Inc. and Colonia Versicherung Aktiengesellschaft, dated November 12, 1998	Colonia Versicherung Aktiengesellschaft	No
• Settlement Agreement Between Pfizer Inc, Quigley Company, Inc. and Eurinco Allegemeine Versicherungs, A.G., dated December 13, 1995	Eurinco Allegemeine Versicherungs, A.G.	No
• Agreement Concerning Asbestos-Related Claims, dated June 19, 1985 (Wellington Agreement)	TIG Insurance Company, as successor by merger to International Insurance Company	No
	Travelers Casualty and Surety Company (f/k/a The Aetna Casualty and Surety Company)	No
• Notice of Offer to Settle Between Colonial Assurance Company and Pfizer, dated February 7, 1992	Colonial Assurance Company	No
• Notices of Established Liability, dated January 20, 2006 and July 4, 2006	Compagnie Europeenne de Reassurances SA	No
• Various Notices of Determination from Integrity Insurance Company, dated July 22, 2002, June 3, 2005, June 24, 2005 and April 11, 2006	Integrity Insurance Company	No

All capitalized terms used in this Schedule 2 to the Insurance Relinquishment Agreement shall have the meanings ascribed to them in the Plan. This Schedule 2 is qualified in its entirety by reference to the Plan.

SCHEDULE 2 TO THE INSURANCE RELINQUISHMENT AGREEMENT
INSURANCE SETTLEMENT AGREEMENTS

Name of Insurance Settlement Agreement(s)	Asbestos Insurance Entity(ies)	Settling Asbestos Insurance Entity(ies)
• Settlement Agreement and Release Between Pfizer Inc. and KWELM Management Services Limited, dated September 29, 2004	Kingscroft Insurance Co. Ltd. (formerly Dart Insurance Company Limited, Dart and Kraft Insurance Company Limited, and Kraft Insurance Company Limited), Walbrook Insurance Company, El Paso Insurance Company, Limited, Lime Street Insurance Company, Limited (formerly Louisville Insurance Company Limited) Mutual Reinsurance Company Limited, The Bermuda Fire and Marine Insurance Company, Limited (In Liquidation), Southern American Insurance Company (In Liquidation)	No
• Policyholder Claims Approval Agreement Between Mission Insurance Company Trust, Mission National Insurance Company Trust and the Enterprise Insurance Company Trust, the California Insurance Guarantee Association and Pfizer Inc., dated February 28, 2003	Mission Insurance Company, Mission National Insurance Company	No
• Notice of Claim Valuation from Northeastern Fire Insurance Company, dated November 9, 1993	Northeastern Fire Insurance Company	No
• Agreement for Claims Determination By and Between the Liquidator of The Protective National Insurance Company of Omaha, executed in April 2007 and approved by Bankruptcy Court on June 13, 2007	The Protective National Insurance Company of Omaha	No
• Notice of Determination from Southern American Insurance Company, dated August 19, 2003	Southern American Insurance Company	No
• Settlement Agreement and Full Release Between Pfizer Inc. and Transit Casualty Company in Receivership, dated July 24, 2001	Transit Casualty Company	No

All capitalized terms used in this Schedule 2 to the Insurance Relinquishment Agreement shall have the meanings ascribed to them in the Plan. This Schedule 2 is qualified in its entirety by reference to the Plan.

Schedule 3

Shared Asbestos-Excluded Insurance Policies*

* The inclusion, exclusion or classification of any insurance policy on this Schedule to the Insurance Relinquishment Agreement does not constitute a determination as to whether any particular insurance policy provides coverage for any Claim or a waiver of any position of any Entity with respect to any coverage defense. As and to the extent provided in the Plan, all applicable Asbestos PI Insurer Coverage Defenses are preserved with respect to all such policies.

SCHEDULE 3-A TO THE INSURANCE RELINQUISHMENT AGREEMENT
SHARED ASBESTOS-EXCLUDED INSURANCE POLICIES ISSUED BY SOLVENT INSURERS

Insurer	Policy Number	Start Date	End Date	Remaining Products/Completed Operations Coverage
Allianz Insurance Co.	XL559533	10/1/82	10/1/83	$9,991,667
Allianz Underwriters Inc.	AUX5201730	10/1/83	10/1/84	$9,991,667
Allianz Underwritiers Insurance Co.	AUX5201730	10/1/84	10/1/85	$9,991,667
Aetna Casualty and Surety Co.	01XN3520WCA	10/1/82	10/1/83	$5,000,000
Aetna Casualty and Surety Co.	01XN3521WCA	10/1/82	10/1/83	$5,000,000
Aetna Casualty and Surety Co.	01XN3522WCA	10/1/82	10/1/83	$15,000,000
Aetna Casualty and Surety Co.	01XN3873WCA	10/1/83	10/1/84	$5,000,000
Aetna Casualty and Surety Co.	01XN3874WCA	10/1/83	10/1/84	$5,000,000
Aetna Casualty and Surety Co.	01XN3875WCA	10/1/83	10/1/84	$15,000,000
Birmingham Fire Insurance Co. of PA	SE6074008	10/1/82	10/1/83	$3,000,000
Birmingham Fire Insurance Co. of PA	SE6074009	10/1/82	10/1/83	$5,000,000
Birmingham Fire Insurance Co. of PA	SE6074167	10/1/83	10/1/84	$4,000,000
Birmingham Fire Insurance Co. of PA	SE6074168	10/1/83	10/1/84	$5,000,000
Birmingham Fire Insurance Co. of PA	SE6074394	10/1/84	10/1/85	$5,000,000
Birmingham Fire Insurance Co. of PA	SE6074393	10/1/84	10/1/85	$5,000,000
Colonia Insurance Co.	SEC5000052	10/1/82	10/1/83	$2,000,000
Colonia Insurance Co.	SEC5000075	10/1/83	10/1/84	$2,000,000
Employers Insurance Co. of Wausau	5733-00-200381	10/1/82	10/1/83	$7,000,000
Employers Insurance Co. of Wausau	5735-00-101098[c]	10/1/84	10/1/85	$5,000,000
Employers Insurance Co. of Wausau	5735-00-101098[d]	10/1/84	10/1/85	$5,000,000
Employers Insurance Co. of Wausau	5735-00-101098[e]	10/1/84	10/1/85	$5,000,000
Government Employees Insurance Co.	GXU30190	10/1/82	10/1/83	$6,000,000
Government Employees Insurance Co.	GXU30315	10/1/83	10/1/84	$7,000,000
Granite State Insurance Co.	6482-5493	10/1/82	10/1/83	$2,380,620
Granite State Insurance Co.	6482-5494	10/1/82	10/1/83	$3,000,000
Granite State Insurance Co.	6482-5495	10/1/82	10/1/83	$2,000,000
Granite State Insurance Co.	6483-5681	10/1/83	10/1/84	$1,789,710
Granite State Insurance Co.	6483-5682	10/1/83	10/1/84	$5,000,000
Granite State Insurance Co.	6483-5683	10/1/83	10/1/84	$3,000,000
Granite State Insurance Co.	6483-5684	10/1/83	10/1/84	$4,000,000
Hartford Accident & Indemnity Co.	10XSCB6955	10/1/82	10/1/83	$1,000,000
Hartford Accident & Indemnity Co.	10XS103176	10/1/83	10/1/84	$5,000,000
Hartford Accident & Indemnity Co.	10XS103401	10/1/84	10/1/85	$1,000,000
Hudson Insurance Co.	HN01239	10/1/83	10/1/84	$8,500,000
Insurance Co. of North America (INA)	XCP144986[b]	10/1/82	10/1/83	$1,000,000
Insurance Co. of North America (INA)	XCP144986[c]	10/1/82	10/1/83	$5,000,000
Insurance Co. of North America (INA)	XCP144986[d]	10/1/82	10/1/83	$2,000,000
Insurance Co. of North America (INA)	XCP144986[e]	10/1/82	10/1/83	$9,000,000
Insurance Co. of North America (INA)	XCP144986[f]	10/1/82	10/1/83	$10,000,000
Insurance Co. of North America (INA)	XCP145704[a]	10/1/83	10/1/84	$587,500
Insurance Co. of North America (INA)	XCP145704[b]	10/1/83	10/1/84	$1,000,000
Insurance Co. of North America (INA)	XCP145704[c]	10/1/83	10/1/84	$10,000,000
Insurance Co. of North America (INA)	XCP145704[d]	10/1/83	10/1/84	$7,000,000
Insurance Co. of North America (INA)	XCP145704[e]	10/1/83	10/1/84	$9,000,000
Insurance Co. of North America (INA)	XCP145704[f]	10/1/83	10/1/84	$10,000,000
Insurance Co. of North America (INA)	XCP156440[b]	10/1/84	10/1/85	$4,000,000
Insurance Co. of North America (INA)	XCP156440[c]	10/1/84	10/1/85	$10,000,000
Insurance Co. of North America (INA)	XCP156440[d]	10/1/84	10/1/85	$12,000,000
Mead Reinsurance Corp.	XL1686	10/1/82	10/1/83	$1,763,452
Mead Reinsurance Corp.	XL1806	10/1/83	10/1/84	$5,000,000
Mead Reinsurance Corp.	XL1993	10/1/84	10/1/85	$2,500,000
New England Insurance Co.	NE00792	10/1/84	10/1/85	$5,000,000
New England Reinsurance Co.	791945	10/1/82	10/1/83	$1,500,000
New England Reinsurance Co.	791946	10/1/82	10/1/83	$5,000,000
New England Reinsurance Co.	791947	10/1/82	10/1/83	$2,500,000
New England Reinsurance Co.	791948	10/1/82	10/1/83	$3,000,000
New England Reinsurance Co.	792108	10/1/82	10/1/83	$1,000,000
New England Reinsurance Co.	792086	10/1/83	10/1/84	$1,430,000
New England Reinsurance Co.	792087	10/1/83	10/1/84	$5,000,000
New England Reinsurance Co.	792088	10/1/83	10/1/84	$2,500,000
New England Reinsurance Co.	792090	10/1/83	10/1/84	$3,000,000
Twin City Fire Insurance Co.	TXS101639[a]	10/1/82	10/1/83	$3,000,000
Twin City Fire Insurance Co.	TXS101639[b]	10/1/82	10/1/83	$3,000,000

SCHEDULE 3-A TO THE INSURANCE RELINQUISHMENT AGREEMENT
SHARED ASBESTOS-EXCLUDED INSURANCE POLICIES ISSUED BY SOLVENT INSURERS

Insurer	Policy Number	Start Date	End Date	Remaining Products/Completed Operations Coverage
Twin City Fire Insurance Co.	TXS101639[c]	10/1/82	10/1/83	$4,000,000

All capitalized terms used in this Schedule 3-A to the Insurance Relinquishment Agreement shall have the meanings ascribed to them in the Plan. This Schedule 3-A is qualified in its entirety by reference to the Plan.

SCHEDULE 3-B TO THE INSURANCE RELINQUISHMENT AGREEMENT
SHARED ASBESTOS-EXCLUDED INSURANCE POLICIES ISSUED BY INSOLVENT INSURERS

Insurer	Policy Number	Start Date	End Date	Original Products/Completed Operations Limits
Home Insurance Co.	HXL1575505	10/1/84	10/1/85	$20,000,000
Integrity Insurance Co.	XL206632[b]	10/1/82	10/1/83	$2,000,000
Integrity Insurance Co.	XL206632[a]	10/1/82	10/1/83	$3,000,000
Integrity Insurance Co.	XL207895	10/1/83	10/1/84	$3,000,000
Integrity Insurance Co.	XL209697	10/1/84	10/1/85	$1,000,000
Midland Insurance Co.	XL739740	10/1/82	10/1/83	$5,000,000
Midland Insurance Co.	XL739741	10/1/82	10/1/83	$4,000,000
Midland Property & Casualty Co.	XL730704	10/1/82	10/1/83	$1,000,000
Midland Property & Casualty Co.	XL730706	10/1/82	10/1/83	$4,000,000
Midland Property & Casualty Co.	XL802058	10/1/83	10/1/84	$4,000,000
Midland Property & Casualty Co.	XL802056	10/1/83	10/1/84	$6,000,000
Mission Insurance Co.	M887329	10/1/82	10/1/83	$4,000,000
Mission Insurance Co.	M887330	10/1/82	10/1/83	$1,000,000

All capitalized terms used in this Schedule 3-B to the Insurance Relinquishment Agreement shall have the meanings ascribed to them in the Plan. This Schedule 3-B is qualified in its entirety by reference to the Plan.

Schedule 4

Shared Asbestos-Excluded Claims-Made Insurance Policies*

* The inclusion, exclusion or classification of any insurance policy on this Schedule to the Insurance Relinquishment Agreement does not constitute a determination as to whether any particular insurance policy provides coverage for any Claim or a waiver of any position of any Entity with respect to any coverage defense. As and to the extent provided in the Plan, all applicable Asbestos PI Insurer Coverage Defenses are preserved with respect to all such policies.

SCHEDULE 4 TO THE INSURANCE RELINQUISHMENT AGREEMENT
SHARED ASBESTOS-EXCLUDED CLAIMS-MADE INSURANCE POLICIES

Insurer	Policy Number	Start Date	End Date	Limits	Attachment Point	Quigley Claims Noticed During the Policy Period/Reporting Period
Self Insured Retention	N/A	10/1/1985	10/1/1986	$10,000,000 per occurrence		
Lloyd's of London and London Cos.	551 USP 0486	10/1/1985	10/1/1986	$2,000,000	$10,000,000	NO
Employers Insurance of Wausau	5726-00-102856	12/16/1985	10/1/1986	$1,000,000	$10,000,000	NO
Lloyd's of London and London Cos.	551 USP 0487	10/1/1985	10/1/1986	$5,000,000	$15,000,000	NO
National Union Fire Ins. Co of Pittsburgh Pa	960 37 86	10/1/1985	10/1/1986	$2,000,000	$30,000,000	NO
Lexington Insurance Co.	5527467 (renewal of 552 6390)	10/1/1985	10/1/1986	$500,000	$30,000,000	NO
National Union Fire Ins. Co of Pittsburgh Pa	960 37 85	10/1/1985	10/1/1986	$3,000,000	$32,500,000	NO
Colonia Insurance Co.	40 02 02	10/1/1985	10/1/1986	$1,000,000	$23,500,000	NO
National Union Fire Ins. Co of Pittsburgh Pa	960 37 85	10/1/1985	10/1/1986	$5,000,000	$57,500,000	NO
Insurance Co. of North America (CIGNA)	XCP GO 313525-1	10/1/1985	10/1/1986	$5,000,000	$57,500,000	NO
AIU Insurance Co.	75-103915	10/1/1985	10/1/1986	$3,000,000	$57,500,000	NO
Lexington Insurance Co.	5527467	10/1/1985	10/1/1986	$2,000,000	$57,500,000	NO
Colonia Insurance Co.	40 02 02	10/1/1985	10/1/1986	$1,000,000	$57,500,000	NO
Zurich International Ltd.	73,048-85C	10/1/1985	10/1/1986	$1,000,000	$57,500,000	NO
North River Insurance Co.	522 053973 9	10/1/1985	10/1/1986	$2,000,000	$57,500,000	NO
Pacific Insurance Co.	PI 33302	10/1/1985	10/1/1986	$500,000	$57,500,000	NO
Mutuelles-Unies	9997844	10/1/1985	10/1/1986	$200,000	$57,500,000	NO
Union Des Assurances De Paris	6519703	10/1/1985	10/1/1986	$600,000	$57,500,000	NO
Assurances Generales De France	67199915	10/1/1985	10/1/1986	$250,000	$57,500,000	NO
A.C.E. Insurance Co. Ltd.	PFE 476	3/3/1986	10/1/1986	$100,000,000	$100,000,000	NO
Meadows Syndicate Inc. NY Insurance Exchange	S6576/86A	6/3/1986	10/1/1986	$250,000	$20,000,000	NO
Self Insured Retention	N/A	11/1/1986	11/1/1989	$25,000,000 per occurrence		
X.L. Insurance Co.	G205RAA	11/1/1986	1/23/1990	$75,000,000	$25,000,000	NO
Self Insured Retention	N/A	10/1/1989	11/1/1995	25,000,000 per occurrence		
X.L. Insurance Co.	XLUMB 00341	1/23/1990	11/1/1996	$125,000,000	$25,000,000	NO
A.C.E. Insurance Co. Ltd.	PFE 476	10/1/1989	11/1/1995	$200,000,000	$150,000,000	NO
Self Insured Retention	N/A	11/1/1995	11/1/1996	25,000,000 per occurrence		
American Excess Insurance Association (AEIA)	NN 5000101195	11/1/1995	11/1/1996	$100,000,000	$150,000,000	NO
STARR Excess Liablity Insurance Co. Ltd.	200877	11/1/1995	11/1/1997	$100,000,000	$250,000,000	NO
New Hampshire Insurance Co.	509DL163395	11/1/1995	11/1/1996	$16,000,000	$350,000,000	NO
Royal Insurance Plc.	509DL 163395	11/1/1995	11/1/1996	$1,500,000	$350,000,000	NO
Gerling Konzern Allgemeine Versicherungs Aktiengesellschaft	509/DL163395	11/1/1995	11/1/1996	$20,000,000	$350,000,000	NO
SR International Business Insurance Co. Ltd.	509/DL 163395	11/1/1995	11/1/1996	$12,500,000	$350,000,000	NO
A.C.E. Insurance Co. Ltd.	PFE 476/4	11/1/1995	11/1/1996	$100,000,000	$400,000,000	NO
Self Insured Retention	N/A	11/1/1996	11/1/1997	$25,000,000		
X.L. Insurance Co., Ltd.	XLUMB 00341	11/1/1996	11/1/1997	$100,000,000	$25,000,000	NO
X.L. Insurance Co., Ltd.	XLUMB 00341	11/1/1996	11/1/1997	$100,000,000	$150,000,000	NO
STARR Excess Liablity Insurance Co. Ltd.	20087	11/1/1996	11/1/1997	$100,000,000	$250,000,000	NO
SR International Business Insurance Co. Ltd. (BETA)	509DL1633951	11/1/1996	11/1/1997	$100,000,000	$350,000,000	NO
Gerling Konzern Allgemeine Versicherungs Aktiengesellschaft	509/DL 193296	11/1/1996	11/1/1997	$35,000,000	$450,000,000	NO
SR International Business Insurance Co. Ltd.	509/DL 193296	11/1/1996	11/1/1997	$25,000,000	$450,000,000	NO
Winterthur Swiss Insurance Co.	509/DL 193296	11/1/1996	11/1/1997	$15,000,000	$450,000,000	NO
New Hampshire Insurance Co.	509/DL 193296	11/1/1996	11/1/1997	$25,000,000	$450,000,000	NO
Zurich Reinsurance (UK) Ltd.	509/DL 193296	11/1/1996	11/1/1997	$15,000,000	$450,000,000	NO
Royal Insurance Plc.	509/DL 193296	11/1/1996	11/1/1997	$3,000,000	$450,000,000	NO
Self Insured Retention	N/A	11/1/1997	11/1/2001	$50,000,000 per occurrence		
Great Lakes (UK)	052404-0197	11/1/1997	11/1/2001	$25,000,000	$125,000,000	NO
Winterthur Swiss Insurance Co.	509 DL 193297	11/1/1997	11/1/2001	$25,000,000	$150,000,000	NO
Columbia Casualty Co.	ADT 1028640330	11/1/1997	11/1/2001	$20,000,000	$150,000,000	NO

SCHEDULE 4 TO THE INSURANCE RELINQUISHMENT AGREEMENT
SHARED ASBESTOS-EXCLUDED CLAIMS-MADE INSURANCE POLICIES

Insurer	Policy Number	Start Date	End Date	Limits	Attachment Point	Quigley Claims Noticed During the Policy Period/Reporting Period
Gulf Insurance Co.	GA 6078384	11/1/1997	11/1/2001	$5,000,000	$150,000,000	NO
Lumbermens Mutual Casualty Co.	9SR117891-00	11/1/1997	11/1/2001	$30,000,000	$150,000,000	NO
Gerling-Konzern General Insurance Co.	509DL193297	11/1/1997	11/1/2001	$35,000,000	$150,000,000	NO
Gerling American Insurance Co.	4 002 900 ELP	11/1/1997	11/1/2001	$10,000,000	$150,000,000	NO
Winterthur Swiss Insurance Co.	509/DL220397	11/1/1997	11/1/2001	$25,000,000	$275,000,000	NO
Zurich Reinsurance (London) Limited	509DL220297/01	11/1/1997	11/1/2001	$50,000,000	$275,000,000	NO
SR International Business Insurance Co. Ltd. (BETA)	509 DL1633951	11/1/1997	11/1/2001	$100,000,000	$350,000,000	NO
SR International Business Insurance Co. Ltd.	509 DL 193296	11/1/1997	11/1/2001	$25,000,000	$450,000,000	NO
Royal & Sun Alliance Ins.	509 DL 221597	11/1/1997	11/1/2000	$10,000,000	$475,000,000	NO
Winterthur Swiss Insurance Co. [replaces Royal & Sun for the 00-01 period of this layer]	509/DL265198	11/1/2000	11/1/2001	$10,000,000	$475,000,000	NO
Zurich Reinsurance (London) Limited	509/DL 220197	11/1/1997	11/1/2001	$50,000,000	$485,000,000	NO
Allianz Underwriters Insurance Co.	AXL 521 12 57	11/1/1997	11/1/2001	$50,000,000	$535,000,000	NO
X.L. Insurance Co., Ltd.	XLUMB 00341	11/1/1997	12/12/2000	$200,000,000	$585,000,000	NO
Starr Excess Liability Insurance International Limited	200877	11/1/1997	11/1/2001	$100,000,000	$785,000,000	NO
Gulf Insurance Co.	GA 6097622	1/1/1998	11/1/2001	$20,000,000	$885,000,000	NO
Chubb Atlantic Indemnity Ltd.	(00) 3310-03-82	1/1/1998	11/1/2001	$25,000,000	$905,000,000	NO
Winterthur Swiss Insurance Co.	509/DL229298	11/1/1998	11/1/2001	$25,000,000	$930,000,000	NO
Columbia Casualty Co.	ADT 1066907783	1/1/1998	11/1/2001	$5,000,000	$930,000,000	NO
Zurich Reinsurance (London) Limited	509/DL229298	1/1/1998	11/1/2001	$22,500,000	$930,000,000	NO
SR International Business Insurance Co. Ltd.	509/DL229298	1/1/1998	11/1/2001	$17,500,000	$930,000,000	NO
Allianz Underwriters Insurance Co.	AXL 521 12 69	11/1/1998	11/1/2001	$25,000,000	$1,050,000,000	NO
Columbia Casualty Co.	ADE 1089982099	11/1/1998	11/1/2001	$5,000,000	$1,050,000,000	NO
Lumbermens Mutual Casualty Co.	9SR117969-00	11/1/1998	11/1/2001	$20,000,000	$1,050,000,000	NO
Self Insured Retention	N/A	11/1/2001	11/1/2002	$200,000,000 per occurrence		
SR International Business Insurance Co. Ltd.	509/DM075501	11/1/2001	11/1/2002	$100,000,000	$200,000,000	NO
Gerling Konzern Allegemeine Vericherungs - AG	DL 362901	3/1/2002	11/1/2002	$50,000,000	$600,000,000	NO
Great Lakes Reinsurance (UK) PLC [Munich-American Risk Partners]	01-UK-XL-0000040-00	3/1/2002	11/1/2002	$25,000,000	$600,000,000	NO
Allied World Assurance Co. ("AWAC")	C000211	3/1/2002	11/1/2002	$25,000,000	$675,000,000	NO
Zurich American Insurance Co.	AEC 383 9774-00	3/1/2002	11/1/2002	$25,000,000	$675,000,000	NO
Zurich Insurance Co. (UK) Branch	509/DL 367802	3/1/2002	11/1/2002	$50,000,000	$675,000,000	NO
A.C.E. Bermuda Insurance, Ltd.	PFE 1136/5	3/1/2002	12/1/2002	$100,000,000	$775,000,000	NO
Liberty Mutual Insurance Co. (UK) Limited (Trading as Liberty International Underwriters)	DL 369002	3/1/2002	11/1/2002	$35,000,000	$775,000,000	NO
Endurance Specialty Insurance Ltd.	INCLX0217WW	3/1/2002	11/1/2002	$25,000,000	$775,000,000	NO
Self Insured Retention	N/A	11/1/2002	12/1/2003	$500,000,000 per occurrence		
SR International Business Insurance Co. Ltd.	MH 3723	11/1/2002	12/1/2003	$100,000,000	$500,000,000	Yes
Gerling Konzern Allgemeine Vericherungs-AG	509/DL362902	11/1/2002	11/1/2003	$50,000,000	$600,000,000	Yes
Arch Reinsurance Ltd.	B4-URP-03239-00	11/1/2002	11/1/2003	$15,000,000	$600,000,000	Yes
Allied World Assurance Co., Ltd. ("AWAC")	C001258	11/1/2002	11/1/2003	$25,000,000	$675,000,000	Yes
A.C.E. Bermuda Insurance, Ltd.	PFE 1136/5	11/1/2002	12/1/2003	$100,000,000	$810,000,000	Yes
Endurance Specialty Insurance Ltd.	000 828	3/1/2002	12/1/2003	$25,000,000	$810,000,000	Yes

All capitalized terms used in this Schedule 4 to the Insurance Relinquishment Agreement shall have the meanings ascribed to them in the Plan. This Schedule 4 is qualified in its entirety by reference to the Plan.

Schedule 5

Pfizer Insurer Receivables

SCHEDULE 5 TO THE INSURANCE RELINQUISHMENT AGREEMENT
PFIZER INSURER RECEIVABLES

Insurer	Pfizer Insurer Receivable*
American Re-Insurance Company	$674.96
Eurinco Allegemeine Versicherungs, A.G	$109,949.31
Fireman's Fund Insurance Company	$2,409,719.00

* As of April 30, 2012

EXHIBIT L

TO

QUIGLEY COMPANY, INC. FIFTH AMENDED AND RESTATED PLAN OF REORGANIZATION UNDER CHAPTER 11 OF THE BANKRUPTCY CODE

ASBESTOS RECORDS COOPERATION AGREEMENT

ASBESTOS RECORDS COOPERATION AGREEMENT

In connection with the Quigley Company, Inc. Fifth Amended and Restated Plan of Reorganization under Chapter 11 of the Bankruptcy Code, dated June 29, 2012 (as modified August 29, 2012), as the same may have been further amended from time to time and as confirmed by order of the United States Bankruptcy Court for the Southern District of New York (the "**Plan**"), this agreement (the "**Cooperation Agreement**") is made, effective as of the Effective Date of the Plan, by and among the Asbestos PI Trust (the "**Asbestos PI Trust**"), Quigley Company, Inc., as reorganized ("**Reorganized Quigley**"), and Pfizer Inc ("**Pfizer**"), with respect to, among other things, the Asbestos PI Trust's access to certain documents and information as described below. All capitalized terms not defined herein shall be defined as set forth in the Plan.[1] The parties hereto agree as follows:

1. Reorganized Quigley, with the cooperation as reasonably necessary of Pfizer, shall provide, cause to be provided, or provide access (as indicated below) to the Asbestos PI Trust copies of the following Documents, provided and to the extent that such Documents relate to Quigley or a product made, used or sold by Quigley, exist on the Effective Date, and are retrievable and/or deliverable using commercially reasonable efforts and at reasonable expense (collectively, the "**Asbestos Records**"):

(a) a copy of the database maintained by the Claims Handling Unit with regard to Asbestos PI Claims (the "Claims Database").

(b) a copy of the sales records of Quigley Company, Inc. relating to the sales of products giving rise to Asbestos PI Claims.

(c) copies of insurance policies and agreements relating to the Quigley Transferred Insurance Rights.

(d) access to the following Documents, excluding duplicates, relating to pre-petition Asbestos PI Claims:

(i) complaints and pleadings;

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[1] The term "Document" shall refer to all documents, data, information, compilations, correspondence, materials, records and writings of any type or description, however created, reproduced or retrieved, and in every form, including, without limitation, databases, computer/electronic files, drafts and partially completed documents maintained by, or in the possession or control of, Reorganized Quigley or, as applicable, Pfizer as of the Effective Date.

(ii) discovery responses of Quigley Company, Inc. or, solely to the extent related to Asbestos PI Claims, Pfizer;

(iii) deposition and court transcripts;

(iv) affidavits filed in connection with Asbestos PI Claims;

(v) dismissal orders and releases;

(vi) ballots filed in the Quigley Company, Inc. bankruptcy case by or on behalf of holders of Asbestos PI Claims;

(vii) settlement agreements and releases;

(viii) Information regarding any workers' compensation claims filed by employees of Quigley Company, Inc. related to asbestos exposure; and

(ix) To the extent any Asbestos PI Claims may not be reflected on the Claims Database, Documents, if any, sufficient to establish whether such claims are pending or have been dismissed or released.

(e) To the extent reasonably necessary, Reorganized Quigley or, as applicable, Pfizer will use commercially reasonable efforts to cooperate with the Asbestos PI Trust during the term of this Cooperation Agreement to facilitate retrieval and delivery of, or access to, Asbestos Records not initially provided pursuant to this Cooperation Agreement. In addition, to the extent necessary to resolve any difficulties in accessing the information contained in the Claims Database (or other database, if any) that is provided under the terms of this Cooperation Agreement, Reorganized Quigley or, as applicable, Pfizer will use its commercially reasonable efforts to cooperate with the Asbestos PI Trust to facilitate access by the Asbestos PI Trust to (i) persons knowledgeable about the operation and management of the Claims Database (or other database, if any) and (ii) the physical records from which the Claims Database (or other database, if any) was created.

(f) As requested by the Asbestos PI Trust, Reorganized Quigley or, as applicable, Pfizer will use its commercially reasonable efforts to assist the Asbestos PI Trust in obtaining from the CCR copies of releases or asbestos personal injury claim files relating to Asbestos PI Claims, to the extent such records are available at the CCR and have not already been provided or made available to the Asbestos PI Trust. Any costs or fees imposed by the CCR shall be the

responsibility of the Asbestos PI Trust. Pfizer shall be given reasonable opportunity to review any such documents prior to such transfer.

(g) With respect to all Asbestos Records kept in paper form, "access" means that those Asbestos Records provided hereunder by Reorganized Quigley or, as applicable, Pfizer will be produced or made available to the Asbestos PI Trust in the manner as they are kept in the usual course of business at a date and time, or dates and times, reasonably agreeable to the parties. Any Asbestos Records to be provided to the Asbestos PI Trust that are kept in electronic form shall be provided to the Asbestos PI Trust by compact disc, DVD or other electronic media. Any Asbestos Records to be provided to the Asbestos PI Trust that are kept in microfiche form shall be provided to the Asbestos PI Trust on microfiche or other media as agreed upon. At its option and expense, the Asbestos PI Trust may employ an outside contractor to photocopy, electronically reproduce or otherwise reproduce any of the Asbestos Records, at a mutually convenient time and place. When providing Asbestos Records or access thereto, Reorganized Quigley or, as applicable, Pfizer shall also provide the Asbestos PI Trust any available electronic or paper index that identifies or describes the contents of any relevant files, boxes, discs and databases that are provided or to be provided under this Cooperation Agreement. To the extent any Asbestos Records in electronic form are stored in a format with full text or other searchable capabilities, and to the extent consistent with any license and law, Reorganized Quigley or, as applicable, Pfizer, shall provide all available search engines, software and programs to fully enable all potential search functions, and shall provide descriptions of the data tables and fields used in the database; provided, however, that neither Pfizer nor Reorganized Quigley is obligated to procure any software not in their possession or to pay for any license to permit the Asbestos PI Trust to access any information.

2. Reorganized Quigley and Pfizer each hereby authorizes the Future Demand Holders' Representative and his agents and professionals to provide to the Asbestos PI Trust all data and any other information concerning Asbestos PI Claims or insurance coverage or settlements that were provided by Pfizer or Quigley Company, Inc., directly or indirectly, to the Future Demand Holders' Representative or his agents or professionals on or prior to the Effective Date, notwithstanding any agreement or stipulation entered into prior to the Effective Date to the contrary.

3. Reorganized Quigley and Pfizer each hereby authorizes the Official Committee of Unsecured Creditors and its agents and professionals to provide to the Asbestos PI Trust all data and any other information concerning Asbestos PI Claims or insurance coverage or settlements that were provided by Quigley Company, Inc., directly or indirectly, to the Official Committee of

Unsecured Creditors or its agents or professionals on or prior to the Effective Date, notwithstanding any agreement or stipulation entered into prior to the Effective Date to the contrary.

4. To the extent that providing information as contemplated by this Cooperation Agreement would involve the property or other rights of third parties unaffiliated with Reorganized Quigley (exclusive of Pfizer Inc.), Reorganized Quigley shall take reasonable and appropriate action to facilitate the provision of such information by such unaffiliated third parties in compliance with the requirements of this Cooperation Agreement.

5. Reorganized Quigley or, as applicable, Pfizer shall use commercially reasonable efforts to provide the requested Asbestos Records, or access to those Asbestos Records, within its possession to the Asbestos PI Trust. The parties recognize that, given the historical nature of the documents concerning Quigley's asbestos products and Quigley's complicated claims-handling history, Pfizer's identification of all responsive Asbestos Records is likely to be completed over time, on a rolling basis. With that understanding, Pfizer will use its commercially reasonable efforts to provide a substantial production no later than sixty (60) days from the date it receives a written request from the Asbestos PI Trust. At the request of the Asbestos PI Trust no more frequently than monthly, Pfizer shall provide the Asbestos PI Trust with an update of Pfizer's efforts and the projected timing of any additional production. The Asbestos PI Trust may retain copies of all the Asbestos Records that it has caused to be reproduced at its expense or which have been provided to it in accordance with this Cooperation Agreement, subject to the confidentiality and privilege obligations set forth in Paragraph 12, below.

6. Pfizer's reasonable costs and expenses of providing access to those Asbestos Records in its possession shall be borne by Pfizer. The cost of copying and searching the Asbestos Records shall be borne by the Asbestos PI Trust. Any third-party costs incurred to make the Asbestos Records available to the Asbestos PI Trust shall be borne by the Asbestos PI Trust.

7. Nothing in this Cooperation Agreement shall require Reorganized Quigley, Pfizer or any third party to create any new Documents or to compile or organize any data contained in existing Documents into any new Documents.

8. The Asbestos PI Trust shall use the Asbestos Records solely for the purposes of processing, evaluating, defending, and resolving Asbestos Claims submitted to the Asbestos PI Trust, and for resolving any insurance rights, claims or disputes relating thereto. The Asbestos

PI Trust shall preserve all privileges and confidences in any Asbestos Records as set forth in Paragraph 12, below.

9. Neither Reorganized Quigley nor Pfizer shall have any duty to confirm or verify the accuracy of any information contained in the Asbestos Records and neither makes any representations or warranties, express or implied, as to the accuracy of such information.

10. Reorganized Quigley or, as applicable, Pfizer shall take commercially reasonable steps to preserve the Asbestos Records that existed as of September 1, 2012 at all times prior to the termination of this Cooperation Agreement. Reorganized Quigley and Pfizer shall continue to be responsible for paying the storage fees or similar costs with respect to any Asbestos Records in their possession until they are transferred to the Asbestos PI Trust. Reorganized Quigley or, as applicable, Pfizer shall not dispose of or destroy the Asbestos Records until the tenth (10^{th}) anniversary of the Effective Date of the Plan, without providing at least one hundred and eighty (180) days' advance written notice to the Asbestos PI Trust, within which 180-day period the Asbestos PI Trust shall be entitled to take possession of the Asbestos Records at its own expense; but the earliest date on which Reorganized Quigley or Pfizer may deliver such notice to the Asbestos PI Trust is the second (2^{nd}) anniversary of the Effective Date.

11. This Cooperation Agreement shall expire on the tenth (10th) anniversary of the Effective Date; provided, however, that the existence of this Cooperation Agreement shall not serve to bar Reorganized Quigley from liquidating, winding up, or dissolving prior to the tenth (10th) anniversary of the Effective Date if its board of directors and/or management, in an exercise of its or their fiduciary duties, determines it appropriate that Reorganized Quigley do so; provided that prior to such event, Reorganized Quigley follows the procedures set forth in paragraph 10 hereof. Up to one hundred and twenty (120) days before it is set to expire, this Cooperation Agreement can be renewed by mutual consent.

12. Any privilege or immunity from disclosure in any Asbestos Record belonging to Quigley Company, Inc. as of the Petition Date shall belong to Reorganized Quigley and the Asbestos PI Trust as of the Effective Date. Any privilege or immunity from disclosure in any Asbestos Record belonging jointly to Quigley Company, Inc. and Pfizer as of the Petition Date (whether due to their joint representation, a joint defense agreement or the application of the common interest doctrine) shall belong jointly to Reorganized Quigley, Pfizer and the Asbestos PI Trust as of the Effective Date. This Cooperation Agreement, however, does not obligate Pfizer to produce or provide access to any information (a) that is privileged and/or confidential as to Pfizer but not as to Quigley Company, Inc. and (b) as to which there is no common interest

between Pfizer, on the one hand, and Quigley and the Asbestos PI Trust, on the other hand. Reorganized Quigley and Pfizer do not waive confidentiality or any privilege or immunity from disclosure, including but not limited to the attorney-client privilege or work-product doctrine, that may protect any Asbestos Record, and nothing in or done pursuant to this Cooperation Agreement shall constitute or be construed as a waiver of confidentiality or any privilege or immunity from disclosure. In the event Documents are produced hereunder (a) that are privileged as to Pfizer but not as to Quigley and/or the Asbestos PI Trust, and (b) as to which there is no common interest between Pfizer, on the one hand, and Quigley and the Asbestos PI Trust, on the other hand, such production shall be deemed inadvertent and shall not affect the privileged nature or confidentiality of such Document; such Documents shall be returned to Pfizer promptly, and Reorganized Quigley and the Asbestos PI Trust shall not retain copies of such Documents or any information contained therein. The Asbestos PI Trust, Reorganized Quigley and Pfizer each agree to use its best efforts to preserve all confidences, privileges and other immunities from disclosure that exist in the Asbestos Records as of the Effective Date.

In the event Pfizer withholds any Asbestos Records from production on the basis of privilege or other immunity from disclosure, Pfizer will provide the Asbestos PI Trust with a privilege list generally describing by category any such withheld Asbestos Records. At the Asbestos PI Trust's request, Pfizer and the Asbestos PI Trust shall meet and confer in good faith concerning any dispute as to whether an Asbestos Record withheld by Pfizer is subject to privilege or other immunity from disclosure. In the event the parties do not reach agreement, any disputes as to whether an Asbestos Record withheld by Pfizer is subject to a privilege or other immunity from disclosure may be raised exclusively in the Bankruptcy Court. Pfizer shall have the right to seek in camera review by the Bankruptcy Court of any withheld documents.

13. Reorganized Quigley, Pfizer and the Asbestos PI Trust agree to cooperate reasonably and share information as necessary and appropriate to facilitate insurance billing by any of the parties hereto, or the resolution of any insurance-related dispute, subject to each party's reasonable concerns about privilege and confidentiality.

14. The Asbestos PI Trust may request in writing that Reorganized Quigley or, as may be necessary, Pfizer identify the person or persons most knowledgeable about specified categories of Asbestos Records, including any knowledge pertinent to authenticating and proving the chain of custody of Documents in any proceeding. Reorganized Quigley or, as applicable, Pfizer shall respond to such request within ninety (90) days from its receipt and shall use its commercially reasonable efforts to identify the person or persons most knowledgeable about the topic of the request. To the extent a person so identified is a current employee of Reorganized Quigley or

Pfizer, the company shall take commercially reasonable steps to make such current employee available to the Asbestos PI Trust, and the Asbestos PI Trust shall reimburse Reorganized Quigley or Pfizer, as applicable, for lost time and reasonable expenses incurred in making such employee available. Reorganized Quigley shall provide the most current contact information it has for its former officers, employees, and third parties that may have information relevant to the Asbestos PI Claims or insurance coverage therefor. Reorganized Quigley will not take any action to dissuade any current or former officer or employee from cooperating with the Asbestos PI Trust, but in no event shall the refusal of any such current or former officer or employee to cooperate with the Asbestos PI Trust constitute or be deemed to be a breach of Reorganized Quigley's or, as applicable, Pfizer's obligations under this Cooperation Agreement. Pfizer shall have the right to participate in the interview of any such witness and to object to and instruct the individual not to answer any questions that call for the disclosure of Pfizer's confidential or privileged information.

15. This Cooperation Agreement shall be construed in accordance with the laws of the State of New York, without regard to any New York conflict of law principles that would result in the application of laws of any other jurisdiction.

16. This Cooperation Agreement states the entire agreement between the Asbestos PI Trust, Reorganized Quigley and Pfizer with respect to the subject matter hereof, and supersedes all prior representations and agreements between or among the parties as to such subject matter, other than any provisions of the Plan, the Plan Documents (as defined in the Plan) or the order confirming the Plan. Any modification, waiver, or amendment of any provision of this Cooperation Agreement must be in writing and executed by the parties hereto, and no waiver of any term or breach of this Cooperation Agreement shall be deemed a waiver of such term for the future or any subsequent or other breach hereof.

17. This Cooperation Agreement shall be binding upon the parties hereto and each of their respective successors and assigns.

18. This Cooperation Agreement may be executed in counterparts, each of which shall constitute an original but all of which together shall constitute one and the same agreement.

19. Notices to the Asbestos PI Trust shall be sent by overnight mail or certified mail, return receipt requested, addressed to:

Asbestos PI Trust

with a copy (which alone will not constitute notice) to:

Notices to Reorganized Quigley shall be sent by overnight mail or certified mail, return receipt requested, addressed to:

with a copy (which alone will not constitute notice) to:

Notices to Pfizer Inc shall be sent by overnight mail or certified mail, return receipt requested, addressed to:

with a copy (which alone will not constitute notice) to:

IN WITNESS WHEREOF, the parties have executed this Cooperation Agreement effective as of the Effective Date of the Plan.

THE ASBESTOS PI TRUST

By: _____

Its _____

REORGANIZED QUIGLEY

BY: _____

Its _____

PFIZER INC

By: _____

Its _____

Exhibit 33

2005 WL 8168731 (Bkrtcy.E.D.La.) (Trial Motion, Memorandum and Affidavit)
United States Bankruptcy Court, E.D. Louisiana.

In re THE BABCOCK & WILCOX COMPANY, Debtor(s).
Diamond Power International, Inc. Babcock & Wilcox Construction Co., Inc. Americon, Inc.

Nos. 00-10992, 00-10993, 00-10994, 00-10995.
September 29, 2005.

Summary Disclosure Statement as of September 28, 2005 Under Section 1125 of the Bankruptcy Code With Respect to the Joint Plan of Reorganization as of September 28, 2005 Proposed by the Debtors, the Asbestos Claimants' Committee, the Future Asbestos-Related Claimants' Representative, and McDermott Incorporated

Kirkland & Ellis LLP, John Donley, Theodore L. Freedman, Deanna D. Boll, 200 East Randolph Drive, Chicago, IL 60601, Telephone: (312) 861-2000, Facsimile: (312) 861-2200, National Counsel for the Debtors and Debtors in Possession.

Caplin & Drysdale, Chtd., Elihu Inselbuch, Peter Van N. Lockwood, Julie W. Davis, Nathan D. Finch, 399 Park Avenue, 27th Floor, New York, NY 10022, Telephone: (212) 319-7125, Facsimile: (212) 644-6755, National Counsel for the Asbestos Claimants' Committee.

Baldwin & Haspel, LLC, James P. Magee (#01203), Dennis M. Laborde (#17979), 2200 Energy Center, 1100 Poydras Street, New Orleans, LA 70163-2200, Telephone: (504) 585-7711, Facsimile: (504) 585-7751, Louisiana Counsel for the Asbestos Claimants Committee.

Jenner & Block LLP, Daniel R. Murray, One IBM Plaza, Chicago, IL 60611-7603, Telephone: (312) 222-9350, Facsimile: (312) 527-0484, Counsel for McDermott. Incorporated.

Heller, Draper, Hayden, Patrick & Horn, L.L.C., Jan M. Hayden, William H. Patrick, III, Warren Horn, 10636 Linkwood Court, Baton Rouge, LA 70810, Telephone: (225) 767-1499, Facsimile: (225 761-0760, Louisiana Counsel for the Debtors and Debtors in Possession.

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SECTION “B”

CHAPTER 11

REORGANIZATION

DATED: September 28, 2005

New Orleans, Louisiana

(This Joint Disclosure Statement has not been approved by the Bankruptcy Court for dissemination)

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SUMMARY DISCLOSURE STATEMENT AS OF SEPTEMBER 28, 2005 SUBMITTED IN ACCORDANCE WITH SECTION 1125 OF THE BANKRUPTCY CODE WITH RESPECT TO THE JOINT PLAN OF REORGANIZATION AS OF SEPTEMBER 28, 2005 PROPOSED BY THE PLAN PROPONENTS

I.

NOTICE TO HOLDERS OF CLAIMS AND EQUITY INTERESTS

We -- the Debtors, the Asbestos Claimants' Committee (the "ACC"), Eric Green in his capacity as the Future Asbestos-Related Claimants' Representative (the "FCR"), and McDermott Incorporated ("MI," and collectively with the Debtors, the ACC, and the FCR, the "Plan Proponents") -- have filed the Joint Plan of Reorganization as of September 28, 2005 (the "Plan," a copy of which is attached hereto as Exhibit "A") with the United States Bankruptcy Court for the Eastern District of Louisiana (the "Bankruptcy Court"). [1]

In accordance with Section 1125 of the Bankruptcy Code, we submit this Summary Disclosure Statement (this "Disclosure Statement"), which contains a summary of the Plan, to creditors of the Debtors in connection with the solicitation of acceptances of the Plan. Section 1125(b) of the Bankruptcy Code prohibits solicitation of an acceptance or rejection of a plan of reorganization unless a copy of such plan of reorganization or a summary thereof is accompanied or preceded by a copy of a disclosure statement approved by the applicable Bankruptcy Court.

On October ___, 2005, after notice and a hearing, the Bankruptcy Court approved this Disclosure Statement as containing information of a kind and in sufficient detail adequate to enable hypothetical, reasonable investors typical of the creditors, whose votes are being solicited, to make an informed judgment as to whether to accept or reject the Plan. HOWEVER, APPROVAL OF THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE (1) A DETERMINATION OF THE COURT AS TO

THE FAIRNESS OR THE MERITS OF THE PLAN, (2) AN ENDORSEMENT BY THE COURT OF THE PLAN, OR (3) A GUARANTEE OF THE ACCURACY AND COMPLETENESS OF THE INFORMATION CONTAINED HEREIN.

The purpose of this Disclosure Statement is to enable you, as the holder of a Claim against the Debtors, to make an informed decision with respect to whether you wish to vote for acceptance or rejection of the Plan. While we believe that this Disclosure Statement provides adequate information with respect to the Plan, it is a summary and does not set forth the entire text of the Plan. In the event that any inconsistency or conflict exists between this Disclosure Statement and the Plan, the terms of the Plan will control. You are urged to review fully the provisions of the Plan and all other exhibits attached thereto, in addition to this Disclosure Statement, before casting your Ballot. This Disclosure Statement is not intended to replace careful review and analysis of the Plan. Rather, it is submitted to aid your review of the Plan and to explain the terms and implications of the Plan. To the extent any questions arise, you should seek legal advice from your own attorney before casting your Ballot.

You may also wish to review the Third Amended Joint Disclosure Statement as of June 25, 2003 ("Third Amended Disclosure Statement") for an historical description of the Debtors' businesses, the history of the Debtors' Chapter 11 proceedings, and a more detailed discussion of other information. The Third Amended Disclosure Statement was approved by the Bankruptcy Court on July 7, 2003 and is incorporated by reference herein. If you do not have a copy of the Third Amended Disclosure Statement, you may obtain a copy of it at www._____.com or request a copy by contacting the Voting Agent at 1-800-220-4453 or at the following address: The Babcock & Wilcox Balloting Agent, P.O. Box 1664, Faribault, MN 55021-1664.

A. Reliance on Information in the Disclosure Statement.

Except as hereafter noted, the information contained in this Disclosure Statement is generally intended to describe facts and circumstances only as of September 28, 2005. Neither the delivery of this Disclosure Statement nor the confirmation of the Plan will create any implication, under any circumstances, that the information contained in this Disclosure Statement or the Plan is correct at any time after September 28, 2005 or that we will be under any obligation to update such information in the future.

No person has been authorized to utilize any information concerning the Debtors or their businesses other than the information contained or incorporated by reference in this Disclosure Statement or in other information approved for dissemination to holders of Claims or Equity Interests by the Bankruptcy Court. You should not rely on any information relating to the Debtors and their businesses, other than that contained or incorporated by reference in this Disclosure Statement, the Third Amended Disclosure Statement, the Plan, and the exhibits attached thereto, except as otherwise approved by the Bankruptcy Court. To the extent information in this Disclosure Statement relates to the Debtors, the Debtors have provided the information in this Disclosure Statement.

We have also not authorized any representations (other than as set forth in this Disclosure Statement) concerning the Debtors, their anticipated financial position or operations after confirmation of the Plan, the value of the business and property of the Debtors, or the value of the properties or other assets to be transferred to the Asbestos Personal Injury Trust created by the Plan.

Except as set forth in this Disclosure Statement and the Third Amended Disclosure Statement, no representations concerning the Debtors, their assets, past or future business operations, or the Plan are authorized, nor are any such representations to be relied upon in arriving at a decision with respect to the Plan. Any representations made to secure acceptance or rejection of the Plan other than as contained in this Disclosure Statement and the Third Amended Disclosure Statement should be reported to counsel for the Debtors. The statements and information about the Debtors and the financial information of the Debtors, including all financial projections and information regarding claims or interests contained or incorporated by reference herein, have been prepared from documents and information prepared by the Debtors or provided to the Plan Proponents' professionals by the Debtors. We have not taken any independent action to verify the accuracy or completeness of such statements and information and expressly disclaim any representation concerning the accuracy or completeness thereof.

There has been no independent audit of the financial information contained in this Disclosure Statement and no fairness opinion has been obtained regarding the value of the assets and the amount of the liabilities described herein. The factual information regarding the Debtors and their assets and liabilities has been derived by the Debtors and their professionals, from the Debtors' schedules, available public records, pleadings and reports on file with the Bankruptcy Court, the Debtors' internal documents, and related documents specifically identified herein. While the Debtors have used commercially reasonable efforts to provide accurate information herein, we and our respective legal and financial advisors cannot and do not warrant or represent that the information contained in this Disclosure Statement is without any inaccuracy.

This Disclosure Statement has not been approved or disapproved by the Securities and Exchange Commission or any securities regulatory authority of any state, nor has the Securities and Exchange Commission or any securities regulatory authority of any state passed upon the accuracy or adequacy of the statements contained herein.

Nothing contained in this Disclosure Statement, express or implied, is intended to give rise to any commitment of or obligation on us or will confer upon any person any rights, benefits or remedies of any nature whatsoever.

B. Voting Rules and Procedure.

On October ___, 2005, the Bankruptcy Court entered an order (the "Voting Procedures Order," a copy of which is enclosed) which, among other things, designates which claimants are entitled to vote on the Plan and establishes other procedures for the solicitation and tabulation of Ballots. If you are entitled to vote on the Plan, please review the Voting Procedures Order and follow any instructions set forth in that order or any Ballot included with this Disclosure Statement.

In order to have your vote counted, you must complete and mail the enclosed Ballot to the address set forth thereon so that it is received by 5:00 p.m., Central Standard Time on December ___, 2005 (the "Voting Deadline"). You must complete the Ballot and indicate either your acceptance or rejection of the Plan. Please note that facsimile copies of the Ballot will not be accepted and the Ballot must bear an original signature. Any Ballots received after 5:00 p.m., Central Standard Time, on December. ___, 2005 will not be counted.

Pursuant to the Voting Procedures Order, if you do not cast a Ballot by the Voting Deadline, your prior vote on the Third Amended Plan of Reorganization as of June 25, 2003 as amended through September 30, 2004 (the "Third Amended Plan") shall count, as it was originally cast, as either a vote for acceptance or rejection of the new Plan. In addition, any completed Ballots that are received before the Voting Deadline that either (a) do not indicate an acceptance or a rejection of the Plan or (b) indicate both an acceptance and a rejection of the Plan will be deemed an acceptance.

C. Confirmation Hearing.

The Bankruptcy Court has scheduled a hearing to consider confirmation of the Plan (the "Confirmation Hearing") for December ___, 2005, beginning at _____, Central Standard Time to be held before the Honorable Jerry A. Brown, United States Bankruptcy Judge, United States Bankruptcy Court, Eastern District of Louisiana, 707 Florida Street, Room 109, Baton Rouge, Louisiana 70801.[2] The Bankruptcy Court has directed that objections, if any, to confirmation of the Plan must (a) be in writing and state with particularity the grounds therefor, (b) be filed with the Bankruptcy Court and served, in a manner so as to be received no later that 5 p.m. Central Standard Time on December ___, 2005 (the "Objection Deadline") on: (i) William H. Patrick, III, Heller, Draper, Hayden, Patrick & Horn, L.L.C., 10636 Linkwood Court, Baton Rouge, LA 70810 and Theodore L. Freedman, Kirkland & Ellis LLP, Citigroup Center, 153 East 53rd Street, New York, NY 10022, co-counsel for the Debtors; (ii) Robert Gravolet, U.S. Department of Justice, Office of the United States Trustee, 100 W. Capitol Street, Suite 706, Jackson, Mississippi 39269; (iii) William E. Steffes, Steffes, Vingiello & McKenzie, 3029 S. Sherwood Forest Blvd., Suite 100, Baton Rouge, Louisiana 70816, co-counsel for the Official Committee of Unsecured Creditors; (iv) James P. Magee, Baldwin & Haspel, 2200 Energy Center, 1100 Poydras Street, New Orleans, Louisiana 70163, co-counsel for the Asbestos Claimants' Committee; (v) J. David

Forsyth, Sessions, Fishman & Nathan, L.L.P., 201 St. Charles Avenue, Suite 3500, New Orleans, Louisiana 70170, co-counsel for the Future Claimants' Representative; and (vi) John M. Duck, Adams & Reese, 339 Florida Street, Second Floor, Baton Rouge, Louisiana 70801, co-counsel for McDermott Incorporated, The Court has also set December ___, 2005 as the deadline for filing challenges to the preliminary tabulation of the votes on the Plan, which objections should be filed and served in the same manner as objections to the confirmation as set forth above. The Confirmation Hearing may be adjourned from time to time without further notice except for the announcement of the adjourned date made at the Confirmation Hearing or at any subsequent adjourned date.

The confirmation and consummation of the Plan are subject to conditions precedent that could lead to delays in consummation of the Plan. Also, no assurance can be given that each of these conditions will be satisfied or waived, as provided in the Plan, or that the Plan will be consummated. In addition, even after the effective date, distributions under the Plan may be subject to substantial delays for creditors whose claims are disputed. Even if the Plan is confirmed but fails to become effective, nothing in the Plan and this Disclosure Statement may be used as evidence against any of the Plan Proponents, in accordance with Federal Rule of Evidence 408.

We believe that confirmation and implementation of the Plan are preferable to the Third Amended Plan because it will provide greater certainty of a favorable and prompt resolution for holders of claims. In addition, continuing to pursue confirmation of the Third Amended Plan would involve significant delay, uncertainty, and substantial additional administrative costs. We believe that acceptance of the Plan is in the best interests of each and every voting class and strongly recommend that you vote to accept the Plan.

II.

BRIEF HISTORY OF THE CHAPTER 11 CASES AND THE THIRD AMENDED PLAN

A. Procedural History.

As a result of a large number of asbestos personal injury claims and increased demands to settle them, the Debtors filed for relief under Chapter 11 of the Bankruptcy Code on February 22, 2000. Following the filing, the ACC was formed and the FCR was appointed to represent the holders of present and future asbestos claims, respectively. Initially, the Debtors and the ACC and FCR did not agree on the terms of a plan of reorganization. The Debtors filed their own plan of reorganization in 2001, which was amended in May and July, 2002. The Bankruptcy Court terminated the Debtors' exclusive right to file a plan in May 2002. Thereafter, in July 2002, the ACC and the FCR filed their own plan and disclosure statement.

After much negotiation, in August 2002, we achieved an agreement in principle among ourselves on the terms of a proposed plan of reorganization. On December 19, 2002, we filed a “substantially complete” form of disclosure statement. Thereafter, we finalized our disclosure statement, ultimately resulting in our filing of the Third Amended Disclosure Statement and the Third Amended Plan. The Bankruptcy Court approved our Third Amended Disclosure Statement on July 7, 2003. In addition, on July 10, 2003, the Bankruptcy Court entered an order approving the confirmation hearing notice and solicitation package, as well as the voting, tabulation and mailing procedures.

On September 22, 2003, the confirmation hearing on the Third Amended Plan commenced and continued through January 2004. The Bankruptcy Court took the matter under advisement. On November 9, 2004, the Bankruptcy Court entered the Amended Findings of Fact and Conclusions of Law Regarding Core Matters and Proposed Findings of Fact, Conclusions of Law and Recommendations to the District Court With Respect to Non-Core Matters (the “Amended Findings and Conclusions”). Among other things, it recommended that the District Court confirm the Third Amended Plan. You may view a copy of the Amended Findings and Conclusions at www._____.com.

Various parties in interest filed objections pursuant to Bankruptcy Rule 9033 (the "9033 Objections") and appeals from the Amended Findings and Conclusions. Such parties included various insurers: (1) the ACE Companies; (2) American Nuclear Insurers and Mutual Atomic Energy Liability Underwriters ("ANT'); (3) Certain Underwriters at Lloyd's, London and Certain Market Companies (collectively, "London"); (4) Dai Tokyo Insurance Co. (UK) Ltd. and Sphere Drake Insurance PLC ("Dai Tokyo"); (5) Maryland Insurance Company; and (6) St. Paul Mercury Insurance Company. In addition, a group known as the Certain Law Firms filed an appeal from and 9033 Objections to the Amended Findings and Conclusions.

The parties fully briefed their appeals and 9033 Objections throughout the winter and spring of 2005. The District Court heard oral argument on the appeals and 9033 Objections on July 21, 2005. The District Court took the matter under advisement. Since the time that the appeals and 9033 Objections were filed, we entered into settlements with various objector/appellants, including some of the London entities (specifically, Certain Underwriters at Lloyd's) and the Maryland Insurance Company. While we continue to negotiate settlements with the other objectors/appellants, all other appeals and objections are pending at this time.

For a more detailed account of the proceedings in the Chapter 11 Cases preceding the confirmation hearing, please review the Third Amended Disclosure Statement.

B. Third Amended Plan of Reorganization (Key Provisions).

The financial terms and consideration in our Plan differ from the Third Amended Plan; however, many provisions in the Plan are unchanged from the corresponding provisions of the Third Amended Plan. We have agreed to revert to the Third Amended Plan if certain contingencies, as set forth in the Plan, do not occur.

The cornerstone of the Third Amended Plan was the creation of the Asbestos PI Trust,[3] funded with assets of the Debtors and certain of its affiliates, that would be the sole recourse for payment of asbestos-related claims arising out of asbestos exposure or injury relating to B&W's historic use of asbestos. All of the Debtors' liability for current and future asbestos personal injury claims would be transferred, and all current and future asbestos personal injury claims would be channeled to the Asbestos PI Trust, which would resolve and pay claims pursuant to trust distribution procedures ("TDPs") that would treat current and future claims in substantially the same way. Under the Third Amended Plan, the Asbestos PI Trust would have been funded by three main sources:

• assignment of the rights to insurance proceeds shared by B&W and its non-debtor corporate parent and affiliates, in the face amount of at least $1.15 billion;

• transfer of the capital stock of B&W, which was valued at between $400 and $500 million; and

• additional contributions from certain of B&W's parent companies, MI and McDermott International, Inc. ("MII"), including 4.75 million shares of MII common stock with a minimum share price guaranty (valued at $123.1 million), $92 million aggregate principal amount of promissory notes, and certain tax benefits.

Under the Third Amended Plan, the Reorganized Debtors would have no further liability on account of such present and future asbestos personal injury claims.[4] The non-debtor affiliates and other released parties, including numerous settling insurers, would also receive a complete release of current and present future asbestos personal injury claims, and all such claims asserted against them would have been channeled to the Asbestos PI Trust,

In addition, we sought the entry of the Asbestos PI Channeling Injunction, which would have enjoined asbestos claimants from seeking further recovery on their claims from the Debtors, the Reorganized Debtors, Non-Debtor Affiliates, and various other parties described in the Third Amended Plan. We designed the Third Amended Plan to satisfy the requirements of Section 524(g) of the Bankruptcy Code, which provides for the creation of a trust like the Asbestos PI Trust and the issuance of an

injunction like the Asbestos PI Channeling Injunction. We also sought to have the Asbestos PI Channeling Injunction issued pursuant to the Court's equitable and discretionary powers to take any action "necessary or appropriate" under Section 105(a) of the Bankruptcy Code in order to implement the provisions under the Plan. [5]

In addition, we sought the entry of the Asbestos PD Channeling Injunction under Sections 105(a) and 1141 of the Bankruptcy Code (relating to discharge for a debtor) permanently enjoining parties from bringing any actions with respect to any Class 7 Claims (asbestos claims asserting property damage), all of which would have been channeled to the Reorganized Debtors. [6]

Furthermore, in order to protect the Asbestos PI Trust and to preserve its assets, pursuant to Section 105(a) of the Bankruptcy Code, we sought the issuance of the Asbestos Insurance Entity Injunction as described in Section 7.4.2 of the Third Amended Plan, subject to the proviso that, except as otherwise provided in the Confirmation Order, (i) the Asbestos Insurance Entity Injunction would not impair in any way the Insurer Misconduct Actions; (ii) the Asbestos PI Trust would have the sole and exclusive authority at any time to terminate, or reduce or limit the scope of, the Asbestos Insurance Entity Injunction with respect to any Asbestos Insurance Entity upon express written notice to such Asbestos Insurance Entity; and (iii) the Asbestos. Insurance Entity Injunction would not be issued for the benefit of any Asbestos Insurance Entity, and no Asbestos Insurance Entity would be a third-party beneficiary of the Asbestos Insurance Entity Injunction. [7]

With respect to Apollo/Parks Township Claims, the Third Amended Plan and the Apollo/Parks Township Settlement Agreement (a Plan Document related to the Third Amended Plan) proposed the establishment of an Apollo/Parks Township Trust. All Apollo/Parks Township Claims were to be channeled to the Apollo/Parks Township Trust, and a channeling injunction (the "Apollo/Parks Township Channeling Injunction") would enjoin anyone with such a claim, present or future, from pursuing such claims except through the Apollo/Parks Township Trust. The Apollo/Parks Township Trust was to be funded by substantial assets contributed by B&W and Atlantic Richfield Company ("ARCO") and certain of their affiliates. ARCO and B&W were to assign rights to pursue some, but not all, of the proceeds, of nuclear liability insurance policies issued by ANI. ARCO and B&W were to retain certain rights to pursue insurance for other types of claims arising from the Apollo and Parks Township Facilities, such as claims arising from environmental remediation. To protect the interests of persons whose claims were to be channeled to the Apollo/Parks Township Trust, ARCO and B&W would have agreed that, in pursuing any insurance under the rights they have reserved, they would leave at least $75 million of insurance limits for the benefit of the Apollo/Parks Township future claims. The Apollo/Parks Township Trust was to be funded by a cash contribution of $2.8 million from B&W and an assignment of B&W's $1.44 million claim against ANI for ANI's failure to reimburse B&W for defense costs. Finally, as reflected in the Third Amended Plan, ARCO's promise to pay $27.5 million would have resulted in a reduction of the amount by which the Hall Claimants would have agreed to settle their Hall Claims against the Debtors' estates, and, therefore, would have provided "valuable consideration to the Apollo/Parks Township Trust and the reorganization of the Debtors in the Chapter 11 Cases." [8] For a more detailed discussion of the history surrounding the Apollo/Parks Township Claims and/or B&W's relationship to ARCO, the Hall Claimants, and ANI, please refer to pages 29-33 of the Third Amended Disclosure Statement.

Under the Third Amended Plan, all other claims (except the Asbestos PI Trust Claims and the Apollo/Parks Township Claims) were to be resolved directly by the Reorganized Debtors. Under the Third Amended Plan, the Debtors were to pay Administrative Expense Claims, Tax Claims, Priority Claims, Unsecured Trade Claims, Non-Priority Secured Claims, and Workers' Compensation Claims in full. In addition, under the Third Amended Plan, the Debtors were to pay General Unsecured Claims (Class 5 Claims) and Asbestos Property Damage Claims (Class 7 Claims) a pro rata percentage payment that would have been generally comparable to the payment percentage to Cllass 6 Claims, plus applicable liability insurance, if any. [9]

All impaired classes of claims, except one, voted to accept the Third Amended Plan. The holders of Class 6 Asbestos PI Trust Claims voted more than 88 percent in favor of the Third Amended Plan. [10] The holders of Class 7 Asbestos Property Damage ("PD") Claims voted 100 percent in favor of the Third Amended Plan. [11] The holders of Classes 8A and 8B (Apollo/Parks Township Claims and ARCO's Claims related thereto) voted overwhelmingly in favor of the Plan, 99 percent and 100 percent

respectively. [12] The holders of Class 5 General Unsecured Claims initially voted to reject the Third Amended Plan, thus limiting their payment to a pro rata share of a General Unsecured Share Payment and applicable liability insurance for such allowed claims under the Third Amended Plan. [13] But, thereafter, certain members of Class 5, who had originally voted against the Third Amended Plan, changed their votes which converted Class 5 into an accepting class.

Under the Third Amended Plan, equity interests in B&W were to be transferred to the Asbestos PI Trust. Thus, the Babcock & Wilcox Investment Company ("BWICO"), the holder of equity interests in B&W, was deemed impaired under the Third Amended Plan (Class 11A). Class 11A voted in favor of the Third Amended Plan. [14] All other equity interests in the other Debtors were to remain unimpaired. [15]

The Third Amended Plan did not contemplate the liquidation of all or substantially all of the Debtors' property. The Debtors were to remain in business after consummation of the Third Amended Plan.

Notwithstanding the overwhelming support for the Third Amended Plan, the Third Amended Plan remains the subject of unresolved objections and appeals filed by certain significant parties in interest.

III.

JOINT PLAN OF REORGANIZATION AS OF SEPTEMBER 28, 2005

A. Recent Settlement Negotiations - Impact of "Fair Act".

Due to the uncertainty regarding when appeals of the Third Amended Plan would be exhausted and this bankruptcy case could be concluded, we considered alternative ways to bring about a timely resolution of these Chapter 11 proceedings in a manner that provided more certainty to all parties in interest. In addition, our negotiations were influenced by the uncertainty regarding the potential for federal asbestos-related legislation.

The Fairness in Asbestos Injury Resolution Act of 2005 (the "FAIR Act") was introduced in the U.S. Senate on April 19, 2005 as Senate Bill S. 852. It was reported favorably out of the Senate Judiciary Committee on June 16, 2005 and awaits consideration by the Senate. In addition, a similar bill was introduced as a bill in March 2005 in the U.S. House of Representatives as H.R. 1360.

In its current form, the FAIR Act would create a privately funded, federally administered trust fund to resolve pending and future asbestos-related personal injury claims. Under the terms of the FAIR Act, companies -- such as B&W -- that have made expenditures in connection with asbestos personal injury claims, as well as insurance companies, would contribute amounts to a national trust on a periodic basis to fund payment of claims filed by asbestos personal injury claimants who qualify for payment based on a specified allocation methodology. The draft legislation also contemplates, among other things, that the national fund would terminate if, after the administrator of the fund begins to process claims, the administrator determines that, if any additional claims are resolved, the fund would not have sufficient resources when needed to pay 100% of all resolved claims, the fund's debt repayment and other obligations. In that event, the fund would pay all then resolved claims in full, and the legislation would generally become inapplicable to all unresolved claims and all future claims. As a result, absent further federal legislation, with regard to the unresolved claims and future claims, the claimants and defendants would return to the tort system. There are many other provisions in the FAIR Act that would impact B&W and the other Debtors, the Chapter 11 proceedings and the Debtors' parent companies.

It is not possible to determine whether the FAIR Act will be presented for a vote or adopted by the full Senate or the House of Representatives, or signed into law. Nor is it possible at this time to predict the final terms of any bill that might become law or its impact on B&W, the other Debtors, the Chapter 11 proceedings, or the Debtors' parent companies. This uncertainty regarding the FAIR Act or federal legislation similar to the FAIR Act for the resolution of asbestos personal injury claims brought us

back to the negotiation table to seek an alternative way to resolve the Chapter 11 proceedings in a manner that achieves a more certain resolution than the settlement under the Third Amended Plan which is currently the subject of appeals.

B. Key Provisions of the Plan.

Our Plan seeks to provide for payment of the claims held by the Debtors' creditors. We believe that the impaired creditors under the Plan receive either similar or better treatment under the Plan than under the Third Amended Plan. Most features of the Plan work precisely the same way as under the Third Amended Plan, except to the extent described below and in the Plan and Plan Documents (which may be viewed at www._____/_____.com).

i. Changes Under the Plan Relating to Consideration Transferred to the Asbestos PI Trust.

The Plan and Plan Documents include the following key provisions relating to the consideration being transferred to the Asbestos PI Trust if the Effective Date timely occurs:

• MII, through BWICO, will retain full ownership of B&W and its subsidiaries following the Effective Date of the Plan, instead of transferring B&W and its subsidiaries to the Asbestos PI Trust.

• On the Effective Date, MII and its affiliates will pay or cause B&W to pay the Asbestos PI Trust $350 million cash.

• On the Effective Date, MII and its affiliates will assign to the Asbestos PI Trust all insurance rights that were to be assigned to the Asbestos PI Trust under the Third Amended Plan. The Plan Proponents have already liquidated certain of the insurance rights valued at approximately $750 million subject to the satisfaction of certain conditions. We continue to pursue negotiations to liquidate the remaining insurance rights. There can be no assurance of the success of those negotiations.

• On the Effective Date, B&W will issue a promissory note in the principal amount of $250 million to the Asbestos PI Trust, and MII will provide a contingent payment right in the amount of $355 million to the Asbestos PI Trust, both of which will be subject to the condition precedent that the FAIR Act has not been enacted and made law on or before November 30, 2006 (the “Trigger Date”).

• If the FAIR Act is not made law on or before the Trigger Date, MII will be required to satisfy the contingent payment right and the promissory note will be payable in full.

• If the FAIR Act has been enacted and made law on or prior to the Trigger Date, and is not subject to a constitutional challenge to its validity by January 31, 2007, the contingent payment right will not vest and will be fully canceled, and the amount payable pursuant to the $250 million note will be limited to $25 million due to the condition precedent not having been satisfied.

• If, as of the Trigger Date, the FAIR Act has been enacted and made law but is subject to a constitutional challenge, payments under the promissory note (except for the $25 million payment due on December 1, 2007) and the contingent payment right will be suspended until the constitutional challenge to the legislation is resolved by a final, non-appealable judgment.

• If the FAIR Act is found to be constitutional, then the contingent payment right will not vest and will be fully canceled, and the amount payable pursuant to the $250 million note will be limited to the $25 million payment due on December 1, 2007.

• If the FAIR Act is found to be unconstitutional, then MII will be required to satisfy the contingent payment right and the promissory note will be payable in full.

• The $250 million promissory note will be guaranteed by MII and BWICO, and these guarantee obligations will be secured by 100% of B&W's outstanding Capital Stock. If the condition precedent is met, the promissory note will bear annual interest at the rate of 7% from the Trigger Date, with a five-year term and level annual principal payments commencing December 1, 2007.

• The $355 million contingent payment right, subject to the condition precedent, will be payable within 180 days after the Trigger Date, with accrued interest at 7% per annum from the Trigger Date until the payment is funded.

In exchange for the payments and assignments described above, the Plan contemplates that B&W will be indemnified by the Asbestos PI Trust from any and all Asbestos PI Trust Claims, with such claims being channeled to the Asbestos PI Trust as under the Third Amended Plan. The protections afforded to Non-Debtor Affiliates and the other Asbestos Protected Parties under the Third Amended Plan remain substantially the same under the Plan. In essence, the renegotiation of the consideration being provided to the Asbestos PI Trust was designed to bring about resolution of the Chapter 11 proceeding more quickly and with more certainty than the Third Amended Plan, which is now the subject of a number of appeals and 9033 Objections.

ii. Treatment of Claims Other Than Asbestos Personal Injury Claims.

The Plan proposes to pay Administrative Expense Claims, Tax Claims, Priority Claims, Unsecured Trade Claims, Non-Priority Secured Claims, and Workers' Compensation Claims in full as was contemplated under the Third Amended Plan. Accordingly, pursuant to the Voting Procedures Order we will not solicit the votes of holders of such claims.

In addition, the Plan proposes to pay General Unsecured Claims (Class 5 Claims) (which we believe accepted the Third Amended Plan in view of the changed votes in that class) in the same manner as was contemplated under the Third Amended Plan. Accordingly, if Class 5 votes to accept the Plan, each holder of an Allowed Claim in Class 5 will be paid a Pro Rata Share of the General Unsecured Share Payment, a Pro Rata Share of additional cash in the amount of $250,000, and applicable liability insurance for such claims. In the event Class 5 does not vote to accept the Plan, each holder of an Allowed Class 5 Claim will be paid a Pro Rata Share of the General Unsecured Share Payment and any applicable liability insurance for such claims. The Bankruptcy Court has made a finding in connection with the Third Amended Plan estimating the General Unsecured Claims at no more than $1 million. [16]

The Plan proposes to pay Asbestos PD Claims (Class 7 Claims) in the same manner as was contemplated under the Third Amended Plan, which was dependent upon whether Class 7 voted to accept the Plan or reject the Plan. As noted, Class 7 voted to accept the Third Amended Plan. Because of that vote, under the Third Amended Plan, each holder of an Allowed Claim in Class 7 would be paid a Pro Rata Share of the Asbestos PD Share Payment, a Pro Rata Share of additional cash in the amount of $250,000, and any applicable proceeds of any Asbestos PD Insurance Rights indemnifying the Reorganized Debtors for such Class 7 Claims, if and only to the extent recoverable by the Reorganized Debtors. If Class 7 does not vote to accept the Plan, each holder of an Allowed Class 7 Claim will be paid a Pro Rata Share of the Asbestos PD Share Payment and any applicable proceeds of any Asbestos PD Insurance Rights indemnifying the Reorganized Debtors for such Class 7 Claims, if and only to the extent recoverable by the Reorganized Debtors. The Asbestos PD Share Payment is designed to allow such creditors to share pro rata in a pool of funds calculated to give them the same percentage distribution as that given to Asbestos PI Trust Claimants (exclusive of any insurance). We intend to seek a finding by the Court estimating the Estimated Amount of Claims in Class 7 to be no greater than $700,000, [17] which is the approximate amount of the timely filed Asbestos PD Claims allowed by the Bankruptcy Court. We have used that estimate in calculating the Asbestos PD Share Payment. Because of insurance rights in all likelihood recoverable by the Debtors for the payment of Asbestos PD Claims, the Debtors anticipate that the holders of allowed Asbestos PD Claims will be paid the full amount of their Allowed Claims.

Intercompany claims between and among the Debtors will not be discharged under the Plan, but will be settled or treated in accordance with the process for settling intercompany accounts in the ordinary course which was in place immediately prior

to the Petition Date. Postpetition intercompany claims generally will be paid by the Reorganized Debtors or the Affiliates, as the case may be, in the ordinary course of their respective businesses.

Equity interests in B&W will be impaired. While MII will retain full ownership of B&W as described above, 100% of B&W's Capital Stock will be pledged to the Asbestos PI Trust as security for the guarantee obligations relating to the $250 million promissory note. Thus, BWICO, the holder of equity interests in B&W, is impaired and is entitled to vote to accept or reject the Plan. All other equity interests in the other Debtors will remain unimpaired.

iii. Certain Conditions of the Plan.

The Plan must reach a final, non-appealable Effective Date no later than _____, 2006 or such other date upon which we may agree. If the Effective Date of the Plan has not occurred by that date, and we do not agree to extend the date, then the parties will revert to their legal status under the Third Amended Plan that is pending before the District Court. Other details regarding these provisions are set forth more fully in the Plan and the Non-Debtor Affiliate Settlement Agreement and its exhibits, which are attached hereto.

If the requisite number of creditors in the impaired Classes (other than Class 6) do not accept the Plan, the Plan contemplates that it may still be confirmed despite that nonacceptance so long as at least one impaired Class under the Plan votes in favor of the Plan. We believe that holders of Claims will receive more under our Plan than what they would receive under a hypothetical Chapter 7 liquidation. The Bankruptcy Court has made such a finding with respect to the Third Amended Plan, and the Plan does nothing to change that result. The Plan Proponents also believe that the Plan does not unfairly discriminate against and is fair and equitable to all classes of Claims, including, but not limited to, all impaired classes of Claims contemplated therein. Therefore, we may seek to have the Plan confirmed as to dissenting classes of Claims pursuant to the "cramdown" provisions of Section 1129(b) of the Bankruptcy Code,

iv. Apollo/Parks Township Claims.

One difference between the Third Amended Plan and the Plan is that Apollo/Parks Township Claims will no longer be channeled to an Apollo/Parks Township Trust. Litigation over the channeling of the Apollo/Parks Township Claims threatened to delay the conclusion of the bankruptcy case for a considerable period of time. In view of our desire to conclude the bankruptcy cases expeditiously on a fair and equitable basis, the Plan provides that the Apollo/Parks Township Claims will pass through the bankruptcy case unaffected, and the Apollo/Parks Township Claims will not be discharged by confirmation of the Plan. Under the Plan, Apollo/Parks Township Claims not be discharged by confirmation of the Plan, and the legal, equitable and contractual rights of holders of such claims shall be unaltered by the confirmation of the Plan. Holders of Apollo/Parks Township Claims shall be permitted to assert their Claims against the Reorganized Debtors on the same terms and subject to the same defenses of the Debtors as existed without regard to the filing of the Debtors' Chapter 11 Cases. Therefore, Apollo/Parks Township Claims will be unimpaired. It is possible that the Debtors may settle some or all Apollo/Parks Township Claims. If a definitive settlement is reached prior to the Effective Date of the Plan, the Debtors will file a motion with the Bankruptcy Court pursuant to Bankruptcy Rule 9019 for approval of any such. settlement.

Since holders of Apollo/Parks Township Claims will not be impaired under the Plan, such claimants -- the holders of Class 8A Claims under the Third Amended Plan - are not entitled to vote on the Plan. Similarly, the claims of ARCO and certain claims of the government ("Governmental Unit Environmental Remediation Claims" under the Third Amended Plan) related to Apollo/Parks Township Claims are not impaired under the Plan; thus the holders of Class 8B, 8C, and 8D Claims under the Third Amended Plan are also not entitled to vote on the Plan, and such sub-classes have been eliminated under the Plan.

IV.

SUMMARY OF CLASSIFICATION AND TREATMENT OF CLAIMANTS

CLASSES OF CLAIMS AND EQUITY INTERESTS	TREATMENT OF CLASSES
Unclassified. Allowed Administrative Expense Claims.	Unimpaired. Not entitled to vote. Administrative Expense Claims will be paid in full by the Reorganized Debtors, in cash, on the later of: (a) the Effective Date, or as soon as practicable thereafter; (b) the date upon which an Administrative Expense Claim is Allowed, or as soon as practicable thereafter; (c) upon such other terms as may be agreed upon between the holder of an Allowed Administrative Expense Claim and the Reorganized Debtors; or (d) otherwise upon order of the Bankruptcy Court; provided, however, that Administrative Expense Claims representing liabilities incurred in the ordinary course of business by the Debtors or assumed by the Debtors pursuant to the Plan will be paid by the Reorganized Debtors in accordance with the terms and conditions of the particular transaction and any agreements relating thereto. The vast majority of these claims represents ordinary course of business expenses which should be paid in the ordinary course of business or fees due professionals, which will be paid as soon as practicable after either the Effective Date or the date of allowance.
The total estimate of outstanding unpaid claims is $12 million.	Estimated percentage recovery: 100%
Unclassified: Allowed Tax Claims	Unimpaired. Not entitled to vote. Allowed Tax Claims will be paid at the option of the Reorganized Debtors, either (a) in full, in cash, on the Effective Date, or as soon as practicable thereafter, or (b) upon such other terms as may be mutually agreed upon between such holder of an Allowed Tax Claim and the Reorganized Debtors, or (c) in equal quarterly cash payments in an aggregate amount equal to such Allowed Tax Claim, together with interest.
The total estimate of Allowed Priority Tax Claims is zero.	Estimated percentage recovery: 100%
Class 1. Allowed Priority Claims.	Unimpaired. Not entitled to vote. Payment in full by the Reorganized Debtors, in cash on the later of: (a) the Effective Date, or as soon as practicable thereafter; (b) the date upon which a Priority Claim is Allowed by Pinal Order, or as soon as practicable thereafter; or (c) upon such other terms as may be mutually agreed upon between the holder of an Allowed Priority Claim and the Reorganized Debtors.

The total estimate of Allowed Priority Claims is zero.	Estimated percentage recovery: 100%
Class 2. Allowed Non-Priority Secured Claims.	Unimpaired. Not entitled to. vote. Payment in full by the Reorganized Debtors, in cash, together with interest on such Allowed Secured Claim required to be paid pursuant to Section 506(b) of the Bankruptcy Code at the later of: (a) the Effective Date; (b) the date upon which a Non-Priority Secured Claim is Allowed, or as soon as practicable thereafter; or (c) upon such other terms as may be mutually agreed upon between the holder of a Non-Priority Secured Claim and the Reorganized Debtors.
The total estimate of Allowed Non-Priority Secured Claims is zero.	Each holder of an Allowed Secured Claim will retain its security interest until full and final payment of such Allowed Secured Claim is made as provided in the Plan, at which time such Security Interest will be deemed null and void, and will be unenforceable for all purposes. Estimated percentage recovery: 100%
Class 3. Workers' Compensation Claims.	Unimpaired. Not entitled to vote, Paid in the ordinary course pursuant to such rights that existed under any state workers' compensation system or laws applicable to such Claims.
The total estimate of Workers' Compensation Claims is $40 million.	Estimated percentage recovery: 100%
Class 4. Unsecured Trade Claims.	Unimpaired. Not entitled to vote. Paid at the option of the Reorganized Debtors either: (a) in full, in cash, on the Effective Date or as soon as practicable thereafter; (b) upon such other terms as may be mutually agreed upon between each holder of an Allowed Unsecured Trade Claim and the Reorganized Debtors; or (c) notwithstanding any contractual provision or applicable law that entitles the holder of an Allowed Unsecured Trade Claim to demand or receive payment thereof prior to the stated maturity from and after the occurrence of a default, by reinstatement in accordance with Section 1124(2)(A)-(D) of the Bankruptcy Code.
The total estimate of Allowed Unsecured Trade Claims is $2.7 million.	Estimated percentage recovery: 100%
Class 5. General Unsecured Claims.	Impaired. Entitled to vote. In the event Class 5 votes to accept the Plan, each holder of an

	Allowed Claim in Class 5 will be paid a Pro Rata Share of the General Unsecured Share Payment and a Pro Rata Share of $250,000 by the Reorganized Debtors. In the event Class 5 does not vote to accept the Plan or votes to reject the Plan, each holder of an Allowed Class 5 Claim will be paid a Pro Rata Share of the General Unsecured Share Payment. In either case, Allowed General Unsecured Claims will also receive applicable liability insurance for such Claim, if and only to the extent recoverable by the Reorganized Debtors. In no event shall any holder of a Class 5 Claim receive more than 100% of such holder's Allowed Claim.
The total estimate of Allowed General Unsecured Claims is no more than $1 million.	Estimated percentage recovery: Determined in accordance with the Plan formula
Class 6. Asbestos PI Trust Claims,	Impaired. Entitled to vote. *The Plan provides for satisfaction of the Asbestos PI Trust Claims through the Asbestos PI Trust, pursuant to the Asbestos PI Trust Distribution Procedures and in accordance with an Asbestos PI Channeling Iniunction.* The Asbestos PI Trust will be funded with cash, insurance, the Contingent Payment Right, and the contingent promissory note discussed above on pages 12-13 and as set forth in the Plan and Non-Debtor Affiliate Settlement Agreement attached hereto. The Plan Proponents do not anticipate that the holders of Asbestos PI Trust Claims will be paid in full on Allowed Asbestos PI Trust Claims from the Asbestos PI Trust. The Initial Payment Percentage on the payment of Class 6 Claims is [___].
The total estimate of Allowed Asbestos PI Trust Claims is unknown.	Estimated percentage recovery: Determined in accordance with the Plan formula and Asbestos PI Trust Distribution Procedures.
Class 7. Asbestos PD Claims.	Impaired. Entitled to vote. *The Plan provides for satisfaction of the Asbestos PD Claims by the Reorganized Debtors and in accordance with an Asbestos PD Channeling Injunction.* If Class 7 votes to accept the Plan, the holders of Class 7 Claims will be paid a Pro Rata Share of the Asbestos PD Share Payment a Pro Rata Share of $250,000, and any applicable proceeds of any Asbestos PD Insurance rights indemnifying the Reorganized Debtors for such Class 7 Claims, if and only to the extent recoverable by the Reorganized Debtors. If Class 7 does not vote to accept the Plan, or votes to reject the Plan, the holders of Class 7 Claims will receive only a Pro Rata Share of the Asbestos PD Share Payment and any applicable proceeds of any Asbestos PD

	Insurance Rights indemnifying the Reorganized Debtors for such Class 7 Claims, if and only to the extent recoverable by the Reorganized Debtors. Notwithstanding the foregoing, the amount distributed to Allowed Class 7 Claims in the aggregate shall in no event exceed the aggregate value of Class 7 Claims, as estimated by the Bankruptcy Court, applicable solely to settlement payments or judgments (but not to defense costs). In no event shall any holder of a Class 7 Claim receive more than 100% of such holder's Allowed Claim. Estimated Percentage Recovery: 100%
The total estimate of Allowed Asbestos PD Claims is not expected to exceed $700,000.	
Class 8. Apollo/Parks Township Claims.	Unimpaired. Not entitled to vote.
Class 9. Intercompany Claims in Debtor Chain.	Unimpaired. Not entitled to vote.
Class 10. Affiliate Intercompany Claims.	Unimpaired. Not entitled to vote.
Class 11 A. Equity Interests in The Babcock & Wilcox Company.	Impaired. Entitled to vote. Under the Plan, 100% of B&W's Capital Stock will be pledged to the Asbestos PI Trust as security for the guarantee obligations relating to a $250 million promissory note.
Class 11B. Equity Interests in Diamond Power International, Inc.	Unimpaired. Not entitled to vote.
Class 11C. Equity Interests in Babcock & Wilcox Construction Co.	Unimpaired. Not entitled to vote.
Class 11D. Equity Interests in Americon, Inc.	Unimpaired. Not entitled to vote.

V.

VOTING PROCEDURES AND REQUIREMENTS

To be counted, your Ballot must be received at the above address by no later than 5:00 p.m., Central Daylight Time, on December ___, 2005. No Ballot received at the above address after 5:00 p.m., Central Daylight Time, on December ___, 2005 will be counted. Faxed or electronically transmitted Ballots, or Ballots without a signature of the claimant who is casting the vote or his, her or its designated agent will not be counted.

You may be contacted by various parties-in-interest with regard to your vote on the Plan. Your vote will be irrevocable once received by the Voting Agent unless you withdraw it as instructed by the Voting Procedures Order, or unless the Bankruptcy Court, after application, notice, and hearing, permits you to change your vote. If any ballot received by the Voting Agent is not discernible as to the Class of the Claim or the name of the holder thereof, that ballot will be disregarded and not counted. If a ballot is received and it either (a) does not indicate an acceptance or a rejection of the Plan or (b) indicates both an acceptance

and rejection of the Plan, it will be deemed an acceptance. If your ballot is damaged or lost, please contact the Voting Agent. If you have any questions regarding the procedures for voting on the Plan, please contact your legal counsel for advice.

As a condition of confirmation, the Bankruptcy Code requires acceptance of a plan of reorganization by all impaired classes (except as discussed below). The Bankruptcy Code defines acceptance of a plan by a class of claims as acceptance by holders of two-thirds in dollar amount and one-half in number of the claims of that class which actually cast ballots for acceptance or rejection of the plan, *i.e.*, acceptance takes place only if two-thirds in amount and a majority in number of the holders of claims in a given class actually voting cast their ballots in favor of acceptance. The Bankruptcy Code defines acceptance of a plan by a class of equity interest holders as acceptance by holders of two-thirds in amount of the interests of that class which actually cast ballots for acceptance or rejection of the plan. In addition, because the Plan seeks to create a trust for the payment of asbestos-related personal injury claims pursuant to 11 U.S.C. § 524(g), the voting requirements under Section 524(g) must be met. Specifically, in order for Class 6 to accept the Plan, at least seventy-five percent (75%) of the votes cast by holders of Class 6 Claims must be votes in favor of the Plan.

Notwithstanding the requirement of class acceptance, a plan may be confirmed even if one or more impaired classes does not accept the plan if at least one impaired class of non-insider claims has accepted the plan and the Court determines that the plan does not discriminate unfairly, and is fair and equitable, with respect to each class that is impaired and has not accepted the plan.

If the Plan is confirmed, all holders of Claims against and Equity Interests in the Debtors, whether voting or nonvoting and, if voting, whether accepting or rejecting the Plan, will be bound by the terms of the Plan.

VI.

CONFIRMATION OF THE PLAN

Under the Bankruptcy Code, the following steps must be taken to confirm the Plan:

A. Confirmation Hearing

Section 1128(a) of the Bankruptcy Code requires the Bankruptcy Court, after notice, to hold a hearing to determine whether all requirements for confirmation of the Plan have been satisfied. By Order of the Bankruptcy Court entered on October ___, 2005, the Confirmation Hearing has been scheduled for December ___, 2005, at _____, Central Standard Time, at the United States Bankruptcy Court, Eastern District of Louisiana, [18] United States Courthouse, 707 Florida Street, Room 109, Baton Rouge, LA 70801 (the "Confirmation Hearing"), The Confirmation Hearing may be adjourned from time to time by the Bankruptcy Court without further notice, except for an announcement made at the Confirmation Hearing or any adjournment thereof.

ANY ANNOUNCEMENT OF ADJOURNMENT OF THE DATE AND TIME OF THE CONFIRMATION HEARING MADE IN COURT WILL BE THE ONLY NOTICE PROVIDED TO HOLDERS OF CLAIMS AND EQUITY INTERESTS, UNLESS THE BANKRUPTCY COURT ORDERS OTHERWISE.

Section 1128(b) of the Bankruptcy Code provides that any party-in-interest may object to confirmation of the Plan. Any objection to confirmation must be made in writing, conform to the Federal Rules of Bankruptcy Procedures and the Local Rules of the Bankruptcy Court, set forth the name of the objector, the nature and amount of the Claim or Equity Interest held or asserted by the objector against the Debtors' estates or property, be accompanied by a memorandum of law stating the facts and law supporting the objection, and be filed with the Bankruptcy Court with proof of service and served upon counsel as indicated below on or before December ___, 2005 at 5:00 p.m., Central Standard Time.

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UNLESS AN OBJECTION TO CONFIRMATION IS TIMELY SERVED UPON THE COUNSEL LISTED ABOVE AND FILED WITH THE BANKRUPTCY COURT, IT WILL NOT BE CONSIDERED BY THE BANKRUPTCY COURT.

B. Requirements for Confirmation of a Plan.

At the Confirmation Hearing, the Bankruptcy Court will determine whether the confirmation requirements of Section 1129 of the Bankruptcy Code have been satisfied, in which event the Bankruptcy Court will enter an order recommending that the

District Court confirm the Plan, The applicable requirements for confirmation are set forth in the Third Amended Disclosure Statement on pages 16-17.

In addition to the usual requirements of Section 1129 of the Bankruptcy Code, the following additional requirements must also be met in order for an injunction to be issued pursuant to Section 524(g) of the Bankruptcy Code:
1. The Asbestos PI Trust that is created is to assume the liabilities of the Debtors which at the time of entry of the order for relief have been named as defendants in personal injury wrongful death, or property-damage actions seeking recovery for damages allegedly caused by the presence of, or exposure to, asbestos or asbestos-containing products.

2. The Asbestos PI Trust is to be funded in whole or in part by the securities of one or more Debtors involved in the Plan arid by the obligation of such Debtor or Debtors to make future payments, including dividends.

3. The Asbestos PI Trust is to own, or by the exercise of rights granted under the Plan would be entitled to own if specified contingencies occur, a majority of the voting shares of each of the Debtors, the parent corporation of each of the Debtors, or a subsidiary of each of the Debtors that is also a Debtor.

4. The Asbestos PI Trust is to use its assets or income to pay claims and demands; and

5. The Court determines the following;

a. The Debtors are likely to be subject to substantial future demands for payment arising out of the same or similar conduct or events that gave rise to the claims that are addressed by the injunction.

b. The actual amounts, numbers, and timing of such future demands cannot be determined.

c. Pursuit of such demands outside of the procedures prescribed by the Plan is likely to threaten the Plan's purpose to deal equitably with claims and future demands.

d. The terms of the injunction are set out in the Plan and the Disclosure Statement.

e. A separate class of claimants whose claims are to be addressed by the Asbestos PI Trust is established (Class 6 Claimants) and votes, by at least 75 percent of those voting, in favor of the Plan; and

f. The Asbestos PI Trust will operate through mechanisms such as structured, periodic, or supplemental payments, pro rata distributions, matrices, or periodic review of estimates of the numbers and values of present claims and future demands, or other comparable mechanisms, that provide reasonable assurance that the Asbestos PI Trust will value, and be in a financial position to pay, present claims and future demands that involve similar claims in substantially the same manner.

The Plan provides for the entry of the Asbestos PI Channeling Injunction, the Asbestos PD Channeling Injunction, and the Asbestos Insurance Entity Injunction, Pursuant to the provisions of the Asbestos PI Channeling Injunction, the sole recourse of the holder of an Asbestos PI Trust Claim on account of such claim will be to the Asbestos PI Trust. Such holder will have no right whatsoever at any time to assert its Asbestos PI Trust Claim against the Debtors. Reorganized Debtors, any other Asbestos PI Protected Party, any Settling Asbestos Insurance Entity, or any property or interest in property of the Debtors, the Reorganized Debtors, or any other Asbestos Protected Party, Without limiting the foregoing, from and after the Effective Date, the Asbestos PI Channeling Injunction will apply to all holders of Asbestos PI Trust Claims and all such holders will be permanently and forever staved, restrained, and enjoined from taking any actions for the Purpose of. directly or indirectly, collecting, recovering, or receiving payment of, on, or with respect to any Asbestos PI Trust Claims other than from the Asbestos PI Trust in accordance with the Asbestos PI Channeling Injunction and pursuant to the procedures established by the Reorganized Debtors, including:

1. *commencing, conducting, or continuing in any manner, directly or indirectly, any suit, action, or other proceeding (including a judicial, arbitration, administrative, or other proceeding) in any forum against or affecting any Asbestos Protected Party, any Settling Asbestos Insurance Entity, or any property or interests in property of any Asbestos Protected Party;*

2. *enforcing, levying, attaching (including any prejudgment attachment-), collecting, or otherwise recovering by any means or in any manner, whether directly or indirectly, any judgment, award, decree, or other order against any Asbestos Protected Party, any Settling Asbestos Insurance Entity, or any property or interests in property of any Asbestos Protected Party*;

3. *creating, perfecting, or otherwise enforcing in any manner, directly or indirectly, any Encumbrance against any Asbestos Protected Party, any Settling Asbestos Insurance Entity, or any property or interests in property of any Asbestos Protected Party;*

4. *setting off, seeking reimbursement of, contribution from, or subrogation against, or otherwise recouping in any manner, directly or indirectly, any amount against any liability owed to any Asbestos Protected Party, any Settling Asbestos Insurance Entity, or any property or interests in property of any Asbestos Protected Party, and*

5. *proceeding in any manner in any place with regard to any matter that is subject to resolution pursuant to the Asbestos PI Trust, except in conformity and compliance with the Asbestos PI Trust Agreement and the Asbestos PI Trust Distribution Procedures.*

Except as provided in the Plan or in the Non-Debtor Affiliate Settlement Agreement, nothing contained in the Plan will constitute or be deemed a waiver of any claim, right, or cause of action that the Debtors, the Reorganized Debtors, or the Asbestos PI Trust may have against any Entity in connection with or arising out of an Asbestos PI Trust Claim.

Pursuant to the provisions of the Asbestos PD Channeling Injunction, the sole recourse of the holder of an Asbestos PD Claim on account of such claim will be to the Reorganized Debtors. Such holder will have no right whatsoever at any time to assert its Asbestos PD Claim against the Debtors, any other Asbestos PD Protected Party, any Settling Asbestos Insurance Entity, the Asbestos PI Trust, or any property or interest in property of the Debtors or any other Asbestos Protected Party, Without limiting the foregoing, from and after the Effective Date, the Asbestos PD Channeling Injunction will apply to all holders of Asbestos PD Claims, and all such holders will be permanently and forever stayed, restrained, and enjoined from taking any actions for the purpose of, directly or indirectly, collecting, recovering, or receiving payment of, on, or with respect to any Asbestos PD Claims other than from the Reorganized Debtors in accordance with the Asbestos PD Channeling Injunction and pursuant to the Asbestos PD Trust Distribution Procedures, including:
1. *commencing, conducting, or continuing in any manner, directly or indirectly, any suit, action, or other proceeding (including a judicial, arbitration, administrative, or other proceeding) in any forum against or affecting any Asbestos Protected Party, any Settling Asbestos Insurance Entity, the Asbestos PI Trust, or any property or interests in property of any Asbestos Protected Party;*

2. *enforcing, levying, attaching (including any prejudgment attachment), collecting, or otherwise recovering by any means or in any manner, whether directly or indirectly, any judgment, award, decree, or other order against any Asbestos Protected Party, any Settling Asbestos Insurance Entity, the Asbestos PI Trust, or any property or interests in property of any Asbestos Protected Party;*

3. *creating, perfecting, or otherwise enforcing in any manner, directly or indirectly, any Encumbrance against any Asbestos Protected Party, any Settling Asbestos Insurance Entity, the Asbestos PI Trust, or any property or interests in property of any Asbestos Protected Party;*

4. *setting off, seeking reimbursement of, contribution from, or subrogation against, or otherwise recouping in any manner, directly or indirectly, any amount against any liability owed to any Asbestos Protected Party, any Settling Asbestos Insurance Entity, the Asbestos PI Trust, or any property or interests in property of any Asbestos Protected Party; and*

5. *proceeding in any manner in any place with regard to any matter that is subject to resolution by the Reorganized Debtors.*

Except as provided in the Plan or in the Non-Debtor Affiliate Settlement Agreement, nothing contained in the Plan will constitute or be deemed a waiver of any claim, right, or cause of action that the Debtors or the Reorganized Debtors may have against any Entity in connection with or arising out of an Asbestos PD Claim.

Pursuant to the Asbestos Insurance Entity Injunction, in order to protect the Asbestos PI Trust and to preserve its assets, all Entities (not including the Asbestos PI Trust, the Asbestos Insurance Entities, and, to the extent they are permitted or required to pursue Asbestos Insurance Rights under the Plan or the Asbestos Insurance Rights Assignment Agreement, the Reorganized Debtors and the Insurance Contributors) that have held or asserted, that hold or assert, or that may in the future hold or assert any claim, demand, or cause of action (including any Asbestos PI Trust Claim or any claim or demand for or respecting any Trust Expenses) against any Asbestos Insurance Entity based upon, relating to, arising out of, or in any way connected with any Claim, Demand. Asbestos PI Insurance Rights. Subject Insurance Policies, or Subject Insurance Settlement Agreements whenever and wherever arisen or asserted (including all Claims in the nature of or sounding in tort, or under contract, warranty, or any other theory of law, equity, or admiralty) will be stayed, restrained, and enjoined from taking any action for the purpose of directly or indirectly collecting, recovering, or receiving payments, satisfaction, or recovery with respect to any such claim, demand, or cause of action, including:
1. *commencing, conducting, or continuing, in any manner, directly or indirectly, any suit, action, or other proceeding of any kind (including a judicial, arbitration, administrative, or other proceeding) in any forum with respect to any such claim, demand, or cause of action against any Asbestos Insurance Entity, or against the property of any Asbestos Insurance Entity, with respect to any such claim, demand, or cause of action:*

2. *enforcing, levying, attaching, collecting, or otherwise recovering, by any means or in any manner, whether directly or indirectly, any judgment, award, decree, or other order against any Asbestos Insurance Entity, or against the property of any Asbestos Insurance Entity, with respect to any such claim, demand, or cause of action:*

3. *creating, perfecting, or enforcing in any manner, directly or indirectly, any encumbrance against any Asbestos Insurance Entity, or the property of any Asbestos Insurance Entity, with respect to any such claim, demand, or cause of action:*

4. *except as otherwise specifically provided in the Plan, asserting or accomplishing any setoff, right of subrogation, indemnity, contribution, or recoupment of any kind, directly or indirectly, against any obligation of any Asbestos Insurance Entity, or against the property of any Asbestos Insurance Entity, with respect to any such claim, demand, or cause of action*

provided, however, that (i) the Asbestos Insurance Entity Injunction will not impair in any way the Insurance Misconduct Actions: (ii) the Asbestos PI Trust will have the sole and exclusive authority at any time to terminate, or reduce or limit the scope of, the Asbestos Insurance Entity Injunction with respect to any Asbestos Insurance Entity upon express written notice to such Asbestos Insurance Entity; and (iii) the Asbestos Insurance Entity Injunction is not issued for the benefit of the any Asbestos Insurance Entity, and no Asbestos Insurance Entity is a third-party beneficiary of the Asbestos Insurance Entity Injunction.

Notwithstanding anything to the contrary above, this Asbestos Insurance Entity Injunction will not enjon:
1. *the rights of Entities to the treatment accorded them under Articles 2 and 3 of the Plan, as applicable, including the rights of Entities with Asbestos PI Trust Claims or Asbestos PD Claims to assert such Asbestos PI Trust Claims or Asbestos PD Claims against the Asbestos PI Trust or the Reorganized Debtors, as applicable, in accordance with the Asbestos PI Trust Distribution Procedures or procedures established by the Reorganized Debtors:*

2. *the rights of Entities to assert any Claim, debt, obligation, or liability for payment of Trust Expenses against the Asbestos PI Trust:*

3. *the rights of the Asbestos PI Trust and the Reorganized Debtors and the Insurance Contributors (to the extent permitted or required under the Plan or the Asbestos Insurance Rights Assignment Agreement) to prosecute any action based on or arising from Asbestos PI Insurance Rights or Asbestos PD Insurance Rights; and*

4. *the rights of the Asbestos PI Trust and the Reorganized Debtors to assert any claim, debt, obligation, or liability for payment against an Asbestos Insurance Entity based on or arising from Asbestos PI Insurance Rights or Asbestos PD Insurance Rights*,

The Plan Proponents believe that the Plan satisfies all of the applicable statutory requirements of Chapter 11 of the Bankruptcy Code (including Section 524(g)), that they have complied or will have complied with all of the requirements of Chapter 11 (including Section 524(g)), and that the Plan has been proposed in good faith. As discussed above, the Bankruptcy Court has previously recommended confirmation of the Third Amended Plan. The Plan retains many of the features of the Third Amended Plan and affords a more certain and prompt conclusion than the Third Amended Plan, Accordingly, the Plan Proponents believe that the Plan is in the best interests of all creditors and should be confirmed.

C. Cramdown.

Generally, under the Bankruptcy Code, a plan of reorganization must be approved by each impaired class of creditors. The Bankruptcy Court, however, may confirm a plan that has not been approved by each impaired class if at least one impaired class accepts the plan by the requisite vote and the Bankruptcy Court determines that the plan "does not discriminate unfairly" and is "fair and equitable" with respect to each class that is impaired and has not accepted the plan. A plan of reorganization does not discriminate unfairly within the meaning of the Bankruptcy Code if each dissenting class is treated equally with other classes of equal rank. "Fair and equitable" has different meanings with respect to the treatment of secured claims, unsecured claims, and equity interests.

In the event one or more Classes of impaired Claims (other than Class 6) or Equity Interests rejects the Plan, the Plan Proponents reserve the right to proceed with confirmation pursuant to Section 1129(b) of the Bankruptcy Code, and the Bankruptcy Court will determine at the Confirmation Hearing whether the Plan is fair and equitable and does not discriminate unfairly against any rejecting impaired Class of Claims.

VII.

OCCURRENCE OF PLAN EFFECTIVE DATE

The "effective date of the plan," as used in Section 1129 of the Bankruptcy Code, will not occur, and the Plan will be of no force and effect, until the Effective Date. The occurrence of the Effective Date is subject to satisfaction of certain conditions precedent listed in Section 7.14 of the Plan, any of which may be waived by the Plan Proponents acting together. One such condition is that the Confirmation Order will have been issued or affirmed by the District Court, and the Confirmation Order will have become a Final Order; provided, however, that the Effective Date may occur at a point in time when the Confirmation Order is not a Final Order at the option of the Plan Proponents acting together unless the effectiveness of the Confirmation Order has been stayed or vacated, in which case the Effective Date may be, at the option of the Plan Proponents acting together, the first Business Day immediately following the expiration or other termination of any stay of effectiveness of the Confirmation Order.

VIII.

CONCLUSION AND RECOMMENDATION

The Plan Proponents believe that confirmation and implementation of the Plan are preferable to pursuing confirmation and implementation of the Third Amended Plan because it will provide greater certainty of a favorable and prompt resolution for holders of claims. In addition, pursuing the Third Amended Plan would involve significant delay, uncertainty, and substantial additional administrative costs. We urge you to vote in favor of the Plan.

Dated: September 28, 2005

THE BABCOCK & WILCOX COMPANY

By: */s/*

[[Text redacted in copy.]]

DIAMOND POWER INTERNATIONAL, INC.

By: */s/*

[[Text redacted in copy.]]

BABCOCK & WILCOX CONSTRUCTION CO., INC.

By: _____

[[Text redacted in copy.]]

AMERICON, INC.

By: _____

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Footnotes

1 Unless otherwise defined herein or otherwise indicated, all capitalized terms contained in this Disclosure Statement will have the meanings assigned to such terms in the Plan.

2 In the aftermath of Hurricane Katrina, the Bankruptcy Court for the Eastern District of Louisiana has relocated temporarily from New Orleans, Louisiana to Baton Rouge, Louisiana. You may check the Bankruptcy Court's website, at www.laeb.uscourts.gov, for further information regarding location of court hearings and procedures in the aftermath of Hurricane Katrina.

3 The Third Amended Plan also proposed to establish an Apollo/Parks Township Trust to resolve Apollo/Parks Township Claims, which is discussed in more detail on pages 8-9 herein. Under the new Plan, the Apollo/Parks Township Trust will not be established. The treatment of Apollo/Parks Township Claims under the new Plan is discussed in more detail on pages 15-16 herein. Capitalized terms discussing the Third Amended Plan not defined herein have the meanings assigned to such terms in the Third Amended Plan. The Third Amended Plan is attached as Exhibit A to the Third Amended Disclosure Statement. You may obtain a copy of the Third Amended Plan in the manner we describe on Page 1 of this Disclosure Statement.

4 Third Amended Plan at §§ 3.2.6; 5.4; and 7.2.

5 Third Amended Plan at § 3.2.6.

6 Third Amended Plan at § 3.2.7.

7 Third Amended Plan at § 7.4. Case 00-10992 Doc 6757 Filed 09/29/05 Entered 09/29/05 17:39:18 Main Document Page 12

8 Third Amended Plan at § 7.7; Amended Findings and Conclusions at 56 (Dkt. 6133).

9 Third Amended Plan at Article 3 generally.

10 Rust Affidavit, Ex. A, Dkt. No. 4885 (a copy can be obtained at www._____.com).

11 Rust Affidavit, Ex. A.

12 Rust Affidavit, Ex. A.

13 Rust Affidavit, Ex. A.

14 Rust Affidavit, Ex. A.

15 Rust Affidavit, Ex. A.

16 Amended Findings and Conclusions at page 19.

17 Plan at § 7.13.2.

18 In the aftermath of Hurricane Katrina, the Bankruptcy Court for the Eastern District of Louisiana has relocated temporarily from New Orleans, Louisiana to Baton Rouge, Louisiana. You may check the Bankruptcy Court's website, at www.laeb.uscourts.gov, for further information regarding location of court hearings and procedures in the aftermath of Hurricane Katrina.

End of Document

Exhibit 34

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	:	Chapter 11
LESLIE CONTROLS, INC.,	:	Case No. 10-12199 (CSS)
Debtor.[1]	:	**Related Docket Nos. 172, 213 and 284**

FINDINGS OF FACT, CONCLUSIONS OF LAW, AND ORDER CONFIRMING THE FIRST AMENDED PLAN OF REORGANIZATION OF LESLIE CONTROLS, INC. UNDER CHAPTER 11 OF THE BANKRUPTCY CODE

WHEREAS, on July 12, 2010 (the "Petition Date"), Leslie Controls, Inc. (the "Debtor") filed a voluntary petition for relief under Chapter 11 of title 11 of the United States Code (the "Bankruptcy Code"); and

WHEREAS, on the Petition Date, the Debtor filed the Plan of Reorganization of Leslie Controls, Inc. Under Chapter 11 of the Bankruptcy Code [Docket No. 15] and Disclosure Statement Pursuant to Section 1125 of the Bankruptcy Code with Respect to the Plan of Reorganization of Leslie Controls, Inc. Under Chapter 11 of the Bankruptcy Code [Docket No. 16]; and

WHEREAS, on July 21, 2010, the Debtor filed the Motion of the Debtor for an Order Approving (I) the Disclosure Statement; (II) the Solicitation and Voting Procedures; (III) Deadlines and Procedures to File Objections to the Plan; (IV) a Hearing Date to Consider Confirmation of the Plan and (V) the Form and Manner of Notice of Confirmation Hearing (the "Solicitation Procedures Motion") [Docket No. 64]; and

[1] The last four digits of the Debtor's federal tax identification number are 3780.

WHEREAS, on August 11, 2010, the Debtor filed its schedules of assets and liabilities and statements of financial affairs (the "Schedules and Statements") [Docket Nos. 135 and 136]; and

WHEREAS, on August 12, 2010, the Debtor filed the First Amended Plan of Reorganization of Leslie Controls, Inc. Under Chapter 11 of the Bankruptcy Code [Docket No. 141] and the First Amended Disclosure Statement Pursuant to Section 1125 of the Bankruptcy Code with Respect to the First Amended Plan the Plan of Reorganization of Leslie Controls, Inc. Under Chapter 11 of the Bankruptcy Code [Docket No. 142]; and

WHEREAS, on August 19, 2010, the Court entered an order approving the Solicitation Procedures Motion (the "Solicitation Procedures Order") [Docket No. 166] that, among other things (i) approved the adequacy of the Disclosure Statement; (ii) approved the form, manner, and substance of the notice of solicitation (the "Solicitation Notice"), attached as Exhibit 1 to the Solicitation Procedures Order; (iii) approved the form and substance of the Attorney Solicitation Package, the Individual Solicitation Package, the Master Ballot, and the Individual Ballot (all as defined in the Solicitation Procedures Motion); (iv) approved the Voting and Solicitation Procedures (as defined in the Solicitation Procedures Motion), including the Voting Record Date of August 19, 2010 and Voting Deadline of September 27, 2010 at 5:00 p.m. (prevailing Eastern time); (v) established October 12, 2010 at 11:00 a.m. (prevailing Eastern time) as the Confirmation Hearing; (vi) established September 27, 2010 at 4:00 p.m. (prevailing Eastern time) as the deadline (the "Objection Deadline") to file and serve objections to the Plan; and (vii) approved the form, manner, and substance of the notices of Confirmation Hearing (the "Confirmation Hearing Notice" and "Publication Notice"), attached as Exhibits 5 and 6, respectively, to the Solicitation Procedures Order; and

WHEREAS, on August 20, 2010, the Debtor filed the First Amended Plan of Reorganization of Leslie Controls, Inc. Under Chapter 11 of the Bankruptcy Code dated August 20, 2010 (as amended or modified, the "Plan") [Docket No. 172]; and

WHEREAS, on August 20, 2010, the Debtor filed the First Amended Disclosure Statement Pursuant to Section 1125 of the Bankruptcy Code with Respect to the First Amended Plan the Plan of Reorganization of Leslie Controls, Inc. Under Chapter 11 of the Bankruptcy Code dated August 20, 2010 (as amended or modified, the "Disclosure Statement") [Docket No. 173]; and

WHEREAS, on August 25, 2010, the Debtor published the Solicitation Notice in the Wall Street Journal (National Edition) and USA Today (National Edition); and

WHEREAS, on September 1, 2010, the Debtor published the Solicitation Notice in the Mealey's Litigation Report: Asbestos; and

WHEREAS, on September 8, 2010, the Debtor published the Solicitation Notice in the Mealey's Asbestos Bankruptcy Report; and

WHEREAS, on August 27, 2010, Debtor filed Notices of Filing of Affidavits of Publication Regarding Notice of Solicitation of Plan [Docket Nos. 190 and 191], evidencing publication of the Solicitation Notice in the Wall Street Journal (National Edition) and USA Today (National Edition), respectively; and

WHEREAS, on September 20, 2010, Debtor filed the Affidavit of Publication [Docket No. 247], evidencing publication of the Solicitation Notice in the Mealey's Litigation Report: Asbestos and Mealey's Asbestos Bankruptcy Report; and

WHEREAS, on August 24, 2010, the Debtor filed the Confirmation Hearing Notice [Docket No. 176] and caused the Confirmation Hearing Notice to be served by first-class mail

upon the Debtor's creditor matrix, the equity interest holder of record, the Office of the United States Trustee, counsel to CIRCOR, counsel to the Committee, counsel to the Future Claimants' Representative, the United States Securities and Exchange Commission, the Internal Revenue Service, the Office of the United States Attorney for the District of Delaware, the insurance carriers providing asbestos insurance coverage to the Debtor and any party that filed an entry of appearance; and

WHEREAS, the Debtor filed Affidavits of Service Docket Nos. 192, 198, 245, 251, 302 and 334 evidencing service of the Confirmation Hearing Notice on creditors and other parties-in-interest; and

WHEREAS, on September 2, 2010, the Debtor published the Publication Notice in the Wall Street Journal (National Edition) and USA Today (National Edition); and

WHEREAS, on September 8, 2010, the Debtor published the Publication Notice in the Mealey's Asbestos Bankruptcy Report; and

WHEREAS, on September 15, 2010, the Debtor published the Publication Notice in the Mealey's Litigation Report: Asbestos; and

WHEREAS, on September 10, 2010, the Debtor filed Notices of Filing of Affidavit of Publication Regarding Notice of (I) Hearing to Consider Confirmation of Plan and (II) Objection Deadline and Procedures [Docket Nos. 207 and 208] evidencing publication of the Publication Notice in the Wall Street Journal (National Edition) and USA Today (National Edition), respectively; and

WHEREAS, on September 21, 2010, Debtor filed the Affidavit of Publication [Docket No. 248], evidencing publication of the Publication Notice in the Mealey's Litigation Report: Asbestos and Mealey's Asbestos Bankruptcy Report; and

WHEREAS, on or about August 26, 2010, the Debtor commenced solicitation of votes (the "Solicitation") on the Plan by causing its Claims and Balloting Agent to mail (i) the Attorney Solicitation Package to each lead law firm of record for the holders of Class 4 Asbestos PI Claims listed on the Debtor's Schedules and Statements or otherwise known to the Debtor by the Voting Record Date on behalf of all the claimants represented by such lead law firm (each a "Lead Law Firm"); and (ii) the Attorney Solicitation Package, without a Master Ballot, to each law firm serving as co-counsel to the Lead Law Firm (each "Co-Counsel") for the holders of Class 4 Asbestos PI Claims listed on the Debtor's Schedules and Statements or otherwise known to the Debtor by the Voting Record Date on behalf of all the claimants represented by such Co-Counsel; and

WHEREAS, on September 22, 2010, the Debtor filed the Affidavit of Service of Solicitation Materials, sworn to on September 20, 2010 [Docket No. 251] (the "Affidavit of Service"), evidencing service of the Attorney Solicitation Packages on the Lead Law Firms, Co-Counsel and holders of Class 4 Asbestos PI Claims who did not authorize counsel to submit a ballot on their behalf; and

WHEREAS, on September 13, 2010, the Debtor filed the Notice of Filing of Nonmaterial Modifications to the Plan reflecting modifications to Section 9.3 (The Asbestos PI Trust), Section 10.4 (Insurance Neutrality) and Section 13.2 (Retention of Jurisdiction) (the "Plan Modifications") [Docket No. 213]; and

WHEREAS, on September 17, 2010, the Debtor filed the Plan Supplement to First Amended Plan of Reorganization of Leslie Controls, Inc. Under Chapter 11 of the Bankruptcy Code (the "Plan Supplement") [Docket No. 238]; and

WHEREAS, on October 8, 2010, the Debtor filed the Declaration of Stephenie Kjontvedt on behalf of Epiq Bankruptcy Solutions, LLC, Regarding Voting and Tabulation of Ballots Accepting and Rejected the First Amended Plan of Reorganization of Leslie Controls, Inc., Under Chapter 11 of the Bankruptcy Code (the "Voting Declaration") [Docket No. 324]; and

WHEREAS, eleven (11) objections or informal objections to confirmation of the Plan were filed or otherwise received by the Debtor (the "Objections"), including the Objections of Winterthur Swiss Insurance Company and Yasuda Fire & Marine Insurance Company (U.K.), Ltd. To Confirmation of the First Amended Plan of Reorganization [Docket No. 268], Century Indemnity Company's Objection to Confirmation of the First Amended Plan [Docket No. 270], Objection of Fireman's Fund Insurance Company to First Amended Plan of Reorganization [Docket No. 271], Joinder of National Union Fire Insurance Company of Pittsburgh, PA to Objection of Century Indemnity Company to the Debtor's First Amended Joint Plan of Reorganization [Docket No. 272], The Central National Insurance Company of Omaha's Joinder in Objections of Winterthur Swiss Insurance Company and Yasuda Fire & Marine Insurance Company (U.K.), Ltd. and Century Indemnity Company to Confirmation of the Debtor's First Amended Plan of Reorganization [Docket No. 294], and the Joinder of New Jersey Manufacturers Insurance Company to Objections to Confirmation of the Debtor's First Amended Plan of Reorganization filed by Fireman's Fund Insurance Company and Century Indemnity Company [Docket No. 335] (together, the "Insurers' Objections"); and

WHEREAS, on October 21, 2010, the Debtor filed the Response of Debtor to Objections of Various Insurers to First Amended Plan of Reorganization of Leslie Controls, Inc. Under Chapter 11 of the Bankruptcy Code (the "Response") [Docket No. 348]; and

WHEREAS, on September 30, 2010, the Debtor filed the Debtor's Motion to Strike the Objecting Insurers Objections to Confirmation of the Debtor's First Amended Plan of Reorganization (the "Motion to Strike") [Docket No. 284]; and

WHEREAS, on October 19, 2010, Century Indemnity Company, Fireman's Fund Insurance Company, Winterthur Swiss Insurance Company, Yasuda Fire & Marine Insurance Company (U.K.) Ltd. and National Union Fire Insurance Company of Pittsburgh, PA filed the Certain Insurers' Opposition to Debtor's Motion to Strike Insurers' Objections on Grounds of Purported Lack of Standing (the "Opposition to the Motion to Strike") [Docket No. 343]; and

WHEREAS, on October 21, 2010, the Debtor filed the Debtor's Reply to Certain Insurers' Opposition to Debtor's Motion to Strike the Objecting Insurers Objections to Confirmation of the Debtor's First Amended Plan of Reorganization (the "Reply") [Docket No. 356]; and

WHEREAS, on October 15, 2010, the Debtor, the Committee and the Future Claimants' Representative filed a Motion in Limine to Exclude the Expert Testimony of Charles H. Mullin (the "Mullin Motion in Limine") [Docket No. 337]; and

WHEREAS, on October 15, 2010, the Debtor, the Committee and the Future Claimants' Representative filed a Motion in Limine to Exclude the Expert Testimony of George L. Priest (the "Preist Motion in Limine" and, together with the Mullin Motion in Limine, the "Motions in Limine") [Docket No. 338]; and

WHEREAS, on October 25, 2010, certain Insurers filed a Response in Opposition to Plan Proponents' Motions to Exclude the Expert Testimony of George L. Priest and Charles H. Mullin (the "Insurers' Response to the Motions in Limine") [Docket No. 358]; and

WHEREAS, on October 22, 2010, the Debtor filed the Debtor's Memorandum of Law in Support of an Order Confirming the First Amended Plan of Reorganization of Leslie Controls, Inc. Under Chapter 11 of the Bankruptcy Code (the "Memorandum of Law") [Docket No. 349]; and

WHEREAS, the Confirmation Hearing was originally scheduled for October 12, 2010 at 11:00 a.m., was adjourned by announcement in open court to October 26, 2010 at 11:00 a.m. and then rescheduled by the Court for October 26, 2010 at 1:00 p.m.; and

WHEREAS, the Confirmation Hearing was held on October 26-27, 2010; and

NOW, THEREFORE, based upon the Court's review of the Disclosure Statement, the Plan, the Attorney Solicitation Package, the Voting Declaration, the Solicitation Notice, the Confirmation Hearing Notice, the Publication Notice, the Schedules and Statements, the Plan Supplement, the Response, the Plan Modifications, the Memorandum of Law, and upon (i) all of the evidence proffered or adduced at, memoranda filed in connection with (other than the Insurers' Objections, which the Court did not consider because it found that the Insurers lack standing), and arguments of counsel made at, the Confirmation Hearing and (ii) the entire record of this Chapter 11 Case; and after due deliberation thereon; and good and sufficient cause appearing therefore, it is hereby found and determined that:

FINDINGS OF FACT AND CONCLUSIONS OF LAW

The findings and conclusions set forth herein constitute the Bankruptcy Court's findings of fact and conclusions of law pursuant to Fed. R. Bankr. P. 7052, made applicable to this proceeding pursuant to Fed. R. Bankr. P. 9014.[2] To the extent any of the following findings of

2 Pursuant to Bankruptcy Rule 7052, findings of fact shall be construed as conclusions of law and conclusions of law shall be construed as findings of fact when appropriate.

fact constitute conclusions of law, they are adopted as such. To the extent any of the following conclusions of law constitute findings of fact, they are adopted as such.

A. Jurisdiction; Venue; Core Proceeding (28 U.S.C. §§ 157(b)(2) and 1334(a))

This Court has jurisdiction over the Debtor's Chapter 11 Case pursuant to sections 157 and 1334 of title 28 of the United States Code. Confirmation of the Plan is a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(L), and, subject to the requirement of 11 U.S.C. § 524(g)(3)(A), this Court has exclusive jurisdiction to determine whether the Plan complies with the applicable provisions of the Bankruptcy Code and should be confirmed. Venue is proper under sections 1408 and 1409 of title 28 of the United States Code. Leslie is a proper debtor under section 109 of the Bankruptcy Code and proper proponent of the Plan under section 1121(a) of the Bankruptcy Code.

B. Commencement, Appointment of Committee and Future Claimants' Representative

On the Commencement Date, the Debtor filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code (the "Chapter 11 Case"). The Debtor is continuing to operate its business and manage its properties as a debtor in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

On July 22, 2010, the Office of the United States Trustee appointed, pursuant to section 1102 of the Bankruptcy Code, an Official Commitee of Unsecured Creditors (the "Committee") consisting of the following nine members: Charley Louis Brown (c/o Brayton Purcell, LLP); Rosario Gallo (c/o Belluck & Fox, LLP); Paul McKenzie (c/o Bergman Draper & Frockt); Patsy Chaffee, Special Administrator of Robert Chafee (c/o Cooney & Conway); Terri L. Wells, Executrix to the Estate of Murray Wells (c/o Early Ludwick Sweeney & Strauss); Beverly Lindenmayer (c/o Kazan, McLain, Lyons, Greenwood & Harley, PLC); John Wheeler Estep, Jr.

(c/o Motley Rice LLC); Mary A. Mayo (c/o Waters & Kraus, LLP); and Paul B. Stack (c/o Weitz & Luxenberg, P.C.)

On August 9, 2010, the Court appointed James L. Patton, Jr., pursuant to sections 105(a) and 524(g)(4)(b)(i) of the Bankruptcy Code, as the legal representative for future asbestos personal injury claimants (the "Future Claimants' Representative"). No trustee or examiner has been appointed.

C. Judicial Notice

This Court takes judicial notice of the docket of the Chapter 11 Case maintained by the Clerk of the Bankruptcy Court and/or its duly-appointed agent, including, without limitation, all pleadings and other documents filed, all orders entered, and evidence and argument made, proffered, or adduced at the hearings held before the Bankruptcy Court during the pendency of the Chapter 11 Case, including, but not limited to, the Confirmation Hearing.

D. Burden of Proof

The Debtor has the burden of proving the elements of sections 1129(a) and (b) of the Bankruptcy Code by a preponderance of evidence.

E. Notice of Confirmation Hearing

The Confirmation Hearing Notice was served and the Publication Notice was published in compliance with the Solicitation Procedures Order, and such service and publication were adequate and sufficient. Adequate and sufficient notice of the Confirmation Hearing Notice and the other deadlines established in the Solicitation Procedures Order was given in compliance with the Bankruptcy Rules and the Solicitation Procedures Order, and no other or further notice is or shall be required.

F. Impaired Class That Has Voted To Accept The Plan

As set forth in the Plan, holders of Class 4 Asbestos PI Claims are impaired and entitled to vote; and, as set forth in the Voting Declaration, holders of Class 4 Asbestos PI Claims voted in excess of the statutory thresholds in sections 1126(c) and 524(g) of the Bankruptcy Code. Thus, at least one impaired Class of Claims has voted to accept the Plan. Votes to accept and reject the Plan have been solicited and tabulated fairly, in good faith, and in a manner consistent with the Bankruptcy Code and the Bankruptcy Rules.

G. Classes Conclusively Presumed to Have Accepted the Plan

Class 1 (Other Priority Claims), Class 2 (Secured Claims), Class 3 (General Unsecured Claims), Class 5 (Intercompany Claims) and Class 6 (Equity Interests in Leslie) are unimpaired under the Plan, and pursuant to section 1126(f) of the Bankruptcy Code, are conclusively presumed to have accepted the Plan.

H. Plan Compliance with Bankruptcy Code (11 U.S.C. § 1129(a)(1))

The Plan complies with the applicable provisions of the Bankruptcy Code, thereby satisfying section 1129(a)(1) of the Bankruptcy Code.

I. Plan Compliance with Bankruptcy Code (11 U.S.C. §§ 1122 and 1123)

1. Proper Classification (11 U.S.C. §§ 1122, 1123(a)(1)).

In addition to the Allowed Administrative Expense Claims, Priority Tax Claims and the DIP Claim listed in Section 2 of the Plan, which need not be designated, the Plan designates six (6) Classes of Claims and Equity Interests. The Claims and Equity Interests placed in each Class are substantially similar to other Claims and Equity Interests, as the case may be, in each such Class. Valid business, factual, and legal reasons exist for separately classifying the various Classes of Claims and Equity Interests created under the Plan, and such Classes do not unfairly

discriminate between holders of Claims and Equity Interests. Thus, the requirements of sections 1122 and 1123(a)(1) of the Bankruptcy Code are satisfied.

2. Specify Unimpaired Classes (11 U.S.C. § 1123(a)(2)).

Article IV of the Plan specifies that Class 1 (Other Priority Claims), Class 2 (Secured Claims), Class 3 (General Unsecured Claims, Class 5 (Intercompany Claims) and Class 6 (Equity Interests in Leslie) are unimpaired under the Plan. Thus, the requirements of section 1123(a)(2) of the Bankruptcy Code are satisfied.

3. Specified Treatment of Impaired Classes (11 U.S.C. § 1123(a)(3)).

Article IV of the Plan designates Class 4 (Asbestos PI Claims) as impaired and specifies the treatment of Claims in those Classes. Thus, the requirements of section 1123(a)(3) of the Bankruptcy Code are satisfied.

4. No Discrimination (11 U.S.C. § 1123(a)(4)).

The Plan provides for the same treatment by the Debtor for each Claim or Interest in each respective Class unless the holder of a particular Claim or Equity Interest has agreed to a less favorable treatment of such Claim or Equity Interest. Thus, the requirements of section 1123(a)(4) of the Bankruptcy Code are satisfied.

5. Implementation of Plan (11 U.S.C. § 1123(a)(5)).

The Plan provides adequate and proper means for the Plan's implementation, including, among other things, (i) the creation of the Asbestos PI Trust; and (ii) the transfer to and vesting in the Asbestos PI Trust of the Asbestos PI Trust Assets, as more fully described in Article 9.3 of the Plan. Leslie and Reorganized Leslie are authorized to implement the Plan in accordance with its terms and as detailed herein. Thus, the requirements of section 1123(a)(5) of the Bankruptcy Code are satisfied.

6. Non-Voting Equity Securities (11 U.S.C. § 1123(a)(6)).

As provided in Section 9.4 of the Plan, the Amended Certificate of Incorporation and Amended By-Laws prohibit the issuance of nonvoting equity securities. Thus, the requirements of section 1123(a)(6) of the Bankruptcy Code are satisfied.

7. Selection of Asbestos PI Trustee, Members of the Asbestos PI Trust Advisory Committee and Officers/Directors of Reorganized Leslie (11 U.S.C. § 1123(a)(7)).

Section 9.3 of Plan and the Plan Supplement contain provisions with respect to the manner of selection of the Asbestos PI Trustee and the Future Claimants' Representative. The initial members of the Asbestos PI Trust Advisory Committee shall be Alan Brayton, John Cooney, John A. Baden, IV, Peter A. Kraus and Steven Kazan. Section 9.6 of Plan and the Plan Supplement identifies the members of the Board of Directors and officers of Reorganized Leslie. Thus, the requirements of section 1123(a)(7) of the Bankruptcy Code are satisfied.

8. Additional Plan Provisions (11 U.S.C. § 1123(b)).

The Plan's provisions are appropriate and not inconsistent with the applicable provisions of the Bankruptcy Code.

J. Compliance with Bankruptcy Rule 3016(a)

The Plan is dated and identifies the Debtor as submitting it, thereby satisfying Bankruptcy Rule 3016(a).

K. Compliance With Bankruptcy Rule 3017

The Debtor has given notice of the Confirmation Hearing as required by Bankruptcy Rule 3017(d).

L. Compliance With Bankruptcy Rule 3018

The solicitation of votes to accept or reject the Plan satisfies Bankruptcy Rule 3018. The Plan was transmitted to all creditors entitled to vote on the Plan, sufficient time was prescribed for such creditors to accept or reject the Plan, and the Attorney Solicitation Packages and Solicitation Procedures comply with section 1126 of the Bankruptcy Code, thereby satisfying the requirements of Bankruptcy Rule 3018.

M. Plan Compliance with Bankruptcy Code (11 U.S.C. § 1129)

1. Debtor's Compliance with Bankruptcy Code (11 U.S.C. § 1129(a)(2)).

The Debtor has complied with the applicable provisions of the Bankruptcy Code, thereby satisfying section 1129(a)(2) of the Bankruptcy Code. Specifically:

(i) The Debtor is a proper debtor under section 109 of the Bankruptcy Code.

(ii) The Debtor has complied with applicable provisions of the Bankruptcy Code, except as otherwise provided or permitted by orders of the Bankruptcy Court.

(iii) The Debtor has complied with the applicable provisions of the Bankruptcy Code and the Bankruptcy Rules in transmitting the Plan, the Disclosure Statement, and the Ballots, as the ease may be, and related documents in soliciting and tabulating votes on the Plan.

2. Plan Proposed in Good Faith (11 U.S.C. § 1129(a)(3)).

The Debtor has proposed the Plan in good faith and not by any means forbidden by law, and this Confirmation Order was not procured by fraud, thereby satisfying section 1129(a)(3) of the Bankruptcy Code. The Debtor's good faith is evident from the facts and record of this Chapter 11 Case, and the record of the Confirmation Hearing and other proceedings held in this Chapter 11 Case. The Plan was proposed with the legitimate and honest purpose of maximizing

the value of the Debtor's estate and resolving the Debtor's asbestos-related liabilities and to effectuate a successful reorganization of The Debtor.

3. Payments for Services or Costs and Expenses (11 U.S.C. § 1129(a)(4)).

Any payment made or to be made by the Debtor for services or for costs and expenses in or in connection with the Chapter 11 Case, or in connection with the Plan and incident to the Chapter 11 Case, has been approved by, or is subject to the approval of, the Bankruptcy Court as reasonable, thereby satisfying section 1129(a)(4) of the Bankruptcy Code.

4. Directors, Officers, and Insiders (11 U.S.C. § 1129(a)(5)).

The Plan complies with section 1129(a)(5) of the Bankruptcy Code. Section 9.6 of Plan and the Plan Supplement identifies the members of the Board of Directors and officers of Reorganized Leslie, and the appointment to, or continuance in, such offices of such person is consistent with the interests of holders of Claims against and Equity Interests in the Debtor and with public policy. The identity of any insider that will be employed or retained by Reorganized Leslie and the nature of such insider's compensation have also been fully disclosed, to the extent applicable.

5. No Rate Changes (11 U.S.C. § 1129(a)(6)).

Section 1129(a)(6) of the Bankruptcy Code is satisfied because the Plan does not provide for any change in rates over which a governmental regulatory commission has jurisdiction.

6. Best Interests of Creditors (11 U.S.C. § 1129(a)(7)).

The Plan satisfies section 1129(a)(7) of the Bankruptcy Code. The liquidation analysis attached as Appendix D to the Disclosure Statement, the Chapter 11 Recovery Analysis attached as Appendix E to the Disclosure Statement and other evidence proffered or adduced at the Confirmation Hearing (a) are persuasive and credible, (b) have not been controverted by other

evidence, and (c) establish that each holder of an impaired Claim or Equity Interest either has accepted the Plan or will receive or retain under the Plan, on account of such Claim or Equity Interest, property of a value, as of the Effective Date, that is not less than the amount that such holder would receive or retain if the Debtor were liquidated under chapter 7 of the Bankruptcy Code on such date.

7. Acceptance of Certain Classes (11 U.S.C. § 1129(a)(8)).

Class 1 (Other Priority Claims), Class 2 (Secured Claims), Class 3 (General Unsecured Claims), Class 5 (Intercompany Claims) and Class 6 (Equity Interests in Leslie) are Classes of Unimpaired Claims that are conclusively presumed to have accepted the Plan under section 1126(f) of the Bankruptcy Code. As set forth in the Voting Declaration, Class 4 (Asbestos PI Claims) have voted to accept the Plan in accordance with sections 1126(c) and 524(g) of the Bankruptcy Code.

8. Treatment of Administrative, Priority Tax and Priority Claims (11 U.S.C. § 1129(a)(9)).

The treatment of Administrative Expense Claims, the DIP Claim and Priority Claims pursuant to Sections 2.1, 2.3 and 4.1 of the Plan satisfies the requirements of sections 1129(a)(9)(A) and (B) of the Bankruptcy Code. The treatment of Priority Tax Claims pursuant to Section 2.2 of the Plan satisfies the requirements of section 1129(a)(9)(C) of the Bankruptcy Code.

9. Acceptance by Impaired Classes (11 U.S.C. § 1129(a)(10)).

Class 4 (Asbestos PI Claims) is an Impaired Class of Claims that has voted to accept the Plan in accordance with sections 1126(c) and 524(g) of the Bankruptcy Code and, to the Debtor's knowledge, does not contain insiders whose votes have been counted. Therefore, the

requirement of section 1129(a)(10) of the Bankruptcy Code that at least one Class of Claims against or Interests in the Debtor that is impaired under the Plan has accepted the Plan.

10. Feasibility (11 U.S.C. § 1129(a)(11)).

The Plan, the Plan Supplement and the Plan Modifications, all evidence proffered or adduced at the Confirmation Hearing (a) are persuasive and credible, (b) have not been controverted by other evidence, (c) do not provide for the liquidation of all or substantially all of the property of the Debtor, (d) establish that Reorganized Leslie will continue in business as an ongoing reorganized debtor, and (e) establish that confirmation of the Plan is not likely to be followed by the liquidation or the need for further financial reorganization of Reorganized Leslie, thus satisfying the requirements of section 1129(a)(11) of the Bankruptcy Code.

11. Payment of Fees (11 U.S.C. § 1129(a)(12)).

All fees payable under section 1930 of title 28, United States Code, as determined by the Bankruptcy Court on the Confirmation Date, have been paid or will be paid, on and after the Effective Date, and thereafter as may be required until entry of a final decree with respect to the Debtor, thus satisfying the requirements of section 1129(a)(12) of the Bankruptcy Code.

12. Retiree Benefits (11 U.S.C. § 1129(a)(13)).

Section 7.5 of Plan provides for the continuation of payment by the Debtor of all "retiree benefits," as defined in section 1114(a) of the Bankruptcy Code, if any, at previously established levels, thus satisfying the requirements of section 1129(a)(13) of the Bankruptcy Code.

13. Domestic Support Obligations (11 U.S.C. § 1129(a)(14))

The Debtor is not required to pay any domestic support obligations. Accordingly, section 1129(a)(14) of the Bankruptcy Code is not applicable to the Plan.

14. Individual Cases Subject to Objection by Unsecured Creditor (11 U.S.C. § 1129(a)(15))

The Debtor is not an individual. Accordingly, section 1129(a)(15) of the Bankruptcy Code is not applicable to the Plan.

15. Transfers of Property Pursuant to Non-Bankruptcy Law (11 U.S.C. § 1129(a)(16))

All transfers of property of the Plan shall be made in accordance with any applicable provisions of nonbankruptcy law that govern the transfer of property by a corporation or trust that is not a moneyed, business, or commercial corporation or trust. The Plan therefore complies with section 1129(a)(16) of the Bankruptcy Code.

16. Fair and Equitable; No Unfair Discrimination (11 U.S.C. § 1129(b)).

Based upon the evidence proffered, adduced, or presented by the Debtor in the Plan and the Disclosure Statement and at the Confirmation Hearing, the Plan does not discriminate unfairly and is fair and equitable as required by section 1129(b)(1) of the Bankruptcy Code, and there are no Classes of Claims that have voted to reject the Plan. The Plan does not discriminate unfairly with respect to any holders of Claims or Equity Interests. The legal rights of holders of Claims or Equity Interests are treated consistently with the treatment of other classes whose legal rights are substantially similar, and such holders of Claims or Equity Interest holders do not receive more from the Debtor than they legally are entitled to receive for their Claims or Equity Interests. Thus, the Plan may be confirmed.

17. Principal Purpose of the Plan (11 U.S.C. § 1129(d)).

The principal purpose of the Plan is neither the avoidance of taxes nor the avoidance of section 5 of the Securities Act, and no governmental unit has objected to the confirmation of the

Plan on any such grounds. The Plan therefore satisfies the requirements of section 1129(d) of the Bankruptcy Code.

N. Modifications to the Plan

The Plan Modifications constitute technical changes that do not materially adversely affect or change the treatment of any Claims or Equity Interests and shall be considered part of the Plan. Accordingly, pursuant to Bankruptcy Rule 3019, these modifications do not require additional disclosure under section 1125 of the Bankruptcy Code or re-solicitation of votes under section 1126 of the Bankruptcy Code, nor do they require that holders of Asbestos PI Claims be afforded an opportunity to change previous acceptances or rejections of the Plan.

O. Plan Supplement

The Plan Supplement includes the following documents and/or information: (i) a schedule of rejected executory contracts, (ii) the certificate of amendment to certificate of incorporation, (iii) the identification of the Asbestos PI Trustee, (iv) the Asbestos Records Cooperation Agreement, (v) the officers and directors of Reorganized Leslie, and (vi) disclosure of the identity of insiders to be employed or retained by Reorganized Leslie and the nature of compensation. All such materials comply with the terms of the Plan.

P. Good Faith Solicitation (11 U.S.C. § 1125(e))

Based on the record before the Bankruptcy Court in this Chapter 11 Case, the Debtor and the Released Parties, and in each case their current or former officers, directors, employees, agents, attorneys, accountants, financial advisors, other representatives, subsidiaries, affiliates, or any person who controls any of these within the meaning of the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, have acted in "good faith" within the meaning of section 1125(e) of the Bankruptcy Code in compliance with the applicable

provisions of the Bankruptcy Code and Bankruptcy Rules in connection with all their respective activities relating to the solicitation of acceptances to the Plan and their participation in the activities described in section 1125 of the Bankruptcy Code, and are entitled to the protections afforded by section 1125(e) of the Bankruptcy Code and the exculpation provisions set forth in Section 11.3 of the Plan.

Q. Assumption and Rejection

The Plan's treatment of the assumption and rejection of Executory Contracts and Unexpired Leases in Section 7 of the Plan comports with the requirements of section 365(b) of the Bankruptcy Code.

R. Cure of Defaults (11 U.S.C. § 1123(d))

Section 7.2 of the Plan and as modified herein governs the Cure associated with each executory contract and unexpired lease to be assumed pursuant to the Plan in accordance with section 365(b)(1) of the Bankruptcy Code. The Cure will be determined in accordance with the underlying agreements and applicable bankruptcy and non-bankruptcy law. Thus, the Plan satisfies the requirements of section 1123(d) of the Bankruptcy Code.

S. Satisfaction of Confirmation Requirements

The Plan satisfies all applicable requirements for confirmation set forth in section 1129 of the Bankruptcy Code.

T. Retention of Jurisdiction

The Bankruptcy Court may properly retain jurisdiction over the matters set forth in Section 13.1 of the Plan and section 1142 of the Bankruptcy Code.

U. Plan Compliance with Requirements of Section 524(g)

As of the Commencement Date, the Debtor, CIRCOR, and/or Watts have been named as defendants in approximately 1,340 asbestos-related personal injury suits, seeking recovery for damages allegedly caused by the presence of, or exposure to, asbestos or asbestos-containing products. The Asbestos PI Channeling Injunction set forth in the Plan that is to be implemented with the Asbestos PI Trust complies with the requirements of Section 524(g) of the Bankruptcy Code as follows:

1. District Court Approval (11 U.S.C. § 524(g)(3)(A)).

The Court, having considered both the confirmation of the Plan and the issuance of the Asbestos PI Channeling Injunction at the Confirmation Hearing held before the Bankruptcy Court on October 26-27, 2010, finds and determines that the Asbestos PI Channeling Injunction and the Asbestos PI Trust to be established by virtue of this Confirmation Order are consistent with the provisions of section 524(g)(1)(A). The Asbestos PI Channeling Injunction also must be affirmed by the United States District Court for the District of Delaware (the "District Court") as mandated by Section 524(g)(3)(A) as a condition precedent to the Effective Date of the Plan.

2. Assumption of Liabilities (11 U.S.C. § 524(g)(2)(B)(i)(I)).

The Debtor has been named as a defendant in asbestos-related personal injury suits seeking recovery for damages allegedly caused by the presence of, or exposure to, asbestos or asbestos-containing products. In compliance with section 524(g)(2)(B)(i)(I) of the Bankruptcy Code and pursuant to Section 4.4 of the Plan, as of the Effective Date, liability for all Asbestos PI Claims shall automatically and without further act, deed or court order be channeled to and assumed by the Asbestos PI Trust in accordance with, and to the extent set forth in, Articles IX and XI of the Plan and the applicable Plan Documents. Each Asbestos PI Claim shall be

determined and paid in accordance with the terms, provisions and procedures of the Asbestos PI Trust Agreement and the Asbestos PI Trust Distribution Procedures.

3. Funding of the Asbestos PI Trust (11 U.S.C. § 524(g)(2)(B)(i)(II)).

The Asbestos PI Trust shall be funded by the CIRCOR Asbestos PI Trust Contribution and Leslie Contribution in accordance with the provisions of Section 9.3 of the Plan. Therefore, the Plan satisfies section 524(g)(2)(B)(i)(II) of the Bankruptcy Code.

4. Transfer of Membership Interests (11 U.S.C. § 524(g)(2)(B)(i)(III)).

Pursuant to Section 9.3 of the Plan, Reorganized Leslie shall execute and deliver to the Asbestos PI Trust, the Leslie Promissory Note. As security for the Promissory Note, on the Effective Date, CIRCOR shall execute and deliver to the Asbestos PI Trust the CIRCOR Pledge whereby CIRCOR shall grant a security interest in 100% of the outstanding voting equity interests of Reorganized Leslie to the Asbestos PI Trust as security for the Leslie Promissory Note. Thus, the Plan satisfies section 524(g)(2)(B)(i)(III) of the Bankruptcy Code.

5. Use of Trust Assets (11 U.S.C. § 524(g)(2)(B)(i)(IV)).

The Asbestos PI Trust will use its assets and income to satisfy Allowed Asbestos PI Claims and Demands. Thus, the Plan satisfies section 524(g)(2)(B)(i)(IV) of the Bankruptcy Code.

6. Likelihood of Future Demands (11 U.S.C. § 524(g)(2)(B)(ii)(I)).

In the absence of the Plan, the Debtor would be likely to be subject to substantial future Demands for payment arising out of the same or similar conduct or events that gave rise to the existing Asbestos PI Claims which are addressed by the Asbestos PI Channeling Injunction. Thus, the Plan satisfies section 524(g)(2)(B)(ii)(I) of the Bankruptcy Code.

7. Indeterminate Nature of Future Demands (11 U.S.C. § 524(g)(2)(B)(ii)(II)).

The actual amounts, numbers and timing of Demands cannot be determined. Therefore, the Plan satisfies section 524(g)(2)(B)(ii)(II) of the Bankruptcy Code.

8. Threat of Future Demands Pursued Outside the Plan (11 U.S.C. § 524(g)(2)(B)(ii)(III)).

Pursuit of Demands outside the procedures prescribed by the Plan is likely to threaten the Plan's purpose to deal equitably with Asbestos PI Claims and Demands. Thus, the Plan satisfies section 524(g)(2)(B)(ii)(III) of the Bankruptcy Code.

9. Description of Asbestos PI Channeling Injunction in Plan and Disclosure Statement (11 U.S.C. § 524(g)(2)(B)(ii)(IV)(aa)).

The terms of the Asbestos PI Channeling Injunction, including provisions barring actions against third parties, are set forth in the Plan and described in the Disclosure Statement. Thus, the Plan satisfies section 524(g)(2)(B)(ii)(IV)(aa) of the Bankruptcy Code.

10. Acceptance of Plan by Class Addressed by Asbestos PI Trust (11 U.S.C. § 524(g)(2)(B)(ii)(IV)(bb)).

The Plan separately classifies asbestos-related personal injury claims into Class 4 (Asbestos PI Claims), and pursuant to Section 5.3 of the Plan, and evidenced by the Vote Declaration, at least two-thirds (2/3) in amount and seventy-five percent (75%) in number of the members of such Class actually voting on the Plan have voted to accept the Plan. Specifically, the Plan has received acceptances from 571 in number and between $9.1 million and $40 million in amount of creditors holding Asbestos PI Claims who voted.[3] Thus, the Plan satisfies section 524(g)(2)(B)(ii)(IV)(bb) of the Bankruptcy Code.

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[3] *See* Exhibit A-1 of the Voting Declaration.

11. Operation of the Asbestos PI Trust (11 U.S.C. § 524(g)(2)(B)(ii)(V)).

Pursuant to (a) the Asbestos PI Trust Distribution Procedures; (b) court order; or (c) otherwise, the Asbestos PI Trust will operate through mechanisms such as structured, periodic, or supplemental payments, pro rata distributions, matrices, or periodic review of estimates of the numbers and values of Asbestos PI Claims and Demands or other comparable mechanisms that provide reasonable assurance that the Asbestos PI Trust will value, and be in a financial position to pay, similar Asbestos PI Claims and Demands in substantially the same manner. Therefore, the Plan complies with section 524(g)(2)(B)(ii)(V) of the Bankruptcy Code.

12. Identity of Protected Third-Party (11 U.S.C. § 524(g)(4)(A)(ii)).

The Asbestos PI Channeling Injunction bars actions against the Asbestos Protected Parties, which parties are clearly defined and identified in the Plan and in the Asbestos PI Channeling Injunction. Thus, the Plan complies with section 524(g)(4)(A)(ii) of the Bankruptcy Code.

13. Appointment of the Future Claimants' Representative (11 U.S.C. § 524(g)(4)(B)(i)).

James L. Patton, Jr. was appointed by the Bankruptcy Court as the Future Claimants' Representative for the purpose of, among other things, protecting the rights of persons that might subsequently assert Demands of the kind that are addressed in the Asbestos PI Channeling Injunction and transferred to the Asbestos PI Trust. James L. Patton, Jr. was requested to serve in that capacity in January 2010 and did so in connection with the negotiation, preparation and solicitation of acceptances of the Plan prior to the Commencement Date. Therefore, the Plan satisfies section 524(g)(4)(B)(i).

14. Asbestos PI Channeling Injunction is Fair and Equitable (11 U.S.C. § 524(g)(4)(B)(ii)).

In light of the benefits provided, or to be provided, to the Asbestos PI Trust and/or Reorganized Leslie by or on behalf of each current and future Asbestos Protected Party, the Asbestos PI Channeling Injunction is fair and equitable to all creditors and Future Demand Holders. Thus, the Plan complies with section 524(g)(4)(B)(ii) of the Bankruptcy Code.

The Plan and its acceptance otherwise comply with sections 524(g) and 1126 of the Bankruptcy Code, and confirmation of the Plan is in the best interest of all creditors.

V. Asbestos PI Trust Contributions

The Asbestos PI Trust Contributions, which consist of the Leslie Contribution and CIRCOR Asbestos PI Trust Contribution, constitute substantial assets of the Plan and the reorganization, are essential and necessary to the feasibility of the Plan and the successful reorganization of the Debtor, and constitute a sufficient basis upon which to provide the CIRCOR Related Parties and Watts Related Parties with the protections afforded to them under the Plan, Plan Documents and this Confirmation Order.

W. The Plan is Insurance Neutral

The Plan is insurance neutral, as provided in Section 10.4 of the Plan (as modified in paragraph 26 below).

DECREES

NOW, THEREFORE, IT IS HEREBY ORDERED, ADJUDGED, AND DECREED THAT:

1. Objections. The Insurers' Objections are stricken and have not been considered by the Court for the reasons set forth on the record on October 26, 2010. All other Objections to

the Plan that have not been withdrawn or waived, and all reservations of rights pertaining to confirmation of the Plan included therein, are overruled on the merits.

PLAN

2. Confirmation. The Plan, as amended and supplemented by the Plan Supplement, is confirmed under section 1129 of the Bankruptcy Code.

3. Amendments. Any amendments of the Plan contained herein, in the Plan Modifications or as reflected on the record at the Confirmation Hearing meet the requirements of sections 1127(a) and (c), such amendments do not adversely change the treatment of the Claim of any creditor or Equity Interest of any equity security holder within the meaning of Bankruptcy Rule 3019, and no further solicitation or voting is required.

4. Plan Classification Controlling. The classifications of Claims and Equity Interests for purposes of the distributions to be made under the Plan shall be governed solely by the terms of the Plan. The classifications set forth on the Ballots tendered to or returned by the Debtor's creditors in connection with voting on the Plan (a) were set forth on the Ballots solely for purposes of voting to accept or reject the Plan, (b) do not necessarily represent, and in no event shall be deemed to modify, or otherwise affect, the actual classification of such Claims and Equity Interests under the Plan for distribution purposes, and (c) shall not be binding on the Debtor, Reorganized Leslie, the Asbestos PI Trust, or any Asbestos Insurance Entity.

5. Definition of Debtor Released Parties. The definition of "Debtor Released Parties" as set forth in Section 1.62 of the Plan is modified to read as follows: "**Debtor Released Parties** means, collectively, the Debtor, Reorganized Leslie, the officers, directors and employees of the Debtor who were either serving in such capacities as of the Confirmation Date, or who had served in such capacities during the Chapter 11 Case, the officers, directors and

employees of Reorganized Leslie serving in such capacity after the Effective Date and the Debtor's and Reorganized Leslie's former officers and directors, principals, employees, agents, financial advisors, attorneys, investment bankers, accountants, consultants and other professionals, agents and any of their successors and assigns."

6. Definition of Asbestos Claimants Committee. The definition of "Asbestos Claimants Committee" as set forth in Section 1.10 of the Plan is modified to read as follows: "**Committee** means the official committee of unsecured creditors appointed in the Chapter 11 Case, as such committee may be reconstituted from time to time." All references in the Plan to the "Asbestos Claimants Committee" shall be deemed replaced with the term "Committee".

7. Schedule 3 to the Plan. Schedule 3 to the Plan shall include the following entities: BLÜCHER Metal A/S, a Denmark corporation; Kim Olofsson Safe Corporation AB, a Sweden corporation; Watts France Holding S.A.S., a France corporation; and Watts Valve (Taizhou) Co., Ltd., a China limited liability company.

8. Binding Effect. The Plan and its provisions shall be binding upon the Debtor, Reorganized Leslie, the Committee, the Future Claimants' Representative, any Entity acquiring or receiving property or a distribution under the Plan, and any holder of a Claim against or Equity Interest in the Debtor, including all governmental entities (including without limitation all taxing authorities), whether or not the Claim or Equity Interest of such holder is impaired under the Plan, whether or not the Claim or Equity Interest is Allowed, and whether or not such holder or entity has accepted the Plan.

The rights, benefits and obligations of any Entity named or referred to in the Plan, or whose actions may be required to effectuate the terms of the Plan, shall be binding on, and shall inure to the benefit of, any heir, executor, administrator, successor or assign of such Entity

(including, but not limited to, any trustee appointed for the Debtor under Chapters 7 or 11 of the Bankruptcy Code). The terms and provisions of the Plan and this Confirmation Order shall survive and remain effective after entry of any order which may be entered converting the Chapter 11 Case to a case under Chapter 7 of the Bankruptcy Code, and the terms and provisions of the Plan shall continue to be effective in this or any superseding case under the Bankruptcy Code. This Confirmation Order shall supersede any Bankruptcy Court orders issued prior to the Confirmation Date that may be inconsistent with the Confirmation Order.

9. Vesting of Assets (11 U.S.C. § 1141(b) and (c)). Except as otherwise provided in the Plan, Reorganized Leslie will exist after the Effective Date as a separate Entity, with all the powers of a corporation under applicable law and without prejudice, except as otherwise provided in the Amended Certificate of Incorporation and By-Laws, to any right to alter or terminate such existence (whether by merger, dissolution, or otherwise) under applicable state law. Pursuant to Section 10.1 of the Plan, except as otherwise provided in the Plan, the Plan Documents or the Confirmation Order, the property of the Estate of Leslie (except for the Leslie Contribution) shall vest in Reorganized Leslie on the Effective Date free and clear of any and all Liens, Claims, Encumbrances and other interests of any Entity. From and after the Effective Date, Reorganized Leslie may operate its business and may use, acquire, and dispose of property free of any restrictions imposed under the Bankruptcy Code, the Bankruptcy Rules, and the Bankruptcy Court. Without limiting the generality of the foregoing, Reorganized Leslie may, without application to, or approval by, the Bankruptcy Court, pay Professional fees and expenses that Reorganized Leslie incurs after the Effective Date.

10. Objection to Claims. Pursuant to Section 8.2 of the Plan, Leslie or Reorganized Leslie shall be entitled to object to Claims that have been or should have been brought in the

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Bankruptcy Court (other than Asbestos PI Claims) on or before the first (1st) anniversary of the Effective Date (unless such day is not a Business Day, in which case such deadline shall be the next Business Day thereafter), as the same may be extended from time to time by the Bankruptcy Court, and shall be authorized to settle, compromise, withdraw or litigate to judgment such objections without further approval of the Bankruptcy Court.

11. Distributions. Other than with respect to distributions to be made to Asbestos PI Claims from the Asbestos PI Trust, Reorganized Leslie shall make all Distributions required to be made under the Plan as provided under Article VI of the Plan. All Distributions to be made on account of Asbestos PI Claims shall be made in accordance with the terms of the Asbestos PI Trust Agreement and the Asbestos PI Trust Distribution Procedures, subject to the conditions for the Trust Distribution Effective Date as set forth in Section 12.3 of the Plan having been previously satisfied.

12. Disputed Claims. All Disputed Claims against the Debtor shall be subject to the provisions of Article VIII of the Plan. Notwithstanding any other provision of the Plan, if any portion of a Claim (other the Debtor an Asbestos PI Claim) is a Disputed Claim, no payment or Distribution provided for under the Plan shall be made on account of such Claim, unless and until such Claim becomes an Allowed Claim. All Asbestos PI Claims shall be determined and paid by the Asbestos PI Trust in accordance with Section 9.3 of the Plan, the Asbestos PI Trust Agreement and the Asbestos PI Trust Distribution Procedures; only the Asbestos PI Trust will have the right to object to and/or resolve Asbestos PI Claims; and all Asbestos PI Claims must be submitted solely to the Asbestos PI Trust for payment, which shall be in accordance with the Asbestos PI Trust Distribution Procedures.

13. Assumption or Rejection of Executory Contracts and Unexpired Leases (11 U.S.C. § 1123(b)(2)). Pursuant to Section 7.1 of the Plan, the Debtor shall assume, as of the Effective Date, all Executory Contracts to which the Debtor is a party, except for: (a) the Executory Contracts specifically listed in certain Schedules to the Plan Supplement, if any, which shall either be rejected or assumed and assigned, respectively, as described therein; and (b) the Executory Contracts specifically addressed herein or pursuant to a Final Order of the Bankruptcy Court entered on or before the Effective Date. The Debtor may, at any time on or before the Effective Date, amend the Schedules to the Plan Supplement to delete therefrom or add thereto any Executory Contract. The Debtor shall provide notice of any such amendment to the parties to the Executory Contract(s) affected thereby and to parties on any master service list established by the Bankruptcy Court in the Chapter 11 Case. The fact that any contract or lease is listed in the Schedules to the Plan Supplement shall not constitute or be construed to constitute an admission that such contract or lease is an executory contract or unexpired lease within the meaning of section 365 of the Bankruptcy Code or that the Debtor or any successor in interest to the Debtor (including Reorganized Leslie) has any liability thereunder. All Executory Contracts assumed or assumed and assigned by the Debtor during the Chapter 11 Case or under the Plan shall remain in full force and effect for the benefit of Reorganized Leslie or the assignee thereof notwithstanding any provision in such contract or lease (including those provisions described in sections 365(b)(2) and (1) of the Bankruptcy Code) that prohibits such assignment or transfer or that enables or requires termination of such contract or lease. This Confirmation Order shall constitute an order of the Bankruptcy Court approving such: (a) rejections; (b) assumptions; or (c) assumptions and assignments, as the case may be, pursuant to

sections 365 and 1123 of the Bankruptcy Code as of the Effective Date. For the avoidance of doubt, the Undertaking (defined below) is not an Executory Contract.

14. Cure of Defaults. Pursuant to Section 7.2 of the Plan and as modified herein, except to the extent that different treatment has been agreed to by the non-Debtor party or parties to any Executory Contract to be assumed (including any Executory Contract to be assumed and assigned) pursuant to Section 7.1 of the Plan, Reorganized Leslie shall, pursuant to the provisions of sections 1123(a)(5)(G) and 1123(b)(2) of the Bankruptcy Code and consistent with the requirements of section 365 of the Bankruptcy Code, satisfy any monetary amounts by Cure. If there is a dispute regarding (a) the nature or amount of any Cure, (b) the ability of Reorganized Leslie to provide "adequate assurance of future performance" (within the meaning of section 365 of the Bankruptcy Code) under the Executory Contract to be assumed, or (c) any other matter pertaining to assumption, Cure shall occur following the entry of a Final Order by the Bankruptcy Court resolving the dispute and approving the assumption or assumption and assignment, as the case may be; provided, however, that the Debtor or Reorganized Leslie, as applicable, shall be authorized to reject any Executory Contract to be deemed effective as of the day before the Effective Date, to the extent the Debtor or Reorganized Leslie, in the exercise of their sound business judgment, conclude that the amount of the Cure obligation as determined by such Final Order, renders the assumption of such Executory Contract unfavorable to the Debtor or Reorganized Leslie.

15. Bar to Rejection Damages. Pursuant to Section 7.3 of the Plan, in the event that the rejection of an Executory Contract by the Debtor pursuant to the Plan results in damages to the non-Debtor party or parties to such Executory Contract, a claim for such damages, if not heretofore evidenced by a filed proof of claim, shall be forever barred and shall not be

enforceable against the Debtor, or against Reorganized Leslie after the Effective Date, or its properties or interests in property, unless a Proof of Claim with respect to such damages is filed with the Bankruptcy Court and served upon counsel for the Debtor on or before (i) if such Executory Contract is rejected pursuant to Sections 7.1 and 7.2 of the Plan, the later of: (a) thirty (30) days after entry of this Confirmation Order, and (b) thirty (30) days after the non-Debtor party receives notice of the rejection of such Executory Contract pursuant to Section 7.2 of the Plan; and (ii) if such Executory Contract is rejected pursuant to a Final Order of the Bankruptcy Court granting a motion filed by the Debtor to reject that executory contract, thirty (30) days after entry of such order.

16. Preservation of Insurance. Subject Section 10.4 of the Plan: nothing in the Plan, the Plan Documents, or the Confirmation Order, including the discharge and release of Leslie and the Asbestos PI Channeling Injunction, shall enlarge, diminish, impair or otherwise affect the enforceability of any Asbestos PI Insurance Contract or any other insurance policy that may provide coverage for Claims or Demands against Leslie; and all Asbestos PI Insurance Contracts and Insurance Settlement Agreements shall be assumed by the Debtor and assigned to Reorganized Leslie as of the Effective Date and the Debtor shall assign Asbestos Insurance Actions and Asbestos Insurance Rights to the Asbestos PI Trust as part of the Leslie Contribution.

17. General Authorizations. The Debtor and Reorganized Leslie are authorized to execute, deliver, file, or record such contracts, instruments, releases, and other agreements or documents and take such actions as may be necessary or appropriate to effectuate, implement, and further evidence the terms and conditions of the Plan, including without limitation any notes or securities issued pursuant to the Plan. The Debtor and Reorganized Leslie and their

respective directors, officers, members, agents, and attorneys, are authorized and empowered to issue, execute, deliver, file, or record any agreement, document, or security, including, without limitation, as modified, amended, and supplemented, in substantially the form included therein, and to take any action necessary or appropriate to implement, effectuate, and consummate the Plan in accordance with its terms, or take any or all corporate actions authorized to be taken pursuant to the Plan, and any release, amendment, or restatement of any bylaws, certificates of incorporation, or other organization documents of the Debtor, whether or not specifically referred to in the Plan or the Plan Documents, without further order of the Bankruptcy Court, and any or all such documents shall be accepted by each of the respective state filing offices and recorded in accordance with applicable state law and shall become effective in accordance with their terms and the provisions of state law.

18. Transfers of Property from The Debtor to Reorganized Leslie. The transfers of property by the Debtor to Reorganized Leslie (a) are or will be legal, valid, and effective transfers of property; (b) vest or will vest Reorganized Leslie with good title to such property, except as expressly provided in the Plan or this Confirmation Order; (c) do not and will not constitute avoidable transfers under the Bankruptcy Code or under other applicable bankruptcy or non-bankruptcy law; and (d) do not and will not subject Reorganized Leslie to any liability by reason of such transfer under the Bankruptcy Code or applicable non-bankruptcy law, including, without limitation, any laws affecting or effecting successor or transferee liability.

19. Approval of Settlements, Transactions and Agreements. By virtue of this Confirmation Order, the other settlements, transactions and agreements to be effected pursuant to the Plan are hereby approved in all respects, including, without limitation, the Asbestos PI Trust Agreement, the Asbestos PI Trust Bylaws and the Asbestos PI Trust Distribution

Procedures. The release of CIRCOR Related Parties and Watts Related Parties with respect to Derivative Liability Asbestos PI Claims in exchange for the CIRCOR Contribution is also approved in all respects.

The terms and conditions of the Leslie Promissory Note, the Pledge Agreement and any related documents are essential to the success and feasibility of the Plan. All such documents shall constitute legal, valid, binding and authorized obligations of the parties obligated thereunder, enforceable in accordance with their terms. On the Effective Date, all of the liens and security interests granted in accordance with such documents shall be deemed approved and shall be legal, valid, binding and enforceable Lines on the collateral in accordance with the terms of each agreement.

20. Amended Certificate of Incorporation and By-Laws. The Amended Certificate of Incorporation and Amended By-Laws contain such provisions as are necessary to satisfy the provisions of the Plan and prohibit, to the extent necessary, the issuance of nonvoting equity securities as required by section 1123(a)(6) of the Bankruptcy Code, subject to further amendment after the Effective Date as permitted by applicable law. Except as otherwise provided in the Plan, the Amended Certificate of Incorporation and Amended By-Laws in accordance with their respective terms contain indemnification provisions applicable to the member, manager and employees of Reorganized Leslie and such other Entities as may be deemed appropriate in the discretion of Reorganized Leslie.

21. Governmental Approvals Not Required. This Confirmation Order shall constitute all approvals and consents required, if any, by the laws, rules, or regulations of any state or any other governmental authority with respect to the implementation or consummation of the Plan and any documents, instruments, or agreements, and any amendments or

modifications thereto, and any other acts referred to in or contemplated by the Plan, the Disclosure Statement, and any documents, instruments, or agreements, and any amendments or modifications thereto.

22. Exemption from Transfer Taxes. Pursuant to section 1146(a) of the Bankruptcy Code, the issuance, transfer, or exchange of notes or equity securities under the Plan, the creation of any mortgage, deed of trust, or other security interest, the making or assignment of any lease or sublease, or the making or delivery of any deed or other instrument of transfer under, in furtherance of, or in connection with the Plan shall be exempt from all taxes as provided in such section 1146(a).

23. Administrative Expense Claims. All Administrative Expense Requests must be made by application filed with the Bankruptcy Court and served on counsel for the Debtor no later than the Administrative Expense Claims Bar Date which shall be sixty (60) days after the Effective Date or the First Business day following such date. In the event that the Debtor or Reorganized Leslie objects to an Administrative Expense Claim, the Bankruptcy Court shall determine the Allowed amount of such Administrative Expense Claim. Notwithstanding the foregoing, (a) no application seeking payment of an Administrative Expense Claim need be filed with respect to an undisputed post-petition obligation which was paid or is payable by the Debtor in the ordinary course of business; provided, however, that in no event shall a post-petition obligation that is contingent or disputed and subject to liquidation through pending or prospective litigation, including, but not limited to, obligations arising from personal injury, property damage, products liability, consumer complaints, employment law (excluding claims arising under workers' compensation law), secondary payor liability, or any other disputed legal or equitable claim based on tort, statute, contract, equity, or common law, be considered to be an

obligation which is payable in the ordinary course of business; and (b) no application seeking payment of an Administrative Expense Claim need be filed with respect to Cure owing under an executory contract or unexpired lease if the amount of Cure is fixed by order of the Bankruptcy Court.

24. Reorganized Leslie, in its sole and absolute discretion, may settle Administrative Expense Claims in the ordinary course of business without further Bankruptcy Court approval. Leslie or Reorganized Leslie shall have the right to object to any Administrative Expense Claim by the later of: (a) one hundred and eighty (180) days after the Effective Date, subject to such extensions as may be granted from time to time by the Bankruptcy Court; and (b) thirty (30) days after the date such Administrative Expense Claim is filed. Unless Leslie or Reorganized Leslie objects to an Administrative Expense Claim, such Claim shall be deemed allowed in the amount requested. In the event that Leslie or Reorganized Leslie timely objects to an Administrative Expense Claim, the parties may confer to try to reach a settlement and, failing that, the Bankruptcy Court shall determine whether such Administrative Expense Claim should be Allowed and, if so, in what amount.

25. Professional Fee Claims. Notwithstanding anything to the contrary in the Confirmation Order, all entities seeking awards by the Bankruptcy Court of compensation for services rendered or reimbursement of expenses incurred through and including the Effective Date under sections 330 or 503 of the Bankruptcy Code (the "Professional Fee Claims") shall (a) file no later than sixty days (60) days after the Effective Date, their respective applications for final allowance of compensation for services rendered and reimbursement of expenses incurred; and (b) be paid in full, in Cash, in such amounts as are Allowed by the Bankruptcy Court (i) upon the later of (A) the Effective Date and (B) the first Business Day after the date that is thirty

(30) calendar days after the date such Administrative Expense Claim becomes an Allowed Administrative Expense Claim; or (ii) upon such other terms as may be mutually agreed upon by such holder and Reorganized Leslie. Objections to any requests for Professional Fee Claims can be filed by the United States Trustee and any party in interest so long as such objections are filed within the time frame set forth in the notice served with the application seeking payment of Professional Fee Claims, unless an extension is granted by the applicant. Reorganized Leslie is authorized to pay compensation for Professional services rendered and reimbursement of expenses incurred after the Effective Date in the ordinary course of business and without the need for Bankruptcy Court approval.

26. Insurance Neutrality. Section 10.4 of the Plan is modified to read as follows:

"**10.4 Insurance Neutrality**. Notwithstanding anything in the Plan, the Plan Documents, or the Confirmation Order or any other order of the Court to the contrary (including, without limitation, any other provision that purports to be preemptory or supervening or grants a release), on the Effective Date, each of the Asbestos PI Insurance Contracts or Insurance Settlement Agreements shall, as applicable, either be (a) deemed assumed to the extent such Asbestos PI Insurance Contracts or Insurance Settlement Agreements were executory contracts of Leslie or Reorganized Leslie pursuant to section 365 of the Bankruptcy Code or (b) continued in accordance with its terms, such that each of the parties' contractual, legal, and equitable rights under each such assumed or continued Asbestos PI Insurance Contract or Insurance Settlement Agreement shall remain unaltered.

Except as otherwise provided in this Article 10.4, nothing in the Plan, the Plan Documents, or the Confirmation Order or any other order of the Court to the contrary (including, without limitation, any other provision that purports to be preemptory or supervening

or grants a release): (a) shall affect, impair or prejudice the rights and defenses of the Asbestos Insurance Entities, Leslie, Reorganized Leslie, or any other insureds under the Asbestos PI Insurance Contracts in any manner; (b) shall in any way operate to, or have the effect of, impairing or having any res judicata, collateral estoppel, or other preclusive effect on any party's legal, equitable, or contractual rights or obligations under any Asbestos PI Insurance Contract in any respect; or (c) shall otherwise determine the applicability or non-applicability of any provision of any Asbestos PI Insurance Contract and any such rights and obligations shall be determined under Asbestos PI Insurance Contracts and applicable law. Additionally, any Asbestos Insurance Action against any Asbestos Insurance Entity related to any Asbestos PI Insurance Contract shall be handled in the forum specified in the relevant Asbestos PI Insurance Contract or, if no forum is so specified, in a court of competent jurisdiction other than the Bankruptcy Court; provided, however, that nothing herein waives any right of the Asbestos PI Trust, Leslie, Reorganized Leslie, or the Asbestos Insurance Entities to require arbitration to the extent the relevant Asbestos PI Insurance Contract provides for such.

To the extent it becomes necessary to enforce the terms of this Article 10.4 in any Asbestos Insurance Action against any Asbestos Insurance Entity related to any Asbestos PI Insurance Contract, the party seeking to enforce this article may offer or tender the terms of this Article 10.4 to the judge presiding over such Asbestos Insurance Action, and the parties to the Asbestos Insurance Action shall stipulate and agree that this Article 10.4 is binding upon them and was approved by the Bankruptcy Court in the Confirmation Order.

Except as provided in this Article 10.4, with respect to and for purposes of construing and applying any Asbestos PI Insurance Contract to resolve any Asbestos Insurance Action, nothing in the Plan, the Plan Documents, or the Confirmation Order or any other judgment, order,

finding of fact, conclusion of law, determination, ruling or statement (written or oral) made or entered by the Bankruptcy Court or by any other court exercising jurisdiction over the Bankruptcy Case, including, without limitation, any judgment, order, writ, or opinion entered on appeal from any of the foregoing, shall constitute an adjudication, judgment, trial, hearing on the merits, finding, conclusion, or other determination; or evidence or suggestion of any such determination, establishing or relating to the liability (in the aggregate or otherwise) or coverage obligation of any Asbestos Insurance Entity for any Claim(s).

Notwithstanding anything to the contrary in the Plan or Confirmation Order, no exculpation, release, injunction, or discharge provisions in the Plan or Confirmation Order shall affect or limit the rights or obligations of, or protections afforded, Leslie, Reorganized Leslie, or Asbestos Insurance Entities under this Article 10.4 in regards to any Asbestos Insurance Action arising under an Asbestos PI Insurance Contracts."

27. Settling Asbestos Insurance Entities. The Entities listed on Exhibit F to the Plan are Settling Asbestos Insurance Entities pursuant to the Plan and shall have the rights and benefits entitled to such Settling Asbestos Insurance Entities under the Plan. The Debtor shall have until the later of the Confirmation Date or 40 days after entry of this Confirmation Order to add Entities to Exhibit F to the Plan.

28. Dissolution of Committee. Effective on the Effective Date, any committee appointed in the Chapter 11 Case shall be dissolved automatically, whereupon its members, Professionals, and agents shall be released from any further duties and responsibilities in the Chapter 11 Case and under the Bankruptcy Code, except with respect to applications for compensation by Professionals or reimbursement of expenses incurred as a member of an official committee and any motions or other actions seeking enforcement or implementation of

the provisions of the Plan or the Confirmation Order or pending appeals of any other order entered in the Chapter 11 Case, including any appeal of the Confirmation Order. The Committee may, at its option, participate in any appeal of the Confirmation Order. Reorganized Leslie shall pay the reasonable fees and costs incurred by the Committee in connection with any appeal of the Confirmation Order.

29. Continuation of Future Claimants' Representative. From and after the Effective Date, the Future Claimants' Representative shall continue to serve as provided in the Plan and the Asbestos PI Trust Agreement, to perform the functions specified and required therein. The Future Claimants' Representative also may, at his option, participate in any: (a) appeal of the Confirmation Order; (b) hearing on a claim for compensation or reimbursement of a Professional; or (c) adversary proceeding pending on the Effective Date in which the Future Claimants' Representative is a party. Reorganized Leslie shall pay the reasonable fees and costs incurred by the Future Claimants' Representative in connection with any appeal of the Confirmation Order.

DISCHARGE AND INJUNCTIONS

30. Discharge. Pursuant to Section 11.1 of the Plan, except as specifically provided for in Sections 4.1, 4.2, 4.3 and 11.10 of the Plan, pursuant to section 1141(d)(1)(A) of the Bankruptcy Code, confirmation of the Plan shall discharge Leslie and Reorganized Leslie from any and all Claims of any nature whatsoever, including, without limitation, all Claims and liabilities that arose before the Effective Date and all debts of the kind specified in sections 502(g), 502(h) and 502(i) of the Bankruptcy Code, whether or not: (a) a Proof of Claim based on such Claim was filed under section 501 of the Bankruptcy Code, or such Claim was listed on any Schedules of Leslie; (b) such Claim is or was allowed under section 502 of the Bankruptcy

Code; or (c) the holder of such Claim has voted on or accepted the Plan. Except as specifically provided for in Sections 4.1, 4.2, 4.3 and 11.8 of the Plan, as of the Effective Date the rights provided in the Plan shall be in exchange for and in complete satisfaction, settlement and discharge of all Claims against Leslie or Reorganized Leslie or any of their respective assets and properties.

31. Injunction. Pursuant to Section 11.2 of the Plan, except as specifically provided for in Sections 4.1, 4.2, 4.3 and 11.10 of the Plan, all persons or Entities who have held, hold or may hold Claims or Demands are permanently enjoined, from and after the Effective Date, from: (a) commencing or continuing in any manner any action or other proceeding of any kind against Reorganized Leslie with respect to such Claim or Demand; (b) enforcing, attaching, collecting, or recovering by any manner or means of any judgment, award, decree, or order against Reorganized Leslie with respect to such Claim or Demand; (c) creating, perfecting, or enforcing any Encumbrance of any kind against Reorganized Leslie or against the property or interests in property of Reorganized Leslie with respect to such Claim or Demand; (d) asserting any right of setoff, subrogation, or recoupment of any kind against any obligation due to Reorganized Leslie or against the property or interests in property of Reorganized Leslie, with respect to such Claim or Demand; and (e) pursuing any Claim or Demand released pursuant to Article XI of the Plan.

32. Exculpation. Pursuant to Section 11.3 of the Plan, none of the Released Parties shall have or incur any liability to any holder of a Claim or Equity Interest, including, without limitation, the Asbestos PI Claims, for any act or omission in connection with, related to, or arising out of: (a) the Chapter 11 Case; (b) pursuit of confirmation of the Plan; (c) consummation of the Plan, or administration of the Plan or the property to be distributed under

the Plan or the Asbestos PI Trust Distribution Procedures; (d) the Plan; or (e) the negotiation, formulation and preparation of the Plan, the Plan Documents, and any of the terms and/or settlements and compromises reflected in the Plan and the Plan Documents, except for willful misconduct or gross negligence as determined by a Final Order, and, in all respects, Leslie, Reorganized Leslie, and each of the other Released Parties shall be entitled to rely upon the advice of counsel with respect to their duties and responsibilities under the Plan and the Plan Documents.

33. Release by Debtor Released Parties of Released Parties. Pursuant to Section 11.4 of the Plan, as of the Effective Date, for good and valuable consideration, the adequacy of which is hereby confirmed, the Debtor, Reorganized Leslie, any other Debtor Released Party and any Entity seeking to exercise the rights of the Estate, in each case, whether individually or collectively, including, without limitation, any successor to the Debtor or any Estate representative appointed or selected pursuant to the applicable provisions of the Bankruptcy Code, shall be deemed to forever release, waive and discharge the Released Parties of all claims, obligations, suits, judgments, remedies, damages, Demands, debts, rights, Causes of Action and liabilities which the Debtor, any other Debtor Released Parties of the Estate are entitled to assert including, without limitation, any Derivative Liability Asbestos PI Claims and Derivative Liability Claims asserted on behalf of the Debtor, whether known or unknown, liquidated or unliquidated, fixed or contingent, foreseen or unforeseen, matured or unmatured, existing or hereinafter arising, in law, equity or otherwise, based in whole or in part upon any act or omission, transaction, or occurrence taking place on or prior to the Effective Date in any way relating to the Debtor, the Estate, the conduct of the Debtor's business, the Chapter 11 Case, the Plan or Reorganized Leslie (other than the rights under the Plan, the Plan Documents, and the

contracts, instruments, releases and other agreements or documents delivered or to be delivered hereunder); provided, however, that nothing contained in the Plan is intended to operate as a release of any potential claims based upon gross negligence or willful misconduct. Notwithstanding anything contained in Section 11.4 of the Plan, nothing contained in the Plan shall discharge or release any Claim of or Demand by any of the Released Parties, the Asbestos PI Trust or any holder of an Asbestos PI Claim against any Asbestos Insurance Entity.

34. Release by Non-Debtor Released Parties of Released Parties. Pursuant to Section 11.5 of the Plan, as of the Effective Date, for good and valuable consideration, the adequacy of which is hereby confirmed, the Non-Debtor Released Parties shall be deemed to forever release, waive and discharge the Released Parties and the Asbestos PI Trust of and from all claims, obligations, suits, judgments, remedies, damages, Demands, debts, rights, Causes of Action and liabilities which the Non-Debtor Released Parties are entitled to assert, whether known or unknown, liquidated or unliquidated, fixed or contingent, foreseen or unforeseen, matured or unmatured, existing or hereinafter arising, in law, equity or otherwise, based in whole or in part upon any act or omission, transaction, or occurrence taking place on or prior to the Effective Date in any way relating to the Debtor, the Estate, the conduct of the Debtor's business, the Chapter 11 Case, the Plan or Reorganized Leslie (other than the rights under the Plan, the Plan Documents, and the contracts, instruments, releases and other agreements or documents delivered or to be delivered hereunder); provided, however, that nothing contained in the Plan is intended to operate as a release of any potential claims based upon gross negligence or willful misconduct. Notwithstanding anything contained in Section 11.5 of the Plan, nothing contained in the Plan shall discharge or release any Claim of or Demand by any of the Released Parties, the Asbestos PI Trust or any holder of an Asbestos PI Claim against any Asbestos Insurance

Entity. Notwithstanding anything contained in Section 11.5 of the Plan, or elsewhere in the Plan (including but not limited to in Sections 9.3(j), 10.6, 11.3 and 11.7) or the Plan Documents, nothing contained in the Plan, the Plan Documents or this Confirmation Order shall discharge, release, impair, enjoin, or prejudice in any way any claim, rights, or demands that any of the Watts Related Parties have asserted or may assert under (1) the Distribution Agreement dated as of October 1, 1999 by and between Watts Industries, Inc. and CIRCOR or (2) any insurance policy or contract providing coverage to any or all of the Watts Related Parties.

35. Release by Holders of Claims and Equity Interests. Pursuant to Section 11.6 of the Plan, as of the Effective Date, for good and valuable consideration, the adequacy of which is hereby confirmed, each holder of a Claim or Demand against, or Equity Interest in, Leslie, who receives a Distribution pursuant to the Plan shall be deemed to forever release, waive, and discharge all claims, obligations, suits, judgments, remedies, damages, Demands, debts, rights, Causes of Action and liabilities whatsoever against the Released Parties whether known or unknown, liquidated or unliquidated, fixed or contingent, foreseen or unforeseen, matured or unmatured, existing or hereinafter arising, in law, equity or otherwise, based in whole or in part upon any act or omission, transaction, or occurrence taking place on or prior to the Effective Date in any way relating to the Debtor, the Estate, the conduct of the Debtor's business, the Chapter 11 Case, the Plan or Reorganized Leslie (other than the rights under the Plan, the Plan Documents, and the contracts, instruments, releases and other agreements or documents delivered or to be delivered hereunder), including, for the avoidance of doubt, any and all Causes of Action that the holder of an Asbestos PI Claim, the Asbestos PI Trust or the Future Claimants Representative did commence or could have commenced against any officer or director of Leslie (serving in such capacity) that is based upon or arising from any acts or

omissions of such officer or director occurring prior to the Effective Date on account of such Asbestos PI Claim, to the fullest extent permitted under section 524(e) of the Bankruptcy Code and applicable law (as now in effect or subsequently extended); provided, however, that nothing contained in the Plan is intended to operate as a release of (a) any potential claims based upon gross negligence or willful misconduct or (b) any claim by any federal, state or local authority under the Internal Revenue Code or other tax regulation or any applicable environmental or criminal laws.

36. Releases, Exculpations, and Injunctions. The release, exculpation, and injunction provisions contained in the Plan are fair and equitable, are given for valuable consideration, and are in the best interests of the Debtor and its chapter 11 estate, and such provisions shall be effective and binding upon all persons and entities. In addition, the releases of and by non-Debtors under the Plan are fair to holders of Claims and Interests and are necessary to the proposed reorganization, and set forth the proper standard of liability, thereby satisfying the requirements of PWS Holding Corp., 228 F.3d 224, 246 (3d Cir. 2000), In re Continental Airlines, Inc., 203 F.3d 203, 214 (3d Cir. 2000), and In re Zenith Electronics Corp., 241 B.R. 92, 110-11 (Bankr. D. Del. 1999).

37. Termination of Injunctions and Automatic Stay. Pursuant to Section 10.5 of the Plan, all of the injunctions and/or stays in existence immediately prior to the Confirmation Date provided for in or in connection with the Chapter 11 Case, whether pursuant to section 105, 362, or any other provision of the Bankruptcy Code, the Bankruptcy Rules or other applicable law, including, but not limited to, the injunction provided for by the Preliminary Injunction Order shall remain in full force and effect until the injunctions set forth in the Plan become effective pursuant to a Final Order. In addition, on and after the Confirmation Date, Reorganized Leslie

may seek such further orders as it may deem necessary or appropriate to preserve the status quo during the time between the Confirmation Date and the Effective Date.

38. Each of the injunctions contained in the Plan or the Confirmation Order shall become effective on the Effective Date and shall continue in effect at all times thereafter unless otherwise provided by the Plan or the Confirmation Order. All actions of the type or nature of those to be enjoined by such injunctions shall be enjoined during the period between the Confirmation Date and the Effective Date.

39. Asbestos PI Channeling Injunction. The Asbestos PI Channeling Injunction is essential to the Plan and the Debtor's reorganization efforts, and is to be implemented in accordance with the Plan and the Asbestos PI Trust. Pursuant to Section 11.7 of the Plan, section 524(g) of the Bankruptcy Code and this Confirmation Order, and subject to Section 11.8 of the Plan, the sole recourse of any holder of an Asbestos PI Claim on account of such Asbestos PI Claim shall be against the Asbestos PI Trust. Each such holder shall be and is enjoined from taking legal action directed against Leslie, Reorganized Leslie, any of the CIRCOR Related Parties or Watts Related Parties, or any other Asbestos Protected Party, or their respective property, for the purpose of directly or indirectly collecting, recovering or receiving payment or recovery relating to such Asbestos PI Claim.

40. Limitations of Injunctions. Pursuant to Section 11.8 of the Plan, the releases set forth in the Plan and the injunction set forth in Section 11.7 above shall not enjoin: (a) the rights of Entities to the treatment accorded to them under Articles III and IV of the Plan, as applicable, including the rights of Entities with Asbestos PI Claims to assert such Claims or Demands against the Asbestos PI Trust in accordance with the Asbestos PI Trust Distribution Procedures;

and (b) the rights of Entities to assert any Claim, debt, obligation, or liability for payment of Asbestos PI Trust Expenses against the Asbestos PI Trust.

THE ASBESTOS PI TRUST

41. Creation of Asbestos PI Trust. Pursuant to Section 9.3 of the Plan, on the Effective Date, the Asbestos PI Trust shall be created in accordance with the Plan Documents, the Asbestos PI Trust Documents and section 524(g) of the Bankruptcy Code. The Asbestos PI Trust is intended to constitute a "qualified settlement fund" within the meaning of section 468B of the Internal Revenue Code and the regulations issued thereunder. The purpose of the Asbestos PI Trust shall be to assume, Liquidate and, after the Trust Distribution Effective Date, resolve all liabilities determined to arise from, or relate to, the Asbestos PI Claims (whether existing as of the Effective Date or arising at any time thereafter) and, after the Trust Distribution Effective Date, to use the Asbestos PI Trust Assets to pay holders of Asbestos PI Claims in accordance with the terms of the Asbestos PI Trust Agreement, the Asbestos PI Trust Distribution Procedures, the Plan and the Confirmation Order, and in such a way as to provide reasonable assurance that the Asbestos PI Trust will value, and be in a financial position to pay, present Asbestos PI Claims and future Demands that involve similar claims in substantially the same manner, and to otherwise comply in all respects with the requirements of section 524(g)(2)(B) of the Bankruptcy Code. The Asbestos PI Trust shall have no liability for any Claim other than an Asbestos PI Claim, which shall be determined and, after the Trust Distribution Effective Date, paid in accordance with the terms, provisions and procedures of the Asbestos PI Trust Agreement and the Asbestos PI Trust Distribution Procedures. On the Effective Date, all right, title and interest in and to the Asbestos PI Trust Assets, and any proceeds thereof, will be transferred to, and vested in, the Asbestos PI Trust, free and clear of all

Claims, Demands, Equity Interests, Encumbrances and other interests of any Entity without any further action of the Bankruptcy Court or any Entity, but subject to the remaining provisions of Section 9.3 of the Plan.

42. Appointment of Asbestos PI Trustee. As set forth in the Plan Supplement, the Asbestos PI Trustee shall be The Honorable Alfred M. Wolin (ret'd).

43. Creation of the Asbestos PI Trust Advisory Committee. On the Effective Date, there shall be formed an Asbestos PI Trust Advisory Committee which will serve in accordance with the Asbestos PI Trust Agreement. The initial members of the Asbestos PI Trust Advisory Committee shall be: Alan Brayton, John Cooney, John A. Baden, IV, Peter A. Kraus and Steven Kazan.

44. Contributions to the Asbestos PI Trust. On the Effective Date, Leslie shall make the Leslie Contribution and CIRCOR shall make the CIRCOR Asbestos PI Trust Contribution, to the Asbestos PI Trust. The CIRCOR Asbestos PI Trust Contribution constitutes substantial assets of the Plan and the reorganization, is essential and necessary to the feasibility of the Plan and the successful reorganization of the Debtor and constitutes a sufficient basis upon which to provide the CIRCOR Related Parties and Watts Related Parties with the protections afforded to them under the Plan, Plan Documents and this Confirmation Order.

45. Leslie Promissory Note. On the Effective Date, as part of the Leslie Contribution, Reorganized Leslie shall execute and deliver to the Asbestos PI Trust the Leslie Promissory Note. As security for the Leslie Promissory Note, on the Effective Date, CIRCOR shall execute and deliver to the Asbestos PI Trust the CIRCOR Pledge.

46. Limitation on Incurrence of Costs. During the period on and after the Effective Date but prior to the Trust Distribution Effective Date, the Asbestos PI Trust shall not incur

costs (defined broadly to include all obligations, including salaries, disbursements, expenses, and all other costs) in an aggregate total amount greater than $500,000.

47. Preservation of Insurance Claims. The discharge, release, exculpation and indemnification of the Released Parties pursuant to the Plan shall neither diminish nor impair the enforceability of any Asbestos PI Insurance Contract. The Asbestos PI Trust is, and shall be deemed to be for all purposes, including, but not limited to for purposes of insurance and indemnity, the successor to Leslie in respect of all Asbestos PI Claims. An Asbestos PI Claim determined to be payable pursuant to the provisions governing the Asbestos PI Trust (as successor for all purposes to the liabilities of Leslie in respect of Asbestos PI Claims) shall be liquidated by the Asbestos PI Trust in accordance with the Asbestos PI Trust Distribution Procedures.

48. Failure of Trust Distribution Effective Date. If the Confirmation Order is vacated, modified, or reversed after its affirmance or issuance by the District Court, then the Debtor, CIRCOR, the Asbestos PI Trust Advisory Committee and the Future Claimants' Representative shall negotiate in good faith to determine if they can agree upon a modified Plan acceptable to all such parties. If the parties are unable to do so within 90 days from the date of such vacating, modification, or reversal of the Confirmation Order (which period may be extended by the agreement of the Debtor, CIRCOR, the Asbestos PI Trust Advisory Committee, and Future Claimants' Representative, filed with the Bankruptcy Court), then the following shall thereupon occur: (i) the Asbestos PI Trust shall immediately return the Leslie Promissory Note to Leslie; (ii) the Pledge Agreement shall be null and void; (iii) the Asbestos PI Trust shall immediately transfer all of its assets to CIRCOR, except for the Leslie Promissory Note which shall be returned to Leslie; (iv) all rights and interests relating to insurance previously

transferred by the Debtor to the Asbestos PI Trust shall immediately and automatically revert to the Debtor; (v) the Asbestos PI Trust shall immediately thereafter be dissolved and its determinations with respect to any Asbestos PI Claims shall be deemed void; (vi) any Asbestos Records shall be returned to CIRCOR and/or Leslie, as applicable; and (vii) each of the injunctions and releases contained in the Plan or the Confirmation Order shall be deemed terminated.

49. Transfer of Claims and Demands to the Asbestos PI Trust. On the Effective Date, all liabilities, obligations, and responsibilities relating to all Asbestos PI Claims and Demands shall be transferred and channeled to the Asbestos PI Trust and shall be satisfied solely by the assets held by the Asbestos PI Trust. The Asbestos PI Trust shall have no liability for any Claims other than Asbestos PI Claims, and no Claims other than Asbestos PI Claims shall be transferred and channeled to the Asbestos PI Trust.

50. Discharge of Liabilities to Holders of Asbestos PI Claims. The transfer to, vesting in, and assumption by the Asbestos PI Trust of the Asbestos PI Trust Assets, on or after the Effective Date, as contemplated by the Plan, and the occurrence of the Trust Distribution Effective Date shall, among other things, discharge all obligations and liabilities of all Asbestos Protected Parties for and in respect of all Asbestos PI Claims as of the Trust Distribution Effective Date.

51. Indemnification by the Asbestos PI Trust. As and to the extent provided in the Asbestos PI Trust Indemnification Agreement, the Asbestos PI Trust shall indemnify and hold harmless each of the following Entities for any liability, or alleged liability, arising out of, or resulting from, an Asbestos PI Claim: (i) Leslie and Reorganized Leslie; (ii) any CIRCOR

Related Parties; (iii) any Watts Related Parties; and (iv) any current or former Representative of any of the above, in their capacities as such.

52. Books and Records. The Asbestos Records Cooperation Agreement shall become effective on the Effective Date, and the Asbestos Records shall be treated in accordance therewith.

53. Injunction. Notwithstanding any other provision of the Plan or the Confirmation Order that might be construed to be to the contrary, the Asbestos PI Trust is hereby prohibited and permanently enjoined from seeking to recover (on its own behalf or on behalf of its beneficiaries) from any Settling Insurer any insurance coverage provided by the Settling Insurer that has been released by the Debtor pursuant to a settlement agreement, including the settlement agreements listed in Exhibit F to the Plan.

RESOLUTION OF OBJECTIONS

54. Paragraphs 55-59 contain language requested by parties that asserted formal or informal objections to the Plan.

55. Department of Justice. Nothing in the Confirmation Order or the Plan discharges, releases, or precludes any claim, liability, or cause of action of a governmental unit, or divests any court, commission, or tribunal of jurisdiction over any liabilities asserted by a governmental unit, including jurisdiction to determine whether such liabilities are barred by the Confirmation Order, the Plan, or the Bankruptcy Code. Notwithstanding any other provision in the Confirmation Order or the Plan, governmental units may pursue police and regulatory actions or proceedings with respect to the Released Parties in the manner, and by the administrative or judicial tribunals, in which the governmental units could have pursued such actions or proceedings if the Chapter 11 Case had never been commenced.

56. Pension Benefit Guaranty Corporation. No provision contained in the Plan, the Confirmation Order, or section 1141 of the Bankruptcy Code, shall be construed as discharging, releasing or relieving any party, in any capacity, from any liability with respect to the Pension Plan under any law, government policy or regulatory provision. PBGC and the Pension Plan shall not be enjoined or precluded from enforcing such liability against any party as a result of the Plan's provisions for satisfaction, release and discharge of claims.

57. United States Department of Defense. Notwithstanding any provision in the Plan, the Confirmation Order and any implementing Plan documents, including but not limited to notices of assumption and assignment of executory contracts (collectively, "Documents"), any licenses, leases, authorizations, contracts, agreements or other interests of the federal government (collectively "federal interests") shall be treated, determined and administered in the ordinary course of business as if the debtor's bankruptcy case was never filed and the debtor and Reorganized Leslie shall comply with all applicable non-bankruptcy law, federal regulations and statutes. Moreover, without limiting the foregoing, nothing in the Documents shall be interpreted to set cure amounts or to require the government to novate or otherwise consent to the transfer of any federal interests. The government shall not be required to file any pre-petition or post-petition claims with respect to the federal interests in the bankruptcy case. The government's rights to offset or recoup any amounts due under, or relating to, any federal interests are expressly preserved.

58. State of Michigan Department of Treasury. Nothing in the Plan will limit or enjoin the collection of tax debts due to the Michigan Department of Treasury from non-debtors. The Debtor or Reorganized Leslie, as applicable, will pay any Allowed Priority Tax Claim of the Michigan Department of Treasury within 30 (thirty) days subsequent to the date any such

priority tax claim becomes an Allowed Claim (as defined in the Plan), including accrued interest at the rate of 4.25% annually from the Effective Date until the payment is made. Upon the failure of the Debtor or Reorganized Leslie, as applicable, to make any payments due to the Michigan Department of Treasury on account of any Allowed Priority Tax Claim that is not cured within 30 days of a written notice of default, the Michigan Department of Treasury may exercise all rights and remedies available under non-bankruptcy laws for the collection of its entire claim and/or seek appropriate relief in this Court.

59. Estate of Richard Merrill. Nothing in this Confirmation Order, the Plan, or the Plan Documents shall (1) prevent the Estate of Richard Merrill from litigating to conclusion its lawsuit against Leslie Controls, Inc., currently pending as Case No. S187957 in the California Supreme Court, or (2) impact any applicable state law or contract rights that the Estate of Richard Merrill may have pursuant to the supersedeas bond, otherwise known as an "Undertaking Under Section 917.1 C.C.P." (the "Undertaking") as filed with the Los Angeles Superior Court in on August 24, 2007 in Case No. BC352170; provided, for the avoidance of doubt, that if the Estate of Richard Merrill obtains a final, enforceable judgment against Leslie Controls, Inc., such judgment may be enforced only as against such Undertaking and not against any Asbestos Protected Party. However, if such Undertaking is not sufficient to satisfy such final enforceable judgment, or such Undertaking is determined to have lapsed or to be unenforceable for any reason, then such final enforceable judgment may be enforced against the Asbestos PI Trust as a Class 4, Asbestos PI Claim in the full unsatisfied amount of such final enforceable judgment, subject to the Payment Percentage set forth in the Asbestos PI Trust Distribution Procedures. Any Claims, Demands, or allegations against Leslie Controls, Inc., or CIRCOR International, Inc., relating to such Undertaking, whether sounding in tort, or under

contract, or implied by law, warranty, guarantee, contribution, joint and several liability, subrogation, reimbursement, or indemnity, or any other theory of law, equity, or admiralty, shall be an Indirect Asbestos PI Claim and channeled exclusively to and assumed by the Asbestos PI Trust in accordance with, and to the extent set forth in, the applicable Plan Documents. The defense of the pending lawsuit by the Estate of Richard Merrill against Leslie Controls, Inc. shall be directed and paid for by Reorganized Leslie, provided that the Asbestos PI Trust shall have the right, at its own expense, to reasonably consult with counsel retained by Reorganized Leslie to defend the lawsuit.

MISCELLANEOUS

60. Nonoccurrence of Effective Date. In the event that Leslie determines it is appropriate, after consultation with and consent by CIRCOR, the Future Claimants' Representative and the Committee, prior to the Effective Date, upon notification submitted by Leslie to the Bankruptcy Court: (A) the Confirmation Order shall be vacated; (B) no Distributions under the Plan shall be made; and (C) Leslie and all holders of Claims against and Equity Interests in Leslie shall be restored to the status quo ante as of the day immediately preceding the Confirmation Date as though the Confirmation Date never occurred. If the Confirmation Order is vacated pursuant to Section 12.5 of the Plan, nothing contained in the Plan shall: (A) constitute or be deemed a waiver or release of any Claims or Equity Interests by, against, or in Leslie or any other Entity; or (B) prejudice in any manner the rights of Leslie or any other Entity in the Chapter 11 Case or any other or further proceedings involving Leslie.

61. Modification of Confirmation Order Without Consent. Pursuant to section 524(g)(i)(A) of the Bankruptcy Code, the District Court must affirm the Asbestos PI Channeling Injunction as a condition precedent to the Effective Date of the Plan. In the event that the

District Court modifies the Plan or this Confirmation Order without the consent of CIRCOR or the Debtor, CIRCOR or the Debtor shall have the opportunity to withdraw its support for the Plan, and upon notification submitted by CIRCOR or the Debtor to the Bankruptcy Court: (A) this Confirmation Order shall be vacated; (B) no Distributions under the Plan shall be made; and (C) the Debtor, all holders of Claims against and Equity Interests in the Debtor, and Asbestos Insurance Entities shall be restored to the *status quo ante* as of the day immediately prior to the commencement of the Confirmation Hearing as though the Confirmation Hearing never occurred; provided, that, nothing contained in the Plan shall: (A) constitute or be deemed a waiver or release of any Claims or Equity Interests by, against, or in the Debtor or any other Entity; or (B) prejudice in any manner the rights of the Debtor or any other Entity in the Chapter 11 Case or any other or further proceedings involving the Debtor.

62. Notice of Entry of Confirmation Order and Effective Date. The Debtor and its authorized agent shall serve notice of entry of this Confirmation Order, substantially in the form annexed hereto as Exhibit A, which form is hereby approved, on all creditors of the Debtor as of the date hereof, and other parties in interest, within five (5) business days of the Effective Date.

63. Authorization to File Conformed Plan. The Debtor is authorized to file a conformed Plan, dated on the date hereof, that incorporates the amendments to the Plan within thirty (30) days of the entry of this Confirmation Order.

64. Applicable Non-Bankruptcy Law. Pursuant to sections 1123(a) and 1142(a) of the Bankruptcy Code and the provisions of this Confirmation Order, the Plan, the Plan Supplement, and the Plan Documents shall apply and be enforceable notwithstanding any otherwise applicable nonbankruptcy law.

65. Final Order. This Confirmation Order shall become a final order in accordance with Section 1.81 of the Plan.

66. Severability. Each term and provision of the Plan, as it may have been altered or interpreted by the Bankruptcy Court in accordance with Section 14.10 of the Plan, is valid and enforceable pursuant to its terms.

67. Conflicts between Order and Plan. To the extent of any inconsistency between the provisions of the Plan and this Confirmation Order, the terms and conditions contained in this Confirmation Order shall govern. The provisions of this Confirmation Order are integrated with each other and are nonseverable and mutually dependent unless expressly stated by further order of this Court.

68. Superseder of Confirmation Order. This Confirmation Order shall supersede any Bankruptcy Court orders issued prior to the Confirmation Date that may be inconsistent with this Confirmation Order.

STANDING OF INSURERS

69. After due deliberation and for the reasons set forth on the record at the hearing held on October 26, 2010, the Motion to Strike is granted in its entirety. The Plan, with the insurance neutrality language approved by this Court in paragraph 26 herein, is insurance neutral. Accordingly, the Insurers do not have standing to be heard on any issues relating to confirmation of the Plan, including the Insurers' Objections, and, as a result, the Court has not considered the Insurers' Objections.

MOTIONS IN LIMINE

70. The Motions in Limine are denied as moot.

REPORT AND RECOMMENDATION TO THE DISTRICT COURT

71. To the extent required under 28 U.S.C. § 157(d), this Court hereby reports to the District Court and recommends that the District Court enter an order issuing and affirming the Asbestos PI Channeling Injunction set forth in the Plan and paragraph 39 (Asbestos PI Channeling Injunction) of this Confirmation Order and adopting the findings of fact and conclusions of law found in Section U (Plan Compliance with Requirements of Section 524(g)) of this Confirmation Order pursuant to section 524(g)(3) of this Bankruptcy Code.

Dated: October 28, 2010
Wilmington, Delaware

The Honorable Christopher S. Sontchi
United States Bankruptcy Judge

Exhibit 35

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re:	:	**Chapter 11**
T H AGRICULTURE & NUTRITION, L.L.C.,	:	**Case No. 08-14692 (REG)**
Debtor.	:	

FIRST AMENDED PREPACKAGED
PLAN OF REORGANIZATION OF T H AGRICULTURE
& NUTRITION, L.L.C. UNDER CHAPTER 11 OF THE BANKRUPTCY CODE

Bruce R. Zirinsky
John H. Bae
GREENBERG TRAURIG, LLP
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New York, NY 10166
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Facsimile: (212) 801-6400

Dated: May 11, 2009

This Plan of Reorganization provides for an "Asbestos PI Channeling Injunction" pursuant to section 524(g) of the Bankruptcy Code. For a description of the causes of action to be enjoined and the identities of the entities that would be subject to the injunction, see Article XI of this Plan.

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UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re:	:	**Chapter 11**
T H AGRICULTURE & NUTRITION, L.L.C.,	:	**Case No. 08-14692 (REG)**
Debtor.	:	

FIRST AMENDED PREPACKAGED
PLAN OF REORGANIZATION OF T H AGRICULTURE
& NUTRITION, L.L.C. UNDER CHAPTER 11 OF THE BANKRUPTCY CODE

T H Agriculture & Nutrition, L.L.C., the debtor, proposes the following plan of reorganization pursuant to section 1121(a) of title 11 of the United States Code:

ARTICLE I

DEFINITIONS AND INTERPRETATIONS

In the Plan, the definitions provided in this Article I shall apply. Unless otherwise specified, all Article, schedule or exhibit references in the Plan are to the respective Article of or schedule or exhibit to the Plan or the Plan Supplement, as the same may be amended or modified from time to time. The words "herein," "hereof," "hereto," "hereunder," and other words of similar import refer to the Plan as a whole and not to any particular Article, subsection or clause. A term used but not defined herein shall have the meaning ascribed to that term in the Bankruptcy Code. The rules of construction contained in section 102 of the Bankruptcy Code shall apply to the construction of the Plan. The headings in the Plan are for convenience of reference only and shall not limit or otherwise affect the provisions hereof.

1.1 **ACE** means ACE American Insurance Company.

1.2 **Administrative Expense Claim** means any right to payment constituting a cost or expense of administration of the Chapter 11 Case Allowed under sections 503(b), 507(a)(1), and 507(b) of the Bankruptcy Code, including, without limitation: (a) any actual and necessary costs and expenses of preserving THAN's Estate; (b) any actual and necessary costs and expenses of operating THAN's business; (c) any indebtedness or obligations incurred or assumed by THAN as Debtor in Possession during the Chapter 11 Case; and (d) any compensation for Professional services rendered and reimbursement of expenses incurred, to the extent Allowed by Final Order under section 330 or 503 of the Bankruptcy Code.

1.3 **Affiliate** means, with respect to a specified Entity: (a) an Entity that directly or indirectly owns, controls or holds with power to vote twenty percent (20%) or more of the outstanding voting securities of such specified Entity; (b) an Entity, twenty percent (20%) or more of whose outstanding voting securities are directly or indirectly owned, controlled, or held with power to vote by such specified Entity, or by an Entity described in subclause (a); or (c) any other Entity that, directly or indirectly, through one or more intermediaries or otherwise, Controls or is Controlled by, or is under

common Control with the specified Entity; provided, however, that without limiting the generality of the foregoing, with respect to an Affiliate of THAN or an Entity Affiliated with THAN, the term Affiliate shall include the meaning ascribed thereto in section 101(2) of the Bankruptcy Code.

1.4 Allowed means, when used with respect to any Claim against THAN, including Administrative Expense Claims but excluding Asbestos PI Claims, such Claim or portion thereof: (a) as to which no objection or request for estimation has been filed, no litigation has commenced, and THAN otherwise has assented to the validity thereof (and as to which proof of such Claim has been properly and timely filed to the extent required by the Plan or any order of the Bankruptcy Court); (b) as to which any objection or request for estimation that has been filed has been settled, waived, withdrawn or denied by a Final Order; or (c) that is allowed (i) pursuant to the terms of a Final Order, (ii) pursuant to the terms of an agreement by and among the holder(s) of such Claim and THAN (or Reorganized THAN, as the case may be), or (iii) under the terms of the Plan.

1.5 Allowed Amount means, with respect to any Claim (excluding Asbestos PI Claims), the lesser of: (a) the dollar amount of such Claim as Allowed; (b) the estimated amount of such Claim; and (c) the dollar amount agreed to by THAN. Unless otherwise provided in the Plan or a Final Order of the Bankruptcy Court or the District Court, the Allowed Amount of an Allowed Claim, except for the Allowed Amount of the DIP Claim, shall not include interest or penalties accruing on such Allowed Claim from and after the Commencement Date. In addition, unless a Final Order of the Bankruptcy Court provides otherwise, the Allowed Amount of an Allowed Claim shall not, for any purpose under the Plan, include interest at any default rate of interest.

1.6 Amended Certificate of Formation means the amended and restated certificate of formation of Reorganized THAN, substantially in the form as will be set forth in a Plan Supplement.

1.7 Amended Charter Documents means, collectively, the Amended Certificate of Formation and the Second Amended and Restated Limited Liability Company Agreement.

1.8 Amended and Restated Limited Liability Company Agreement means the second amended and restated limited liability company agreement of Reorganized THAN, substantially in the form as will be set forth in a Plan Supplement.

1.9 Asbestos Claimants Group means the group of law firms that represent certain current asbestos personal injury claimants, as constituted from time to time.

1.10 Asbestos Insurance Action means any Claim, Cause of Action (pending now or commenced in the future), arbitration or right of PENAC, Reorganized THAN, or THAN against any Asbestos Insurance Entity related to any Asbestos PI Insurance Contract, any Insurance Settlement Agreement or any other settlement agreement with any Asbestos Insurance Entity, or any Claim, Cause of Action (pending now or commenced in the future), or right of any Asbestos Insurance Entity against any of PENAC, Reorganized THAN, or THAN related to any Asbestos PI Insurance Contract, any Insurance Settlement Agreement or any other settlement agreement with any Asbestos Insurance Entity, including but not limited to, (a) the Coverage Case, (b) Coverage Claims, (c) Insurer Contribution Claims, (d) any Claim or Cause of Action (pending now or commenced in the future) seeking to determine or enforce claimed coverage obligations relating to defense or indemnity obligations arising under Asbestos PI Insurance Contracts for one or more Asbestos PI Claim(s), Demand(s), and/or related issues, or (e) any Claim, Cause of Action (pending now or commenced in the future), or right arising from, under or related to: (i) any such Asbestos Insurance Entity's failure or alleged failure to provide coverage or pay amounts billed to it for Asbestos PI Claims, whether prior to or after the Commencement Date, under an Insurance Settlement Agreement; (ii) the refusal or alleged refusal of any Asbestos Insurance Entity to pay any

obligations on, or compromise and settle, any Asbestos PI Claim under or pursuant to any Asbestos PI Insurance Contract; or (iii) the interpretation or enforcement of the terms of any Asbestos PI Insurance Contract with respect to any Asbestos PI Claim.

1.11 Asbestos Insurance Entity means any Entity, including any insurance company, broker, or guaranty association, that has issued, or that has any actual, potential or alleged liabilities, duties or obligations under or with respect to, any Asbestos PI Insurance Contract or any other insurance policy that provides or allegedly provides coverage to PENAC or THAN for Asbestos PI Claims.

1.12 Asbestos PI Channeling Injunction means the injunction pursuant to section 524(g) of the Bankruptcy Code described more fully in Article 11.5 below.

1.13 Asbestos PI Claim means each of the following: (a) a THAN Asbestos PI Claim; (b) a Derivative Liability Asbestos PI Claim; (c) an Indirect Asbestos PI Claim; (d) a Qualified Asbestos PI Claim and (e) an Asbestos PI Trust Expense. Asbestos PI Claim shall not include an Asbestos Property Damage Claim.

1.14 Asbestos PI Insurance Contracts means any insurance policy or policies issued or allegedly issued by any Asbestos Insurance Entity to PENAC or THAN that provide or allegedly provide coverage to PENAC or THAN for Asbestos PI Claims, including, without limitation, any Shared Asbestos Insurance Policies, any settlement agreement or any Insurance Settlement Agreements.

1.15 Asbestos PI Insurer Coverage Defense means any defense at law or in equity that any Asbestos Insurance Entity may have under applicable non-bankruptcy law to providing insurance coverage for or on account of any Asbestos PI Claim that has been channeled to or has been or will be assumed or incurred by the Asbestos PI Trust pursuant to the Plan, except for any defense that has been released, waived, altered or otherwise resolved, in full or in part, in any Insurance Settlement Agreement, any other settlement agreement with such Asbestos Insurance Entity or by binding adjudication.

1.16 Asbestos PI Trust means the asbestos personal injury trust that is to be established pursuant to section 524(g) of the Bankruptcy Code and in accordance with the Plan, the Confirmation Order and the Asbestos PI Trust Agreement, which trust shall be treated as a "qualified settlement fund" under section 468B of the Internal Revenue Code.

1.17 Asbestos PI Trust Advisory Committee means the Asbestos PI Trust advisory committee established pursuant to the terms of the Plan and the Asbestos PI Trust Agreement.

1.18 Asbestos PI Trust Agreement means the agreement, to be dated as of the Effective Date, by and among Reorganized THAN, the Asbestos PI Trustees, the Future Claimants' Representative and the Asbestos PI Trust Advisory Committee, governing the creation and terms of the Asbestos PI Trust, in substantially the form annexed hereto as Exhibit A and specifically including terms providing that, until the fifth anniversary of the Effective Date, except as otherwise authorized by prior written consent of each of the Asbestos PI Trustees, the Asbestos PI Trust Advisory Committee, the Future Claimants' Representative and PENAC, funds not immediately necessary for distribution to claimants shall be invested in money market funds that invest exclusively in U.S. treasury short term obligations. Such securities must be issued only by the U.S Treasury or should be guaranteed in writing by the U.S. Treasury and should be rated AAAm-G by Standard & Poor`s and having an additional AAA rating by either Moody's Investor Services or Fitch Ratings. In addition no more than $450 million shall be invested in a single fund and (ii) the investment in a fund should not exceed 10% of total size of such fund.

1.19 Asbestos PI Trust Assets means, collectively: (a) the PENAC Asbestos PI Trust Contribution; (b) the THAN Contribution; (c) all other assets, rights, and benefits assigned, transferred or conveyed to the Asbestos PI Trust in connection with the Plan or any Plan Documents; and (d) all proceeds of the foregoing.

1.20 Asbestos PI Trust Bylaws means the Asbestos PI Trust Bylaws, effective as of the Effective Date, substantially in the form annexed as Exhibit B, as such bylaws may be amended or modified from time to time in accordance with the terms of the Asbestos PI Trust Agreement.

1.21 Asbestos PI Trust Contributions means, collectively, the THAN Contribution and the PENAC Asbestos PI Trust Contribution, which, together, shall not exceed $900 million as of the Effective Date; provided, however, that, should any element of the THAN Contribution or of the PENAC Asbestos PI Trust Contribution cause the Asbestos PI Trust Contributions to exceed $900 million as of the Effective Date, the excess amounts shall be returned to PENAC in Cash.

1.22 Asbestos PI Trust Distribution Procedures means the trust distribution procedures for the Asbestos PI Trust, in substantially the form annexed hereto as Exhibit C, and such additional procedures as subsequently may be adopted by the Asbestos PI Trust, which provide for the liquidation and satisfaction of Asbestos PI Claims.

1.23 Asbestos PI Trust Documents means, collectively: (a) the Asbestos PI Trust Agreement; (b) the Asbestos PI Trust Distribution Procedures; (c) the Asbestos PI Trust Bylaws; (d) the Asbestos PI Trust Indemnification Agreement; (e) the Asbestos Records Cooperation Agreement; and (f) the other agreements, instruments and documents governing the establishment and administration of the Asbestos PI Trust, as the same may be amended or modified from time to time, in accordance with the terms thereof.

1.24 Asbestos PI Trust Expense means any of the liabilities, costs, or expenses incurred by the Asbestos PI Trust (other than liabilities to holders of THAN Asbestos PI Claims, Derivative Liability Asbestos PI Claims, Indirect Asbestos PI Claims and Qualified Asbestos PI Claims in respect of Asbestos PI Claims), in carrying out the terms of the Asbestos PI Trust Agreement.

1.25 Asbestos PI Trust Indemnification Agreement means the Indemnification Agreement entered into by and among THAN or Reorganized THAN, as the case may be, PENAC, on behalf of itself and for the benefit of the other Protected Parties (as defined therein), and the Asbestos PI Trust, substantially in the form annexed as Exhibit B to the Asbestos PI Trust Agreement.

1.26 Asbestos PI Trustees means the individuals set forth in a Plan Supplement and appointed pursuant to the Confirmation Order to serve as the trustees for the Asbestos PI Trust in accordance with the terms of the Plan and the Asbestos PI Trust Agreement or any successors thereof.

1.27 Asbestos Property Damage Claim means any Claim, Demand, or allegation against, or any debt, liability, or obligation of, THAN or any other Asbestos Protected Party, whether now existing or hereafter arising, whether in the nature of or sounding in tort, or under contract, warranty, or any other theory of law, equity, or admiralty for, arising out of, or resulting from, asbestos property damage, including the cost of inspecting, maintaining, encapsulating, repairing, decontaminating, removing, replacing or disposing of asbestos or asbestos-containing products in buildings, other structures or other property arising from the installation in, presence in or removal from buildings or other structures of asbestos or asbestos-containing products that was or were installed, manufactured, sold, supplied, produced, distributed, released or marketed by the Debtor prior to the Commencement Date, or for which the Debtor is allegedly liable, including any such Claims, remedies and liabilities for compensatory

damages (such as proximate, consequential, general and special damages) and punitive damages, and any cross-claims, contribution claims, subrogation claims, reimbursement claims, indemnity claims, and other similar derivative Claims, Demands, or allegations against THAN. Asbestos Property Damage Claims shall not include Asbestos PI Claims.

1.28 Asbestos Protected Party means each of the following:

(a) any THAN Related Party;

(b) any PENAC Related Party;

(c) Elementis;

(d) any Entity subject to an Indirect Asbestos PI Claim;

(e) any Settling Asbestos Insurance Entity;

(f) any Post-Confirmation Settling Asbestos Insurance Entity; and

(g) any current or former Representative of any of the above.

1.29 Asbestos Records shall have the meaning ascribed to it in the Asbestos Records Cooperation Agreement.

1.30 Asbestos Records Cooperation Agreement means the cooperation agreement with respect to Asbestos Records entered into as of the Effective Date, substantially in the form as will be set forth in a Plan Supplement.

1.31 Asbestos Records Party means each Entity whose books and records, or any portion thereof, are Asbestos Records.

1.32 Avoidance Action means any avoidance or recovery action under any of sections 502(d), 542, 544, 545, 547, 548, 549, 550, 551 and 553 of the Bankruptcy Code, or under related state or federal statutes and common law, whether or not litigation has been commenced with respect to such cause of action as of the Effective Date.

1.33 Ballot means each of the ballots and/or master ballots distributed with the Disclosure Statement to holders of Impaired Claims against or Equity Interests in THAN on which ballot such holder of a Claim or Equity Interest may, among other things, vote to accept or reject the Plan.

1.34 Bankruptcy Code means title 11 of the United States Code, 11 U.S.C.§§ 101 et seq., as in effect on the Commencement Date, together with all amendments, modifications and replacements of the foregoing, as the same may exist on any relevant date to the extent applicable to the Chapter 11 Case.

1.35 Bankruptcy Court means the United States Bankruptcy Court for the Southern District of New York or such other court as may have jurisdiction over the Chapter 11 Case.

1.36 Bankruptcy Rules means, collectively: (a) the Federal Rules of Bankruptcy Procedure as promulgated by the United States Supreme Court under section 2075 of title 28 of the United States Code; (b) the Federal Rules of Civil Procedure, as applicable to the Chapter 11 Case or any

proceedings therein; and (c) the local rules of the Bankruptcy Court, all as amended from time to time and applicable to the Chapter 11 Case.

1.37 Bankruptcy Insurance Stipulation means, that certain Stipulation and Agreed Order, entered by the Bankruptcy Court on February 10, 2009 as Docket No. 302, by and between the Debtor, PENAC, certain Asbestos Insurance Entities, Future Claimants' Representative, and the Official Committee of Unsecured Creditors, as such Stipulation and Agreed Order may subsequently be amended and modified by written agreement of the parties thereto, which is incorporated herein by reference and is annexed hereto as Exhibit K.

1.38 Business Day means any day except: (a) Saturday; (b) Sunday; (c) any other day on which banking institutions in New York, New York are required or authorized to be closed by law or executive order; and (d) the Friday immediately after Thanksgiving.

1.39 Cash means legal tender of the United States of America.

1.40 Cause of Action means any action, including any cause of action, liability, obligation, account, controversy, right to legal remedy, right to equitable remedy, right to payment, suit, debt, sum of money, damage, judgment, Claim or Demand whatsoever, whether known or unknown, now or in the future, reduced to judgment, not reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, secured, or unsecured, whether asserted or assertable directly or derivatively, in law, equity or otherwise, which may be brought by or on behalf of THAN and/or the Estate, arising under any provision of the Bankruptcy Code or other applicable law or regulation or similar governmental pronouncement.

1.41 Chapter 11 Case means THAN's case under chapter 11 of the Bankruptcy Code, captioned *In re T H Agriculture & Nutrition, L.L.C.*, Case No. 08-14692 (REG), to be commenced in the Bankruptcy Court.

1.42 Claim means: (a) a right to payment, whether or not such right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, legal, equitable, secured, or unsecured; or (b) a right to an equitable remedy for breach of performance if such right gives rise to a right to payment, whether or not such right to an equitable remedy is reduced to judgment, fixed, contingent, matured, unmatured, disputed, undisputed, secured or unsecured.

1.43 Claims and Balloting Agent means the claims, noticing and balloting agent in the Chapter 11 Case, Kurtzman Carson Consultants LLC.

1.44 Claims Reviewer means Verus Claims Services, LLC.

1.45 Class means a category of holders of Claims or Equity Interests described in Article IV below.

1.46 Commencement Date means the date on which a petition is filed by THAN pursuant to section 301 of the Bankruptcy Code to commence the Chapter 11 Case.

1.47 Confirmation Date means the date on which the Confirmation Order is entered by the District Court or the Bankruptcy Court, as applicable, with respect to the Chapter 11 Case.

1.48 Confirmation Hearing means the hearing to be held by the Bankruptcy Court and/or District Court pursuant to section 1128 of the Bankruptcy Code to consider confirmation of the Plan, as such hearing may be adjourned or continued from time to time.

1.49 Confirmation Order means, as the context requires, the order or orders of the District Court confirming the Plan under section 1129 of the Bankruptcy Code or affirming an order of the Bankruptcy Court confirming the Plan under section 1129 of the Bankruptcy Code, which shall contain, among other things, the Asbestos PI Channeling Injunction.

1.50 Control means the possession, directly or indirectly, of the power to direct or cause the direction of management, policies, or activities of an Entity, whether through ownership of voting securities, by contract, or otherwise.

1.51 Coverage Case means that certain declaratory judgment action initiated by THAN against certain Asbestos Insurance Entities, pending in the Circuit Court of Cook County, Illinois, captioned as *TH Agriculture & Nutrition, L.L.C. v. ACE Property and Cas. Co., et al.*, Case No. 02 CH 19037.

1.52 Coverage Claims means any claim, cause of action, cross-claim, contribution claim, subrogation claim, reimbursement claim, indemnity claim, and other similar claims, demands, or allegations asserted or to be asserted by any PENAC Entity or Reorganized THAN (as applicable) against any Asbestos Insurance Entity, whether in the nature of or sounding in tort, or under contract or implied by law (as defined by the applicable nonbankruptcy law of the relevant jurisdiction), warranty, guarantee, contribution, joint and several liability, subrogation, reimbursement, or indemnity, or any other theory of law, equity, or admiralty, arising out of, resulting from, or relating to, directly or indirectly, any Asbestos PI Insurance Contract, any Asbestos PI Claim, any Environmental Liability, any Agent Orange liability, or any benzene liability.

1.53 Coverage Court means any court or other tribunal, including the Circuit Court of Cook Country, Illinois, in which any Asbestos Insurance Action or other Coverage Claim is pending.

1.54 Cure means the payment of Cash by THAN, or the distribution of other property (as the parties may agree or the Bankruptcy Court may order), as necessary to: (a) cure a default by THAN under an Executory Contract; and (b) permit THAN to assume such Executory Contract under section 365 of the Bankruptcy Code.

1.55 Cure Notice means the pleading that the Reorganized Debtor shall file and serve within thirty (30) days after the Effective Date listing the amount of the proposed Cure for each assumed, or assumed and assigned, Executory Contract.

1.56 Debtor means T H Agriculture & Nutrition, L.L.C. in the Chapter 11 Case.

1.57 Debtor in Possession means T H Agriculture & Nutrition, L.L.C., as debtor in possession in the Chapter 11 Case pursuant to section 1101(1) of the Bankruptcy Code.

1.58 Demand means any demand for payment, present or future, within the meaning of section 524(g)(5) of the Bankruptcy Code, that: (a) was not a Claim during the Chapter 11 Case; (b) arises out of the same or similar conduct or events that gave rise to the Asbestos PI Claims; and (c) pursuant to the Plan, is to be paid by the Asbestos PI Trust.

1.59 Derivative Liability Asbestos PI Claim means any claim based upon a legal or equitable theory of liability in the nature of veil piercing, alter ego, successor liability, fraudulent transfer, or conspiracy, upon which a PENAC Related Party or Elementis is liable, or is allegedly liable, arising out of, resulting from, or relating to directly or indirectly, death, bodily injury, sickness, disease, or other personal injury, physical, emotional or otherwise, to persons, caused, or allegedly caused, directly or indirectly, by the presence of, or exposure to, asbestos or asbestos-containing products, to the extent arising, directly or indirectly, from acts, omissions, business, or operations of THAN (including the acts, omissions, business, or operations of any other Entity for whose product or operations THAN has liability, to the extent of THAN's liability for such acts, omissions, business, or operations) (including any acts or omissions that constituted or may have constituted ordinary or gross negligence or reckless, willful, or wanton misconduct of THAN or any other Entity for whose products or operations THAN has liability or is alleged to have liability, or any conduct for which THAN, or any other Entity for whose products or operations THAN has liability or is alleged to have liability, may be deemed to have strict liability under any applicable law) including all related claims, debts, obligations, or liabilities for compensatory damages (such as loss of consortium, medical monitoring, personal or bodily injury, wrongful death, survivorship, proximate, consequential, general, and special damages). For purposes of this definition, "veil piercing, alter ego, successor liability, fraudulent transfer, or conspiracy" claims shall include, but not be limited to, fraudulent transfer or fraudulent conveyance claims under applicable state or federal law, denuding the corporation claims, single business enterprise claims, claims that THAN was the predecessor, mere instrumentality, agent or alter ego of a PENAC Related Party or of Elementis, trust fund claims, claims that a PENAC Related Party or Elementis conspired with THAN, and any causes of action against a PENAC Related Party or Elementis that belong to the Debtor or Debtor in Possession, whether or not included in the foregoing list, including any such claim or cause of action against an Entity entitled to protection under section 524(g)(4)(A)(ii).

In addition to the meaning set forth above, for the avoidance of any doubt and without affecting the meaning of any definition in this Article 1, the meaning of Derviative Liability Asbestos PI Claim specifically does not include any Claim or Demand against Uniroyal, Inc., whether now existing or hereafter arising, that arises from exposure to asbestos other than asbestos for which THAN has liability or is alleged to have liability.

1.60 Derivative Liability Claim means any claim, other than a Derviative Liability Asbestos PI Claim, whether in existence or arising now or in the future, based upon a legal or equitable theory of liability in the nature of veil piercing, alter ego, successor liability, fraudulent transfer, or conspiracy, upon which a PENAC Related Party or Elementis is liable, or is allegedly liable, arising out of, resulting from, or relating to directly or indirectly, death, bodily injury, sickness, disease, or other personal injury, physical, emotional or otherwise, to persons, caused, or allegedly caused, directly or indirectly, by acts, omissions, business, operations, or products of THAN (including the acts, omissions, business, or operations of any other Entity for whose product or operations THAN has actual or alleged liability, to the extent of THAN's actual or alleged liability for such acts, omissions, business, or operations, and any acts or omissions that constituted or may have constituted ordinary or gross negligence or reckless, willful, or wanton misconduct of THAN or any other Entity for whose products or operations THAN has liability or is alleged to have liability, or any conduct for which THAN, or any other Entity for whose products or operations THAN has liability or is alleged to have liability, may be deemed to have strict liability under any applicable law) and all related claims, debts, obligations, or liabilities for compensatory damages (such as loss of consortium, medical monitoring, personal or bodily injury, wrongful death, survivorship, proximate, consequential, general, and special damages). For purposes of this definition, "veil piercing, alter ego, successor liability, fraudulent transfer, or conspiracy" claims shall include, but not be limited to, (a) fraudulent transfer or fraudulent conveyance claims under applicable state or federal law, (b) denuding the corporation claims, (c) continuation of business enterprise claims, (d) single business enterprise claims, (e) claims that THAN was the predecessor, (f) mere

instrumentality, agent or alter ego of a PENAC Related Party or of Elementis, (g) trust fund claims, (h) claims that a PENAC Related Party or Elementis conspired with THAN, and (i) any causes of action against a PENAC Related Party or Elementis that belong to the Debtor or Debtor in Possession, whether or not included in the foregoing list.

1.61 DIP Agreement means the credit agreement to be entered into after the Commencement Date by and between THAN and PENAC, as may be modified or amended by the parties or order of the Bankruptcy Court.

1.62 DIP Claim means any claim of PENAC or any other lender arising out of the DIP Agreement.

1.63 Disallowed means, when used with respect to a Claim against THAN, other than an Asbestos PI Claim, a Claim that: (a) is disallowed in whole or in part (but solely to the extent of such disallowance) by an order of the Bankruptcy Court or other court of competent jurisdiction; or (b) has been withdrawn, in whole or in part, by the holder thereof.

1.64 Disclosure Statement means the written disclosure statement that relates to the Plan, including the exhibits and schedules thereto, as approved by the Bankruptcy Court after the Commencement Date as containing adequate information pursuant to section 1125 of the Bankruptcy Code and Rule 3017 of the Bankruptcy Rules, as such disclosure statement may be amended, modified, or supplemented from time to time.

1.65 Disputed Claim means a Claim against THAN, other than an Asbestos PI Claim, or any portion thereof, that is neither Allowed nor Disallowed or is contingent, disputed or unliquidated.

1.66 Distribution Record Date means the record date for determining an entitlement to receive Distributions under the Plan on account of Allowed Claims, which shall be the Confirmation Date.

1.67 Distribution means any: (a) Cash; (b) property; or (c) interest in property to be paid or distributed hereunder to the holders of Allowed Claims or Equity Interests, not including the Asbestos PI Claims.

1.68 District Court means the United States District Court for the Southern District of New York.

1.69 Effective Date means the date that is thirty-five (35) days after the date that the Confirmation Order, containing the Asbestos PI Channeling Injunction, shall have been either entered by the Bankruptcy Court and accepted and affirmed by the District Court or issued by the District Court, on which date the PENAC Asbestos PI Trust Contribution and THAN Contribution shall be made to the Asbestos PI Trust and the Asbestos PI Trust shall begin to pay Asbestos PI Claims, including the Qualified Asbestos PI Claims.

1.70 Elementis means Elementis Group B.V., and its predecessors and Affiliates, as set forth on Schedule 3 attached hereto, as may be amended at any time prior to the Effective Date with the consent of Elementis, PENAC, the Asbestos Claimants Group, and the Future Claimants' Representative, with such consent not to be unreasonably withheld.

1.71 Encumbrance means, with respect to any property (whether real or personal, or tangible or intangible), any mortgage, Lien, pledge, charge, security interest, assignment, or encumbrance

of any kind or nature in respect of such property (including any conditional sale or other title retention agreement, any security agreement, and the filing of, or agreement to give, any financing statement under the Uniform Commercial Code or comparable law of any jurisdiction) to secure payment of a debt or performance of an obligation.

1.72 Entity means any person or organization created by law, including, without limitation, any individual, company, corporation, limited liability company, partnership, association, joint stock company, joint venture, estate, trust, unincorporated organization, or government or any political subdivision thereof.

1.73 Environmental Liability means any liability of THAN or Reorganized THAN (contingent or otherwise, arising under statute or common law, at law or in equity, and including liability for response costs or natural resource damages, fines or penalties) or any investigatory, remedial, or corrective obligation arising under any applicable federal, state, local or foreign statute, or regulation or similar requirement having the force and effect of law, or judicial or administrative order or determination, or common law, concerning public health or safety, workplace health and safety, or pollution or protection of the environment (including all those pertaining to the presence, use, production, generation, handling, transportation, treatment, storage, disposal, distribution, labeling, testing, processing, discharge, release, threatened release, control or cleanup of any hazardous materials, substances or wastes, chemical substances or mixtures, pesticides, pollutants, contaminants, toxic chemicals, petroleum products or byproducts, polychlorinated biphenyls, noise or radiation).

1.74 Equity Interest means any right, title and interest of PENAC or Remediation Services in THAN.

1.75 Estate means the estate created under section 541 of the Bankruptcy Code in the Chapter 11 Case.

1.76 Executory Contract means any unexpired lease or executory contract of THAN that is subject to treatment under section 365 of the Bankruptcy Code.

1.77 Exhibit J Sites means those sites set forth on Exhibit J to the Plan.

1.78 Final Judgment or **Final Order** means a judgment or an order, as the case may be, as to which the time to appeal, petition for certiorari, or move for reargument or rehearing has expired and as to which no appeal, petition for certiorari or other proceedings for reargument or rehearing shall then be pending; provided, however, that if an appeal, writ of certiorari, reargument or rehearing thereof has been filed or sought: (a)(i) such judgment or order shall have been affirmed by the highest court to which such judgment or order was appealed; or (ii) certiorari shall have been denied or reargument or rehearing shall have been denied or resulted in no modification of such order, and the time to take any further appeal, petition for certiorari or move for reargument or rehearing shall have expired; or (b) such appeal, writ of certiorari, or request for reargument or rehearing shall have been dismissed with prejudice by the filing or seeking party.

1.79 Future Claimants' Representative means Professor Samuel Issacharoff (or any court-appointed alternative or successor), in his capacity as the court-appointed legal representative for all Future Demand Holders pursuant to section 524(g) of the Bankruptcy Code for the purpose of protecting their interests.

1.80 Future Claimants' Representative Group means the Future Claimants' Representative and all of his Representatives, including, but not limited to, Stutzman, Bromberg,

Esserman & Plifka, A Professional Corporation, Brune & Richard LLP, The Claro Group, LLC, Duff & Phelps LLC, and Hamilton, Rabinovitz & Associates, Inc.

1.81 Future Demand Holder means a holder of a Demand, whether now known or hereafter discovered.

1.82 General Unsecured Claim means a Claim, including an Asbestos Property Damage Claim, against THAN that is not secured by a valid and enforceable Lien against property of THAN and that is not an Administrative Expense Claim, a Priority Claim, a DIP Claim, a Priority Tax Claim, an Intercompany Claim or an Asbestos PI Claim.

1.83 Impaired means, when used with respect to a Claim or an Equity Interest, a Claim or Equity Interest as to which the Plan: (a) alters the legal, equitable, and contractual rights to which such claim or interest entitles the holder of such claim or interest; or (b) notwithstanding any contractual provision or applicable law that entitles the holder of such Claim or Equity Interest to demand or receive accelerated payment of such Claim or Equity Interest after the occurrence of a default: (i) does not cure any such default that occurred before or after the Commencement Date, (ii) does not reinstate the maturity of such claim or interest as such maturity existed before such default; (iii) does not compensate the holder of such claim or interest for any damages incurred as a result of any reasonable reliance by such holder on such contractual provision or such applicable law; (iv) if such claim or such interest arises from any failure to perform a nonmonetary obligation, other than a default arising from failure to operate a nonresidential real property lease subject to section 365(b)(1)(A), does not compensate the holder of such claim or such interest (other than the debtor or an insider) for any actual pecuniary loss incurred by such holder as a result of such failure; or (v) otherwise alters the legal, equitable, or contractual rights to which such claim or interest entitles the holder of such claim or interest.

1.84 Indirect Asbestos PI Claim means those cross-claims, contribution claims, subrogation claims, reimbursement claims, indemnity claims, and other similar derivative or indirect Claims, Demands, or allegations against THAN or any Settling Insurer, whether or not any such Claim, Demand, debt, liability or obligation is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured or unsecured, whether or not the facts of or legal bases therefore are known or unknown, and whether in the nature of or sounding in tort, or under contract or implied by law (as defined by the applicable nonbankruptcy law of the relevant jurisdiction), warranty, guarantee, contribution, joint and several liability, subrogation, reimbursement, or indemnity, or any other theory of law, equity, or admiralty for, arising out of, resulting from, or relating to directly or indirectly, death, bodily injury, sickness, disease, or other personal or emotional injuries to persons caused, or allegedly caused, directly or indirectly, by the presence of, or exposure to, asbestos – including asbestos-containing products, equipment, components, parts, improvements to real property, or materials engineered, designed, marketed, manufactured, fabricated, constructed, sold, supplied, produced, installed, maintained, serviced, specified, selected, repaired, removed, replaced, released, distributed, or in any way used by THAN or any Entity for whose products or operations THAN has liability or is alleged to have liability – to the extent arising, directly or indirectly from acts, omissions, business or operations of THAN (including the acts, omissions, business or operations of any other Entity for whose products or operations THAN has liability, to the extent of THAN's liability for such acts, omissions, business, or operations) (including any acts or omissions that constituted or may have constituted ordinary or gross negligence or reckless, willful, or wanton misconduct of THAN or any other Entity for whose products or operations THAN has liability or is alleged to have liability or any conduct for which THAN, or any other Entity for whose products or operations THAN has liability or is alleged to have liability, may be deemed to have strict liability under any applicable law) including claims, debts, obligations, or liabilities for compensatory damages, loss of consortium, medical monitoring, personal or bodily injury, wrongful death, survivorship, proximate, consequential, general, and special damages.

In addition to the meaning set forth above, for the avoidance of any doubt and without affecting the meaning of any definition in this Article 1, the meaning of Indirect Asbestos PI Claim specifically does not include any Claim or Demand against Uniroyal, Inc., whether now existing or hereafter arising, that arises from exposure to asbestos other than asbestos for which THAN has liability or is alleged to have liability.

1.85 Insurance Settlement Agreement means any of the agreements listed on the annexed Exhibit G, as such exhibit may be amended, supplemented, or otherwise modified by THAN from time to time prior to the Confirmation Date.

1.86 Insurance Settlement Proceeds Trust means the THAN/PENAC Joint Insurance Settlement Proceeds Trust established by THAN and PENAC pursuant to the Insurance Settlement Proceeds Trust Agreement.

1.87 Insurance Settlement Proceeds Trust Agreement means the THAN/PENAC Joint Insurance Settlement Proceeds Trust Agreement, dated as of March 7, 2008, by and among THAN, PENAC, and Citibank, N.A., as trustee, a copy of which is annexed as Exhibit H to the Plan.

1.88 Insurance Settlement Proceeds Trust Assets means the Cash remaining in the Insurance Settlement Proceeds Trust as of the Effective Date.

1.89 Insurer Contribution Claim means any claim, cause of action, cross-claim, contribution claim, subrogation claim, reimbursement claim, indemnity claim, and other similar claims, demands, or allegations asserted or to be asserted by any Non-Settling Insurer against any PENAC Entity, Reorganized THAN, or any Asbestos Protected Party, whether in the nature of or sounding in tort, or under contract, warranty, guarantee, contribution, joint and several liability, subrogation, reimbursement, or indemnity, or any other theory of law, equity, or admiralty, arising out of, resulting from, or relating to, directly or indirectly, any Asbestos PI Insurance Contract.

1.90 Intercompany Claim means any general unsecured Claim held by an Affiliate of THAN against THAN or by THAN against an Affiliate of THAN.

1.91 Known Environmental Liabilities means all Environmental Liabilities known to THAN on or before September 1, 2008 at 12:01 a.m. (prevailing Eastern time) on, at, under or migrating from the sites set forth on Exhibit I to the Plan; provided, that, Known Environmental Liabilities shall also include all Environmental Liabilities on, at, under or migrating from the sites located at (i) Plant 1 at North Raceway Road, Greenville, MS; (ii) 1585 Harbor Ave., Memphis, TN; and (iii) 4330 Geraldine Ave. St. Louis, MO.

1.92 Lien means any charge against or interest in property to secure payment of a debt or performance of an obligation.

1.93 Non-Settling Insurer means any Asbestos Insurance Entity that is not a Settling Asbestos Insurance Entity or a Post-Confirmation Settling Asbestos Insurance Entity.

1.94 Parent Trust means the trust to be established in accordance with the Plan, the Confirmation Order and the Parent Trust Agreement.

1.95 Parent Trust Agreement means the agreement, to be dated as of the Effective Date, governing the creation and terms of the Parent Trust, by and among Reorganized THAN and the Parent Trust, in substantially the form as will be set forth in a Plan Supplement.

1.96 Parent Trust Documents means, collectively, the Parent Trust Agreement and the other agreements, instruments and documents governing the establishment and administration of the Parent Trust, as the same may be amended or modified from time to time, in accordance with the terms thereof.

1.97 Parent Trustee means the individual set forth in a Plan Supplement and appointed pursuant to the Confirmation Order to serve as the trustee for the Parent Trust in accordance with the terms of the Plan and the Parent Trust Agreement or any successor thereof.

1.98 Payment Percentage means the percentage of the liquidated value that holders of Asbestos PI Claims will be entitled to receive from the Asbestos PI Trust pursuant to the Asbestos PI Trust Distribution Procedures.

1.99 PENAC means Philips Electronics North America Corporation, a Delaware corporation.

1.100 PENAC Affiliate means each of the Entities listed on Schedule 1 hereto, as may be amended at any time prior to the Effective Date with the consent of PENAC, the Asbestos Claimants Group, and the Future Claimants' Representative, with such consent not to be unreasonably withheld.

1.101 PENAC Asbestos PI Trust Contribution means, collectively, the contributions by PENAC, on behalf of itself and the other PENAC Related Parties, to the Asbestos PI Trust, including the following:

(a) the PENAC Cash;

(b) residual Cash as of the Effective Date, if any, whether (i) drawn under the DIP Agreement and not used by THAN or (ii) remaining under any pre-Commencement Date advance made to THAN by PENAC, to the extent such residual Cash will not be necessary for distributions under the Plan on account of Allowed General Unsecured Claims; and

(c) with THAN, the Insurance Settlement Proceeds Trust Assets;

provided, however, that the sum of (a) the PENAC Cash; (b) the residual Cash as of the Effective Date, if any, whether (i) drawn under the DIP Agreement and not used by THAN or (ii) remaining under any pre-Commencement Date advance made to THAN by PENAC, to the extent such residual Cash will not be necessary for distributions under the Plan on account of Allowed General Unsecured Claims; (c) the Insurance Settlement Proceeds Trust Assets; and (d) the THAN Contribution, shall not exceed $900 million as of the Effective Date; and if the total amount of the Asbestos PI Trust Contributions is greater than $900 million as of the Effective Date, the excess shall be returned to PENAC in Cash.

1.102 PENAC Asset means a certain revenue-generating real property more particularly described in Exhibit C to the Disclosure Statement that is to be contributed to Reorganized THAN on the Effective Date free and clear of all Liens, Claims and Encumbrances.

1.103 PENAC Cash means the contribution of Cash by PENAC to the Asbestos PI Trust on the Effective Date in an amount such that the Asbestos PI Trust Contributions shall equal $900 million as of the Effective Date.

1.104 PENAC Contribution means, collectively, the PENAC Asbestos PI Trust Contribution and the PENAC Debtor Contribution.

1.105 PENAC Debtor Contribution means: (a) the agreement by PENAC, on behalf of itself and the other PENAC Related Parties, to assume the Known Environmental Liabilities of THAN and Reorganized THAN and the other obligations set forth in Article 9.5 of the Plan; (b) the PENAC Asset; (c) the forgiveness of any amounts THAN may have drawn and used from the DIP Agreement and release of any and all Liens, Claims, Encumbrances and any other interests of PENAC on THAN's or Reorganized THAN's assets that served as security for the DIP Agreement; (d) costs, if any, associated with providing insurance coverage for Reorganized THAN under the Unknown Environmental Liability Insurance Policy; (e) the contribution of $1,000,000 by PENAC to THAN or Reorganized THAN on the Effective Date for the purpose of establishing a reserve of $1,000,000 by Reorganized THAN post-Effective Date; and (f) the assumption by PENAC of any and all obligations with respect to retiree benefits owed to former employees of THAN and employees of THAN as of the Effective Date.

1.106 PENAC Related Party means: (a) PENAC; (b) any PENAC Affiliate; (c) any predecessor in interest to PENAC or a PENAC Affiliate; and (d) any Entity that owned or owns a financial interest in PENAC, a PENAC Affiliate or their predecessors.

1.107 Plan means this plan of reorganization of THAN under chapter 11 of the Bankruptcy Code, including any supplements, schedules and exhibits hereto, either in its present form or as the same may be amended, modified or supplemented from time to time in accordance with the terms hereof.

1.108 Plan Contributors means, collectively, (a) PENAC, on behalf of itself and the other PENAC Related Parties, and (b) THAN.

1.109 Plan Documents means, collectively, (a) the Disclosure Statement, (b) the Asbestos PI Trust Agreement, (c) the Asbestos PI Trust Indemnification Agreement and the other Asbestos PI Trust Documents, (d) the Asbestos PI Trust Distribution Procedures, (e) the Parent Trust Agreement and the other Parent Trust Documents, (f) the Promissory Note, (g) the Pledge Agreement, (h) any document contained in the Plan Supplement, (i) all of the exhibits and schedules attached to any of the foregoing, and (j) any other document necessary to implement the Plan.

1.110 Plan Supplement means the compilation of documents or forms of documents specified in the Plan, including, but not limited to, the documents specified in Article 14.3 below and any exhibits to the Plan not included herewith, each in form and substance acceptable to THAN and PENAC, which THAN shall file with the Bankruptcy Court on or before the date that is five (5) Business Days prior to the deadline for the filing and service of objections to the Plan, all of which are incorporated herein by reference.

1.111 Pledge Agreement means the pledge agreement substantially in the form attached as Exhibit E to the Plan, entered into as of the Effective Date between the Parent Trust, Reorganized THAN, and the Asbestos PI Trust to memorialize and effectuate the granting of the security interest in 100% of the outstanding membership interests of Reorganized THAN to the Asbestos PI Trust.

1.112 Post-Confirmation Settling Asbestos Insurance Entity means any Asbestos Insurance Entity that enters into an insurance settlement agreement after the Confirmation Date that Reorganized THAN determines, in its sole and absolute discretion, in writing, is sufficiently comprehensive to warrant that such Asbestos Insurance Entity receive the protections provided under section 524(g) of the Bankruptcy Code.

1.113 Pre-Effective Date Claims Review means the process pursuant to which the Claims Reviewer reviewed and approved Asbestos PI Claims prior to the Effective Date.

1.114 Preliminary Injunction Order means an order granting an injunction pursuant to sections 105(a) and 362(a) of the Bankruptcy Code and Rule 7065 of the Bankruptcy Rules enjoining all asbestos-related Derivative Liability Asbestos PI Claims against a PENAC Related Party or Elementis.

1.115 Priority Claim means any Claim entitled to priority pursuant to section 507 of the Bankruptcy Code other than an Administrative Expense Claim, DIP Claim, or a Priority Tax Claim.

1.116 Priority Tax Claim means any Claim entitled to priority pursuant to section 507(a)(8) of the Bankruptcy Code.

1.117 Products/Completed Operations Coverage means the provisions of an insurance policy relating to coverage with respect to the "products hazard," the "completed operations hazard" and/or "products-completed operations liability," as well as any other coverages that, in words or in substance, are comparable as set forth in such insurance policy and/or the underlying insurance policies to which such insurance policy either follows form or from which terms, conditions and exclusions are incorporated by such insurance policy.

1.118 Professional means any person retained or to be compensated pursuant to section 327, 328, 330, 503(b), 506(b), 524(g) or 1103 of the Bankruptcy Code, including the Future Claimants' Representative and any Entity retained thereby.

1.119 Promissory Note means the promissory note, secured by all of Reorganized THAN's membership interests, to be entered into as of the Effective Date between Reorganized THAN and the Asbestos PI Trust, in substantially the form annexed hereto as Exhibit D, for the payment of a principal amount of $1,000,000, with interest, in equal quarterly installments, and the other agreements, instruments or documents relating thereto, including any such memorializing or effecting the security therefor.

1.120 Proof of Claim means any proof of claim or interest filed with the Bankruptcy Court or the Claims and Balloting Agent pursuant to Bankruptcy Code section 501 and Rule 3001 or 3002 of the Bankruptcy Rules that asserts a Claim against or Equity Interest in THAN.

1.121 Qualified Asbestos PI Claim means an Asbestos PI Claim approved by the Claims Reviewer in the Pre-Effective Date Claims Review process. Prior to the Effective Date, THAN will maintain a list of Qualified Asbestos PI Claims, and on the Effective Date shall transfer such list to the Asbestos PI Trust once such Asbestos PI Trust is established.

1.122 Rejection Claim means any Claim for damages under section 502(g) of the Bankruptcy Code resulting from the rejection of an executory contract or unexpired lease by THAN or Reorganized THAN.

1.123 Released Party means each of the following: (a) the Asbestos Claimants Group; (b) THAN; (c) Reorganized THAN; (d) the Future Claimants' Representative Group; (e) the Asbestos Protected Parties; (f) the Official Committee of Unsecured Creditors of T H Agriculture & Nutrition, L.L.C.; (g) the designated Asbestos PI Trustees, with respect to work performed in connection with implementation of the Plan from the entry of the Confirmation Order through and including the Effective Date; and (h) any current or former Representative of the foregoing.

1.124 Remediation Services means Remediation Services, Inc., a holder of Equity Interests in THAN.

1.125 Reorganized THAN means THAN, or any successor thereto by merger, consolidation, or otherwise, on and after the Effective Date.

1.126 Representative means, with respect to any specified Entity, any current or former officer, director, employee, agent, attorney, accountant, financial advisor, other representative or any person who controls any of these within the meaning of the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended.

1.127 Schedules means, unless such requirement is waived by the Bankruptcy Court, the schedules of assets and liabilities and the statements of financial affairs of THAN as filed with the Bankruptcy Court by THAN after commencement of the Chapter 11 Case in accordance with section 521 of the Bankruptcy Code, as such schedules and statements may be amended or supplemented from time to time.

1.128 Secured Claim means a Claim that is: (a) secured by a valid, duly perfected, non-avoidable security interest in the interest of THAN in property, to the extent of the value, as of the Effective Date or such other date as is established by the Bankruptcy Court, of such Claimholder's interest in THAN's interest in such property, as determined by a Final Order of the Bankruptcy Court pursuant to section 506(a) of the Bankruptcy Code or as otherwise agreed in writing by THAN and the Claimholder; or (b) secured by the amount of any valid, non-avoidable rights of setoff of the holder thereof under section 553 of the Bankruptcy Code.

1.129 Settling Asbestos Insurance Entity means any Asbestos Insurance Entity that has entered into an Insurance Settlement Agreement prior to the Confirmation Date if: (a) such Insurance Settlement Agreement provides that (i) THAN and/or PENAC agreed to seek the protections under section 524(g) of the Bankruptcy Code for such Asbestos Insurance Entity or (ii) THAN and/or PENAC agreed to indemnify such Asbestos Insurance Entity with respect to any Asbestos PI Claim that may be channeled to the Asbestos PI Trust; (b) the proceeds of such Insurance Settlement Agreement are included in the THAN Contribution and the PENAC Asbestos PI Trust Contribution to be contributed to the Asbestos PI Trust on the Effective Date; and (c) such Insurance Settlement Agreement is sufficiently comprehensive to warrant that such Asbestos Insurance Entity receive treatment under section 524(g) of the Bankruptcy Code. THAN shall recommend to the Bankruptcy Court that any such Asbestos Insurance Entity should be entitled to treatment under section 524(g) of the Bankruptcy Code, solely with respect to the policy or policies that are the subject of the Insurance Settlement Agreement, by identifying such Asbestos Insurance Entity as a Settling Asbestos Insurance Entity and setting forth the corresponding policies on Exhibit G to the Plan, as such exhibit may be amended by THAN from time to time prior to the Confirmation Date. Nothing herein, however, shall prevent any Asbestos Insurance Entity that enters into an Insurance Settlement Agreement prior to the Confirmation Date, after first seeking THAN's recommendation prior to the Confirmation Date, from petitioning the Bankruptcy Court for treatment under section 524(g) of the Bankruptcy Code and the Plan as a Settling Asbestos Insurance Entity.

1.130 Settling Insurer means any Asbestos Insurance Entity that that is either a Settling Asbestos Insurance Entity or a Post-Confirmation Settling Asbestos Insurance Entity.

1.131 Shared Asbestos Insurance Policy means any of the general liability policies listed on Exhibit F to the Plan, as such exhibit may be amended by THAN from time to time prior to the Effective Date.

1.132 Solicitation Procedures Order means the portion of the Confirmation Order, which, among other things, approves the prepetition procedures employed by THAN for soliciting and tabulating the votes to accept or reject the Plan cast by holders of Impaired Claims against THAN.

1.133 THAN means T H Agriculture & Nutrition, L.L.C., a Delaware limited liability company, debtor and debtor in possession, and its predecessors.

1.134 THAN Affiliate means each of the Entities listed on Schedule 2 hereto, as may be amended from time to time prior to the Effective Date with the consent of PENAC, the Asbestos Claimants Group, and the Future Claimants' Representative, with such consent not to be unreasonably withheld.

1.135 THAN Asbestos PI Claim means any Claim, Demand, or allegation or portion thereof against, or any debt, liability, or obligation of, THAN or any other Asbestos Protected Party, whether now existing or hereafter arising, whether in the nature of or sounding in tort, or under contract, warranty, or any other theory of law, equity, or admiralty for, arising out of, resulting from, or relating to directly or indirectly, death, bodily injury, sickness, disease, or any other actual or alleged personal injury, physical, emotional or otherwise, to persons, caused, or allegedly caused, directly or indirectly, by the presence of, or exposure to asbestos—including, without limitation, asbestos-containing products, equipment, components, parts, improvements to real property, or materials engineered, designed, marketed, manufactured, fabricated, constructed, sold, supplied, produced, installed, maintained, serviced, specified, selected, repaired, removed, replaced, released, distributed, or in any other way used by THAN or any other Entity for whose products or operations THAN has liability or is alleged to have liability – to the extent arising, directly or indirectly, from acts, omissions, business, or operations of THAN (including the acts, omissions, business, or operations of any other Entity for whose products or operations THAN has liability, to the extent of THAN's liability for such acts, omissions, business, or operations) (including any acts or omissions that constituted or may have constituted ordinary or gross negligence or reckless, willful, or wanton misconduct of THAN or any other Entity for whose products or operations THAN has liability or is alleged to have liability, or any conduct for which THAN, or any other Entity for whose products or operations THAN has liability or is alleged to have liability, may be deemed to have strict liability under any applicable law) including all related claims, debts, obligations, or liabilities for compensatory damages (such as loss of consortium, medical monitoring, personal or bodily injury, wrongful death, survivorship, proximate, consequential, general, and special damages). Notwithstanding the foregoing, a Claim, Demand, allegation, debt, liability or obligation shall only be a THAN Asbestos PI Claim to the extent of THAN's liability for that Claim, Demand, allegation, debt, liability or obligation.

In addition to the meaning set forth above, for the avoidance of any doubt and without affecting the meaning of any definition in this Article 1, the meaning of THAN Asbestos PI Claim specifically does not include any Claim or Demand against Uniroyal, Inc., whether now existing or hereafter arising, that arises from exposure to asbestos other than asbestos for which THAN has liability or is alleged to have liability.

1.136 THAN Cash means the contribution of Cash by THAN to the Asbestos PI Trust on the Effective Date in an amount such that the Asbestos PI Trust Contributions shall equal $900 million as of the Effective Date.

1.137 THAN Contribution means, collectively, contributions by and on behalf of THAN or Reorganized THAN, as the case may be, to the Asbestos PI Trust, on account of Asbestos PI Claims, including the following:

(a) THAN Cash; and

(b) with PENAC, the Insurance Settlement Proceeds Trust Assets,

all of which, together with the PENAC Asbestos PI Trust Contribution, shall not exceed $900 million as of the Effective Date; provided, however, that, should any element hereof or of the PENAC Asbestos PI Trust Contribution cause the Asbestos PI Trust Contributions to exceed $900 million as of the Effective Date, the excess amounts shall be returned to PENAC in Cash.

1.138 THAN Related Party means: (a) THAN or Reorganized THAN; (b) any THAN Affiliate; (c) any predecessor in interest to THAN, Reorganized THAN or a THAN Affiliate; and (d) any Entity that owned or owns a financial interest in THAN, Reorganized THAN, a THAN Affiliate or the predecessors in interest of each.

1.139 Unimpaired means a Claim or Equity Interest, or a Class of Claims or Equity Interests, as appropriate, that is not Impaired under the Plan.

1.140 United States Trustee means the United States Trustee appointed under section 591 of title 28 of the United States Code to serve in the Southern District of New York.

1.141 Unknown Environmental Liabilities means all Environmental Liabilities that are not Known Environmental Liabilities.

1.142 Unknown Environmental Liability Insurance Policy means the insurance policy entered into between THAN and ACE American Insurance Company dated as of September 1, 2008 covering Unknown Environmental Liabilities.

ARTICLE II

ADMINISTRATIVE EXPENSE, PRIORITY TAX AND DIP CLAIMS

2.1 Allowed Administrative Expense Claims. Except to the extent that a holder of an Allowed Administrative Expense Claim agrees to a different treatment, or as otherwise provided for in the Plan, in full satisfaction, settlement and discharge of and in exchange for such Claims, THAN or Reorganized THAN shall pay each Allowed Administrative Expense Claim in full and in Cash on, or as soon thereafter as is reasonably practicable, the latest of: (a) the Effective Date; (b) the first Business Day after the date that is thirty (30) calendar days after the date the Administrative Expense Claim becomes an Allowed Administrative Expense Claim; and (c) the date the Allowed Administrative Expense Claim becomes due and payable according to its terms; provided, however, that the Allowed Administrative Expense Claims representing liabilities incurred by the Debtor in Possession in the ordinary course of business or liabilities under loans or advances to or other obligations incurred by the Debtor in Possession may be paid by THAN in the ordinary course of business, consistent with past practice and in accordance with the terms and subject to the conditions of any agreements governing, instruments evidencing, or other documents relating to such transactions.

Reorganized THAN, in its sole and absolute discretion, may settle Administrative Expense Claims in the ordinary course of business without further Bankruptcy Court approval. THAN or Reorganized THAN shall have the right to object to any Administrative Expense Claim by the later of: (a) 180 days after the Effective Date, subject to such extensions as may be granted from time to time by the Bankruptcy Court; and (b) 30 days after the date such Administrative Expense Claim is filed. Unless THAN or Reorganized THAN objects to an Administrative Expense Claim, such Claim shall be deemed allowed in the amount requested. In the event that THAN or Reorganized THAN timely objects to an Administrative Expense Claim, the parties may confer to try to reach a settlement and, failing that, the Bankruptcy Court shall determine whether such Administrative Expense Claim should be Allowed and, if so, in what amount.

All entities seeking awards by the Bankruptcy Court of compensation for services rendered or reimbursement of expenses incurred through and including the Effective Date under sections 330 or 503 of the Bankruptcy Code shall (a) file, on or before the deadline specified in the Confirmation Order, their respective applications for final allowance of compensation for services rendered and reimbursement of expenses incurred; and (b) be paid in full, in Cash, in such amounts as are Allowed by the Bankruptcy Court (i) upon the later of (A) the Effective Date and (B) the first Business Day after the date that is thirty (30) calendar days after the date such Administrative Expense Claim becomes an Allowed Administrative Expense Claim; or (ii) upon such other terms as may be mutually agreed upon by such holder and Reorganized THAN. Reorganized THAN is authorized to pay compensation for Professional services rendered and reimbursement of expenses incurred after the Effective Date in the ordinary course of business and without the need for Bankruptcy Court approval.

2.2 Priority Tax Claims. Except to the extent that the holder of an Allowed Priority Tax Claim has been paid by THAN prior to the Effective Date or agrees to a different treatment, each holder of an Allowed Priority Tax Claim, if any, shall, in accordance with section 1129(a)(9)(C) of the Bankruptcy Code, receive in full satisfaction, settlement and discharge of and in exchange for such Allowed Priority Tax Claim, either of the following, at the sole and absolute discretion of Reorganized THAN: (a) Cash in an amount equal to the unpaid portion of such Allowed Priority Tax Claim, on the latest of: (i) the Effective Date; (ii) the date such Priority Tax Claim becomes an Allowed Claim, or as soon thereafter as is practicable; and (iii) the date such Allowed Priority Tax Claim becomes due and payable under applicable non-bankruptcy law; or (b) regular installment payments in Cash (i) of a total value, as of the Effective Date, equal to the allowed amount of such Priority Tax Claim; (ii) over a period ending not later than five (5) years after the Commencement Date; and (iii) in a manner not less favorable than the most favored nonpriority General Unsecured Claim provided for by the Plan (other than cash payments made to a class of creditors under section 1122(b)).

2.3 DIP Claim. On the Effective Date, the DIP Agreement shall terminate, and PENAC shall forgive any amounts THAN may have drawn upon and used from the DIP Agreement. Residual Cash as of the Effective Date, if any, whether (i) drawn under the DIP Agreement and not used by THAN or (ii) remaining under any pre-Commencement Date advance made to THAN by PENAC, to the extent such residual Cash will not be necessary for distributions under the Plan on account of Allowed General Unsecured Claims, shall be contributed to the Asbestos PI Trust as part of the PENAC Asbestos PI Trust Contribution. PENAC shall also agree to release any and all Liens, Claims, Encumbrances and any other interests of PENAC on THAN's or Reorganized THAN's assets that served as security for the DIP Agreement.

2.4 Obligations with Respect to Elementis. The rights and obligations of Elementis, THAN and PENAC under the 1981 Asset Purchase Agreement and any related agreements will not in any way be altered by THAN's Chapter 11 Case.

ARTICLE III

CLASSIFICATION OF CLAIMS AND EQUITY INTERESTS

Pursuant to section 1122 of the Bankruptcy Code, set forth below is a designation of classes of Claims against and Equity Interests in THAN.

3.1 Classification. The categories of Claims and Equity Interests listed below, other than Administrative Expense Claims and Priority Tax Claims, are classified for all purposes, including voting, confirmation, and distribution pursuant to the Plan, as follows:

Class	Designation	Impairment	Entitled to Vote
Class 1	Priority Claims	Unimpaired	No (conclusively presumed to accept)
Class 2	Secured Claims	Unimpaired	No (conclusively presumed to accept)
Class 3	General Unsecured Claims	Unimpaired	No (conclusively presumed to accept)
Class 4	Asbestos PI Claims	Impaired	Yes
Class 5	Intercompany Claims	Impaired	Yes
Class 6	Equity Interests in THAN	Impaired	No (conclusively presumed to reject)

ARTICLE IV

TREATMENT OF CLASSIFIED CLAIMS AND EQUITY INTERESTS

4.1 Class 1 – Priority Claims. Except to the extent a holder of an Allowed Priority Claim has been paid prior to the Effective Date or agrees to a different treatment, each holder of an Allowed Priority Claim shall receive in full satisfaction, settlement and discharge of and in exchange for such Priority Claim, Cash in an amount equal to the unpaid portion of such Allowed Priority Claim on or before the later of: (a) the Effective Date; and (b) the date the Priority Claim becomes an Allowed Priority Claim, or as soon thereafter as practicable. All Allowed Priority Claims not due and payable on or before the Effective Date shall be paid in the ordinary course of business in accordance with the terms thereof.

Class 1 is Unimpaired under the Plan. Each holder of a Priority Claim is deemed to have accepted the Plan and is therefore not entitled to vote to accept or reject the Plan.

4.2 Class 2 – Secured Claims. Except to the extent a holder of a Secured Claim agrees to different treatment of that Claim, each holder of an Allowed Secured Claim shall have such Claim reinstated pursuant to section 1124(2) of the Bankruptcy Code such that the Claim is rendered Unimpaired. The failure of THAN or any other party in interest to file an objection, prior to the Effective Date, with respect to any Secured Claim that is reinstated hereunder shall be without prejudice to the rights of Reorganized THAN or any other party in interest to contest or otherwise defend against such Secured Claim in an appropriate forum when and if such Secured Claim is sought to be enforced. Any amount that THAN may be required to pay pursuant to section 1124(2) of the Bankruptcy Code on account of any such reinstated Allowed Secured Claim shall be paid in full, in Cash, on, or as soon as practicable after, the latest of (a) the Effective Date; (b) the date on which such Secured Claim becomes Allowed; (c) the date such Secured Claim becomes due and payable according to its terms; or (d) such other date as mutually may be agreed to by and among the holder of such Secured Claim and THAN or Reorganized THAN.

Class 2 is Unimpaired under the Plan. Each holder of a Secured Claim is deemed to have accepted the Plan and is therefore not entitled to vote to accept or reject the Plan.

4.3 Class 3 – Allowed General Unsecured Claims. Except to the extent a holder of an Allowed General Unsecured Claim agrees to different treatment of that General Unsecured Claim, each holder of an Allowed General Unsecured Claim shall have such General Unsecured Claim reinstated pursuant to section 1124(2) of the Bankruptcy Code such that the General Unsecured Claim is rendered Unimpaired. The failure of THAN or any other party in interest to file an objection, prior to the Effective

Date, with respect to any General Unsecured Claim that is reinstated hereunder shall be without prejudice to the rights of Reorganized THAN or any other party in interest to contest or otherwise defend against such General Unsecured Claim in an appropriate forum when and if such General Unsecured Claim is sought to be enforced. Any amount that THAN may be required to pay pursuant to section 1124(2) of the Bankruptcy Code on account of any such reinstated Allowed General Unsecured Claim shall be paid in full, in Cash, on, or as soon as practicable after, the latest of: (a) the Effective Date; (b) the date on which such General Unsecured Claim becomes Allowed; (c) the date such General Unsecured Claim becomes due and payable according to its terms; or (d) such other date as mutually may be agreed to by and among the holder of such General Unsecured Claim and THAN or Reorganized THAN.

Class 3 is Unimpaired under the Plan. Each holder of a General Unsecured Claim is deemed to have accepted the Plan and is therefore not entitled to vote to accept or reject the Plan.

4.4 Class 4 – Asbestos PI Claims. As of the Effective Date, liability for all Asbestos PI Claims shall automatically, and without further act, deed or court order, be channeled exclusively to and assumed by the Asbestos PI Trust in accordance with, and to the extent set forth in, Articles IX and XI below, the applicable Plan Documents and the Confirmation Order. Each Asbestos PI Claim shall be determined and paid in accordance with the terms, provisions and procedures of the Asbestos PI Trust Agreement and the Asbestos PI Trust Distribution Procedures. The Asbestos PI Trust shall be funded in accordance with the provisions of Article 9.4 below. The sole recourse of the holder of an Asbestos PI Claim on account of such Asbestos PI Claim shall be to the Asbestos PI Trust and each such holder shall have no right whatsoever at any time to assert its Asbestos PI Claim against any Asbestos Protected Party.

The Asbestos PI Trust shall pay Qualified Asbestos PI Claims, following receipt of an executed release by the holder of a Qualified Asbestos PI Claim in a form approved by the Asbestos PI Trustees, on the Effective Date or as soon thereafter as is practicable in accordance with the standards set forth in the Asbestos PI Trust Distribution Procedures.

Class 4 is Impaired under the Plan. Each holder of an Asbestos PI Claim shall be entitled to vote to accept or reject the Plan to the extent and in the manner provided in Article V below and in the Solicitation Procedures Order.

4.5 Class 5 – Intercompany Claims. In full settlement, satisfaction, release and discharge of any and all Intercompany Claims, all Intercompany Claims shall be eliminated and discharged as of the Effective Date, by either offset, distribution, cancellation, or contribution of such Intercompany Claims, or otherwise (as determined by the Debtor in its sole and absolute discretion).

Class 5 is Impaired under the Plan. Each holder of an Intercompany Claim shall be entitled to vote to accept or reject the Plan to the extent and in the manner provided in Article V below and in the Solicitation Procedures Order.

4.6 Class 6 – Equity Interests. All Equity Interests in THAN shall be cancelled as of the Effective Date, after the transfer of the PENAC Asbestos PI Trust Contribution to the Asbestos PI Trust, and each holder of an Equity Interest in THAN shall neither receive nor retain any property on account of such Equity Interests in THAN under the Plan. On the Effective Date, or as soon thereafter as is reasonably practicable, all membership interests in Reorganized THAN shall be issued to the Parent Trust as set forth in Article 9.3(a) below.

Class 6 is Impaired under the Plan. Each holder of an Equity Interest is deemed to have rejected the Plan and is therefore not entitled to vote to accept or reject the Plan.

ARTICLE V

ACCEPTANCE OR REJECTION OF PLAN; EFFECT OF REJECTION BY ONE OR MORE CLASSES OF CLAIMS OR EQUITY INTERESTS

5.1 Classes Entitled to Vote. Except as set forth below, each holder of an Allowed Claim or Allowed Equity Interest, and each holder of a Claim or Equity Interest that has been temporarily allowed for voting purposes, including each holder of an Asbestos PI Claim, in each Impaired Class of Claims or Equity Interests shall be entitled to vote separately to accept or reject the Plan unless such Impaired Class shall receive no distribution under the Plan, in which case, such Impaired Class shall be deemed to reject the Plan and shall not be entitled to vote to accept or reject the Plan.

Any holder of a Claim or Equity Interest in an Unimpaired Class of Claims or Equity Interests shall not be entitled to vote to accept or reject the Plan.

5.2 Class Acceptance Requirement. Acceptance of the Plan by any Impaired Class of Claims or Equity Interests shall be determined in accordance with section 1126 of the Bankruptcy Code and the terms of the Solicitation Procedures Order. With respect to Class 4, acceptance of the Plan shall also be determined in accordance with section 524(g) of the Bankruptcy Code.

5.3 Issuance of Injunction Pursuant to Section 524(g) of the Bankruptcy Code. The Bankruptcy Court shall be asked to issue the Asbestos PI Channeling Injunction if the Plan has been accepted by at least two-thirds (2/3) in amount of those holders of Class 4 Claims actually voting on the Plan, in accordance with section 1126(c) of the Bankruptcy Code, and seventy-five percent (75%) in number of those holders of Class 4 Claims actually voting on the Plan, in accordance with section 524(g)(2)(B)(ii)(IV)(bb) of the Bankruptcy Code.

5.4 Acceptance by Unimpaired Classes. Class 1 (Priority Claims), Class 2 (Secured Claims) and Class 3 (General Unsecured Claims) are Unimpaired under the Plan and are conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, solicitation of votes of holders of Claims in Class 1, Class 2 and Class 3 is not required.

5.5 Rejection by Impaired Class Receiving No Distribution. Class 6 (Equity Interests) will receive no Distribution under the Plan, and is conclusively presumed to have rejected the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, solicitation of votes of holders of Equity Interests in Class 6 is not required.

ARTICLE VI

DISTRIBUTIONS UNDER THE PLAN ON ACCOUNT OF CLAIMS OTHER THAN ASBESTOS PI CLAIMS

6.1 Distributions. Other than with respect to distributions to be made to Asbestos PI Claims from the Asbestos PI Trust, Reorganized THAN shall make all Distributions required to be made under the Plan as provided under this Article VI. All distributions to be made on account of Asbestos PI Claims shall be made in accordance with the terms of the Asbestos PI Trust Agreement and the Asbestos PI Trust Distribution Procedures.

6.2 Date of Distributions. Except as otherwise provided herein, any Distributions and deliveries to be made hereunder on account of Allowed Claims or Equity Interests (other than Asbestos PI Claims) shall be made on the Effective Date or as soon thereafter as is practicable. In the event that any

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

6.3 Postpetition Interest on Claims. Unless expressly provided for in the Plan, the Plan Documents and the Confirmation Order, or any contract, instrument, release, settlement or other agreement entered into in connection with the Plan, or unless required by applicable bankruptcy law (including the fair and equitable rule), interest shall not accrue on or after the Commencement Date on account of any Claim. Nothing in this Article 6.3 shall be deemed to prohibit collection of interest by the United States or any federal or state governmental agency.

6.4 Means of Cash Payment. At the option of the Debtor, any Cash payment to be made hereunder may be made by a check or wire transfer or as otherwise required or provided in any applicable agreement.

6.5 Delivery of Distributions. Subject to Bankruptcy Rule 9010, all Distributions to any holder of an Allowed Claim or Equity Interest shall be made at the address of such holder as set forth on the Schedules filed, as may be required, with the Bankruptcy Court, or on the books and records of THAN or its agents, or in a letter of transmittal, unless THAN has been notified in writing of a change of address.

If any holder's Distribution is returned as undeliverable, then no further Distributions to such holder shall be made unless and until Reorganized THAN is notified of such holder's then-current address, at which time all missed Distributions shall be made to such holder without interest. A Cash Distribution that is not claimed by the expiration of six (6) months from the date that such Distribution was made shall be deemed unclaimed property under section 347(b) of the Bankruptcy Code and shall revest in Reorganized THAN, and the Claim of any holder to such Distributions shall be discharged and forever barred. Nothing contained in the Plan shall require THAN or Reorganized THAN to attempt to locate any holder of an Allowed Claim.

6.6 Time Bar to Cash Payments. Checks issued by Reorganized THAN in respect of Distributions on Allowed Claims shall be null and void if not presented for payment within sixty (60) days after the date of issuance thereof. Requests for reissuance of any check shall be made in writing to Reorganized THAN by the holder of the Allowed Claim to whom such check originally was issued on or before thirty (30) days after the expiration of the sixty (60) day period following the date of issuance of such check. After expiration of the thirty (30) day period, all funds held on account of such void check shall, in the discretion of Reorganized THAN, be used to satisfy the costs of administering and fully consummating the Plan or to become property of Reorganized THAN, and the Claim of any holder to such Distributions shall be discharged and forever barred.

6.7 Record Date for Holders of Claims. Except as otherwise provided in a Final Order of the Bankruptcy Court, the transferees of Claims that are transferred pursuant to Rule 3001 of the Bankruptcy Rules on or prior to the Distribution Record Date shall be treated as the holders of such Claims for all purposes, notwithstanding that any period provided by Rule 3001 for objecting to such transfer has not expired by the Distribution Record Date.

6.8 Distributions after Effective Date. Distributions made after the Effective Date shall be deemed to have been made on the Effective Date. No interest shall accrue or be payable on such Distributions.

6.9 Fractional Cents. Notwithstanding any other provision in the Plan to the contrary, no payment of fractional cents will be made pursuant to the Plan. Whenever any payment of a fraction of a cent under the Plan would otherwise be required, the actual Distribution made will reflect a rounding of such fraction to the nearest whole penny (up or down), with fractions of more than half a penny being rounded up and fractions of half of a penny or less being rounded down.

6.10 Setoff. THAN or Reorganized THAN may, but shall not be required to, set off against any Claim (for purposes of determining the Allowed Amount of such Claim on which Distribution shall be made), any claims of any nature whatsoever that THAN or Reorganized THAN may have against the holder of such Claim, and the failure to do so shall not constitute a waiver or release by THAN or Reorganized THAN of any such Claims that THAN or Reorganized THAN may have against the holder of such Claim.

ARTICLE VII

TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES

7.1 General Treatment. THAN shall assume, as of the Effective Date, all Executory Contracts to which THAN is a party, except for: (a) the Executory Contracts specifically listed in certain Schedules to the Plan Supplement, which shall either be rejected or assumed and assigned, respectively, as described therein; and (b) the Executory Contracts specifically addressed herein or pursuant to a Final Order of the Bankruptcy Court entered on or before the Effective Date. THAN may, at any time on or before the Effective Date, amend the Schedules to the Plan Supplement to delete therefrom, or add thereto, any Executory Contract. THAN shall provide notice of any such amendment to the parties to the Executory Contract(s) affected thereby and to parties on any master service list established by the Bankruptcy Court in the Chapter 11 Case. The fact that any contract or lease is listed in the Schedules to the Plan Supplement shall not constitute or be construed to constitute an admission that such contract or lease is an executory contract or unexpired lease within the meaning of section 365 of the Bankruptcy Code or that THAN or any successor in interest to THAN (including Reorganized THAN) has any liability thereunder.

The Confirmation Order shall constitute an order of the Bankruptcy Court approving such: (a) rejections; (b) assumptions; or (c) assumptions and assignments, as the case may be, pursuant to sections 365 and 1123 of the Bankruptcy Code as of the Effective Date.

7.2 Cure of Defaults. Except to the extent that different treatment has been agreed to by the non-Debtor party or parties to any Executory Contract to be assumed (including any Executory Contract to be assumed and assigned) pursuant to Article 7.1 above, Reorganized THAN shall, pursuant to the provisions of sections 1123(a)(5)(G) and 1123(b)(2) of the Bankruptcy Code and consistent with the requirements of section 365 of the Bankruptcy Code, within thirty (30) days after the Effective Date, file and serve a pleading with the Bankruptcy Court listing the amount of the proposed Cure for each such Executory Contract. The non-Debtor party or parties to each such Executory Contract shall have fifteen (15) days from service of the Cure Notice to object to the proposed Cure with respect to that Executory Contract. Within thirty (30) days after service of any objection to the proposed Cure for an Executory Contract, THAN shall: (a) resolve such objection, which resolution shall not require approval of the Bankruptcy Court; (b) schedule a hearing before the Bankruptcy Court to determine the proper Cure for the Executory Contract; or (c) determine to reject the Executory Contract, and provide notice thereof to the applicable non-Debtor party or parties.

7.3 Bar to Rejection Damages. In the event that the rejection of an Executory Contract by THAN pursuant to the Plan results in damages to the non-Debtor party or parties to such Executory

Contract, a claim for such damages shall be forever barred and shall not be enforceable against THAN, Reorganized THAN, or their respective properties or interests in property, unless a Proof of Claim with respect to such damages is filed with the Bankruptcy Court and served upon counsel for THAN on or before (a) if such Executory Contract is rejected pursuant to Articles 7.1 and 7.2 above, the later of: (i) thirty (30) days after entry of the Confirmation Order; and (ii) thirty (30) days after the non-Debtor party receives notice of the rejection of such Executory Contract pursuant to Article 7.2 above; and (b) if such Executory Contract is rejected pursuant to a Final Order of the Bankruptcy Court granting a motion filed by THAN to reject that Executory Contract, thirty (30) days after entry of such order.

ARTICLE VIII

PROCEDURES FOR RESOLVING AND TREATING DISPUTED CLAIMS OTHER THAN ASBESTOS PI CLAIMS

8.1 Disputed Claims. All Disputed Claims against THAN shall be subject to the provisions of this Article VIII. All Asbestos PI Claims shall be determined and paid by the Asbestos PI Trust in accordance with Article 9.4 below, the Asbestos PI Trust Agreement and the Asbestos PI Trust Distribution Procedures. Only the Asbestos PI Trust will have the right to object to and/or resolve Asbestos PI Claims. All Asbestos PI Claims must be submitted solely to the Asbestos PI Trust for payment, which shall be in accordance with the Asbestos PI Trust Distribution Procedures, and only the Asbestos PI Trust will have the right to object to and/or resolve Asbestos PI Claims.

8.2 Objection to Claims. THAN or Reorganized THAN, as the case may be, shall be entitled to file objections to Claims that have been or properly should have been brought in the Bankruptcy Court (other than Asbestos PI Claims), on or before the first (1st) anniversary of the Effective Date (unless such day is not a Business Day, in which case such deadline shall be the next Business Day thereafter), as the same may be extended from time to time by the Bankruptcy Court, and shall be authorized to settle, compromise, withdraw or litigate to judgment such objections without further approval of the Bankruptcy Court.

8.3 Payments and Distributions with Respect to Disputed Claims. Notwithstanding any other provision hereof, if any portion of a Claim (other than an Asbestos PI Claim) is a Disputed Claim, no payment or Distribution provided for herein shall be made on account of such Claim, unless and until such Claim becomes an Allowed Claim.

8.4 Preservation of Insurance. Subject to the terms and provisions of the Bankruptcy Insurance Stipulation, nothing in the Plan, the Plan Documents or the Confirmation Order, including the discharge and release of THAN and the Asbestos PI Channeling Injunction, shall diminish, impair or otherwise affect the enforceability of any Asbestos PI Insurance Contract with any Asbestos Insurance Entity that may be obligated to provide, or has settled the issue of, coverage for Claims or Demands against THAN.

8.5 Estimation of Claims. THAN or Reorganized THAN, as the case may be, may at any time request that the Bankruptcy Court estimate any contingent, unliquidated or Disputed Claim (not including any Asbestos PI Claims) for any reason pursuant to section 502(c) of the Bankruptcy Code, regardless of whether THAN previously objected to such Claim or whether the Bankruptcy Court has ruled on any such objection, and the Bankruptcy Court will retain jurisdiction to estimate such Claim at any time, including, without limitation, during the pendency of litigation concerning any objection to any Claim or of any appeal relating thereto. Claims may be estimated and subsequently compromised, settled, withdrawn or otherwise resolved by any mechanism approved by the Bankruptcy Court.

Nothing in this Article 8.5 shall be deemed to provide for estimation of any Claim of the United States or any federal or state governmental agency.

8.6 Preservation of Rights to Settle Claims. In accordance with section 1123(b) of the Bankruptcy Code, THAN and Reorganized THAN shall retain and may enforce, sue on, settle, or compromise (or decline to do any of the foregoing) all Claims (other than Asbestos PI Claims), rights, causes of action, suits and proceedings, whether in law or in equity, whether known or unknown, that THAN or its estate may hold against any Entity, without the necessity for Bankruptcy Court approval under Bankruptcy Rule 9019.

ARTICLE IX

MEANS FOR IMPLEMENTATION OF THE PLAN

9.1 Generally. On the Confirmation Date, THAN shall be empowered and authorized to take or cause to be taken, prior to the Effective Date, all actions necessary to enable it to implement the provisions of the Plan, including, without limitation, the creation of the Asbestos PI Trust and the creation of the Parent Trust. From and after the Effective Date, Reorganized THAN shall be governed pursuant to the Amended Charter Documents.

9.2 Transactions on the Effective Date.

(a) Immediately on the Effective Date, the following shall be deemed for all purposes to have occurred simultaneously:

(i) the making of the PENAC Asbestos PI Trust Contribution and the THAN Contribution to the Asbestos PI Trust;

(ii) the establishment of the Asbestos PI Trust;

(iii) the vesting in the Asbestos PI Trust of the Asbestos PI Trust Assets, as more fully described in Article 9.4 below; and

(iv) the making of the PENAC Debtor Contribution.

(b) Also on the Effective Date, but solely immediately after the occurrence of each of Article 9.2(a)(i) through (iv) herein, the Parent Trust shall be established.

(c) Also on the Effective Date, but solely immediately after the occurrence of Article 9.2(a) and (b) herein, the Equity Interests of PENAC and Remediation Services in THAN shall be cancelled, and 100% of the membership interests of Reorganized THAN shall be issued to, and vest in, the Parent Trust, as more fully described in Article 9.3 below.

(d) Also on the Effective Date, but solely immediately after the occurrence of each of Article 9.2(a) through (c) herein, the following events shall be deemed for all purposes to have occurred, simultaneously:

(i) the effectiveness of the Pledge Agreement;

(ii) the effectiveness of the Promissory Note;

(iii) the effectiveness of the Amended Charter Documents of Reorganized THAN;

(iv) any Distributions required to be made on the Effective Date (or as soon thereafter as is reasonably practicable); and

(v) the payment of the Qualified Asbestos PI Claims by the Asbestos PI Trust (on the Effective Date or as soon thereafter as is reasonably practicable).

9.3 The Parent Trust.

On the Effective Date, immediately after the establishment of the Asbestos PI Trust, the Parent Trust shall be created in accordance with the Plan Documents and the Parent Trust Documents. The Parent Trust shall hold legal title to the membership interests of Reorganized THAN and is currently intended to constitute a "qualified settlement fund" within the meaning of section 468B of the Internal Revenue Code and the regulations issued thereunder.

(a) Issuance of Equity Interests. Automatically on the Effective Date, immediately after the occurrence of each of Article 9.2(a) and (b), one-hundred percent (100%) of the membership interests of Reorganized THAN shall be issued to the Parent Trust.

(b) Appointment of Parent Trustee. The initial Trustee(s) of the Parent Trust shall be set forth in a Plan Supplement.

(c) Pledge of Equity Interest. In connection with the execution of the Promissory Note, after the issuance to and vesting in the Parent Trust of one-hundred percent (100%) of the membership interests of Reorganized THAN, the Parent Trust shall execute the Pledge Agreement granting to the Asbestos PI Trust a security interest in one-hundred percent (100%) of the outstanding membership interests of Reorganized THAN to secure payment of the Promissory Note.

9.4 The Asbestos PI Trust.

(a) Creation of the Asbestos PI Trust. On the Effective Date, the Asbestos PI Trust shall be created in accordance with the Plan Documents, the Asbestos PI Trust Documents and section 524(g) of the Bankruptcy Code. The Asbestos PI Trust is intended to constitute a "qualified settlement fund" within the meaning of section 468B of the Internal Revenue Code and the regulations issued thereunder. The purpose of the Asbestos PI Trust shall be to assume, liquidate and satisfy all liabilities determined to arise from, or relate to, the Asbestos PI Claims (whether existing as of the Effective Date or arising at any time thereafter) and to use the Asbestos PI Trust Assets to pay holders of Asbestos PI Claims in accordance with the terms of the Asbestos PI Trust Agreement, the Asbestos PI Trust Distribution Procedures, the Plan and the Confirmation Order, and in such a way as to provide reasonable assurance that the Asbestos PI Trust will value, and be in a financial position to pay, present Asbestos PI Claims and future Demands that involve similar claims in substantially the same manner, and to otherwise comply in all respects with the requirements of section 524(g)(2)(B) of the Bankruptcy Code. The Asbestos PI Trust shall have no liability for any Claim other than an Asbestos PI Claim, which shall be determined and paid in accordance with the terms, provisions and procedures of the Asbestos PI Trust Agreement and the Asbestos PI Trust Distribution Procedures. On the Effective Date, all right, title and interest in and to the Asbestos PI Trust Assets, and any proceeds thereof, will be transferred to, and vested in, the Asbestos PI Trust, free and clear of all Claims, Demands, Equity Interests, Encumbrances and other interests of any Entity without any further action of the Bankruptcy Court or any Entity.

(b) Appointment of Asbestos PI Trustees. The initial Trustees of the Asbestos PI Trust shall be set forth in a Plan Supplement.

(c) Appointment of Future Claimants' Representative. Professor Samuel Issacharoff shall serve as the Future Claimants' Representative.

(d) Appointment of Asbestos PI Trust Advisory Committee Members. The initial members of the Asbestos PI Trust Advisory Committee shall be those persons designated in the Confirmation Order.

(e) Claims Review. The Claims Reviewer has been reviewing Asbestos PI Claims during the Pre-Effective Date Claims Review period using the standards set forth in the Asbestos PI Trust Distribution Procedures. Prior to the Effective Date, any alteration of these review standards must be approved by the putative Asbestos PI Trustees, with the consent of the Asbestos Claimants Group and the Future Claimants' Representative. All Asbestos PI Claims approved by the Claims Reviewer shall be designated as Qualified Asbestos PI Claims and treated in accordance with Article 4.4 of the Plan. To the extent an Asbestos PI Claim submitted during the Pre-Effective Date Claims Review period is not approved by the Claims Reviewer, such Asbestos PI Claim may be re-submitted to the Asbestos PI Trust and considered in accordance with the standards set forth in the Asbestos PI Trust Distribution Procedures. From and after the Effective Date, the Asbestos PI Trust may retain the Claims Reviewer or such other third-party claims reviewer as the Asbestos PI Trustees and the Future Claimants' Representative deem appropriate to review and liquidate all Asbestos PI Claims submitted to the Asbestos PI Trust in accordance with the Asbestos PI Trust Agreement and the Asbestos PI Trust Distribution Procedures.

(f) Contributions to the Asbestos PI Trust. On the Effective Date, Reorganized THAN and PENAC shall make the THAN Contribution and PENAC Asbestos PI Trust Contribution, respectively, to the Asbestos PI Trust; provided, however, that, prior to the Effective Date, as part of the Asbestos PI Trust Contributions, THAN or PENAC shall pay to the putative Asbestos PI Trustees an amount not to exceed $500,000 for the preliminary expenses to be incurred by the Asbestos PI Trust. To the extent any contribution thereof causes the Asbestos PI Trust Contributions to exceed $900 million as of the Effective Date, the excess amount shall be returned to PENAC in Cash.

(g) Promissory Note. On the Effective Date, Reorganized THAN shall execute and deliver to the Asbestos PI Trust the Promissory Note in substantially the form attached hereto as Exhibit D.

(h) Transfer of Claims and Demands to the Asbestos PI Trust. On the Effective Date, all liabilities, obligations, and responsibilities relating to all Asbestos PI Claims and Demands shall be transferred and channeled to the Asbestos PI Trust and shall be satisfied solely by the assets held by the Asbestos PI Trust. The Asbestos PI Trust shall have no liability for any Claims other than Asbestos PI Claims, and no Claims other than Asbestos PI Claims shall be transferred and channeled to the Asbestos PI Trust.

(i) Discharge of Liabilities to Holders of Asbestos PI Claims. The transfer to, vesting in, and assumption by the Asbestos PI Trust of the Asbestos PI Trust Assets, on or after the Effective Date, as contemplated by the Plan, shall, among other things, discharge all obligations and liabilities of all Asbestos Protected Parties for and in respect of all Asbestos PI Claims.

(j) Indemnification by the Asbestos PI Trust. As and to the extent provided in the Asbestos PI Trust Indemnification Agreement, the Asbestos PI Trust shall indemnify and hold harmless

each of the following Entities for any liability, or alleged liability, arising out of, or resulting from, an Asbestos PI Claim: (i) THAN and Reorganized THAN; (ii) PENAC and any PENAC Related Party; (iii) Elementis; and (iv) any current or former Representative of any of the above, in their capacities as such.

(k) Parent Trust Distributions. Holders of certain valid Claims arising from Unknown Environmental Liabilities against either THAN or Reorganized THAN (the "Environmental Beneficiaries"), the Remainder Beneficiary (as defined in the Parent Trust Agreement) and the Asbestos PI Trust (the "Excess Income Beneficiary") shall be the beneficiaries of the Parent Trust, and any distribution therefrom shall be paid to the Environmental Beneficiaries, the Remainder Beneficiary and the Excess Income Beneficiary in accordance with the Parent Trust Documents; provided, that the Parent Trust shall make distributions only upon receipt of dividends from Reorganized THAN, and such dividends shall be paid only under applicable law and only if funds are available after meeting Reorganized THAN's operating expenses, financing obligations, and certain reserve requirements.

(l) Books and Records. On the Effective Date, the Asbestos Records Cooperation Agreement shall become effective and the Asbestos Records shall be treated in accordance therewith.

(m) Injunction. Notwithstanding any other provision of the Plan or the Confirmation Order that might be construed to be to the contrary, the Asbestos PI Trust is hereby prohibited and permanently enjoined from seeking to recover (on its own behalf or on behalf of its beneficiaries) from any Settling Insurer any insurance coverage provided by the Settling Insurer that has been released by THAN or by PENAC pursuant to a settlement agreement, including the settlement agreements listed in Exhibit G to the Plan.

9.5 Environmental Liabilities. As part of the PENAC Debtor Contribution, PENAC shall assume all Known Environmental Liabilities and the other obligations set forth in Article 9.5 herein. The rights and obligations of Elementis, THAN and PENAC under the 1981 Asset Purchase Agreement and any related agreements will not in any way be altered by THAN's Chapter 11 Case.

In addition, THAN has purchased the Unknown Environmental Liability Insurance Policy identifying THAN as a named insured and providing coverage with respect to Unknown Environmental Liabilities in order to enhance or supplement existing insurance related to Unknown Environmental Liabilities, which policy shall be a five-year policy providing coverage only for such Unknown Environmental Liabilities, in excess of a self-insured retention of $250,000 per pollution condition, $2,000,000 aggregate, $100,000 maintenance, up to $10,000,000 per claim and an aggregate limit of $30,000,000. At the end of its initial term, the policy may be automatically extended for an equal term (with any associated costs to be borne by Reorganized THAN).

The Unknown Environmental Liability Insurance Policy shall be deemed and treated as an executory contract pursuant to the Plan and shall be automatically assumed on the Effective Date by THAN and Reorganized THAN and shall continue in full force and effect. On the Effective Date, the Unknown Environmental Liability Insurance Policy shall vest in Reorganized THAN. On the Effective Date, or, as soon as reasonably practicable thereafter, THAN or Reorganized THAN, as the case may be, shall assume such Unknown Environmental Liability Insurance Policy and Reorganized THAN shall be insured under such Unknown Environmental Liability Insurance Policy. Any and all costs of providing such insurance coverage for Reorganized THAN under such Unknown Environmental Liability Insurance Policy shall be borne by PENAC.

On the Effective Date, Reorganized THAN shall seek to have the Unknown Environmental Liability Insurance Policy amended to add the Parent Trust as an additional named

insured; provided, however, that the costs of such amendment are determined to be reasonable to both Reorganized THAN and the Future Claimants' Representative, with such costs to be borne by Reorganized THAN.

Pursuant to the Plan, PENAC has agreed to assume all Known Environmental Liabilities, and the other obligations set forth in Article 9.5 herein, and Reorganized THAN will not incur any costs or expenses in relation to those liabilities. In the event that Reorganized THAN is notified of new or additional environmental claims or conditions in connection with the sites identified on Exhibit I or Exhibit J (the "New Claims"), Reorganized THAN will seek coverage from ACE for any New Claims. To the extent ACE contends that the condition was included in the Known Environmental Liabilities and denies coverage for any site on Exhibit I or denies coverage for any reason with respect to an Exhibit J Site, PENAC will either assume the condition or, if PENAC does not agree to assume the New Claims, Reorganized THAN will in good faith take all legal and equitable action, at the sole cost of PENAC, against ACE to compel ACE to provide coverage for such New Claims ("Litigation"). Reorganized THAN shall not be required to incur any cost in connection with Litigation. At PENAC's option and at its cost, PENAC may assume responsibility for and/or direct all actions in the Litigation that otherwise could or would be taken by Reorganized THAN. In the event of a final non-appealable order by a court of competent jurisdiction upholding ACE's denial of coverage as set out above, PENAC will assume such New Claims. Nothing in this paragraph shall impact the rights and obligations provided in this Plan with respect to claims arising at any site other than sites included on Exhibits I and J to the Plan.

Notwithstanding anything to the contrary in the Plan, Confirmation Order or any other document, including the Plan Supplement, Reorganized THAN shall remain liable for all Environmental Liabilities and all Environmental Liabilities shall survive the Chapter 11 Case, shall not be discharged, impaired or adversely affected by the Plan or the Chapter 11 Case and shall be determined in the manner and by the administrative or judicial tribunals in which such rights or Claims would have been resolved or adjudicated if the Chapter 11 Case had not been commenced. Moreover, nothing in the Plan, Confirmation Order or any other document, including the Plan Supplement, shall relieve THAN of its obligations and responsibilities under 42 U.S.C. § 9607(e).

Notwithstanding any other provision of the Plan, Plan Supplement, PENAC Debtor Contribution, or THAN/PENAC Known Environmental Liabilities Assumption and Indemnification Agreement, Confirmation Order, or other Plan Documents, any governmental unit holding Claims related to Environmental Liabilities with respect to the Known Environmental Liabilities may apply to any court of competent jurisdiction for an order to require Reorganized THAN to enforce against PENAC the provisions of the THAN/PENAC Known Environmental Liabilities Assumption and Indemnification Agreement, subject to all applicable defenses, counterclaims, offsets and other rights of PENAC, provided, however, that Reorganized THAN's financial situation or ability to pay shall not be a defense to any such action.

Notwithstanding anything to the contrary in the Plan, Confirmation Order, or any other document, including the Plan Supplement, Reorganized THAN shall remain responsible for all obligations, of any nature, under any Consent Decree, Administrative Order, or any other agreement between THAN and any governmental unit under environmental laws or regulations. Any such Consent Decree, Administrative Order, or other agreement shall remain in full force and effect after the Effective Date.

9.6 PENAC Asset. As part of the PENAC Debtor Contribution, PENAC shall contribute a certain revenue-generating real property to Reorganized THAN on the Effective Date.

9.7 Insurance Assignment. Subject to the terms and provisions of the Bankruptcy Insurance Stipulation, on the Effective Date, THAN shall assign its rights to receive insurance proceeds from any Asbestos PI Insurance Contract, Insurance Settlement Agreement and the Insurance Settlement Proceeds Trust to PENAC. The Asbestos PI Trust shall not be assigned any rights to or proceeds from any Shared Asbestos Insurance Policy.

9.8 Amended Charter Documents. The Amended Charter Documents shall contain such provisions as are necessary to satisfy the provisions of the Plan and, to the extent necessary, to prohibit the issuance of nonvoting equity securities as required by section 1123(a)(6) of the Bankruptcy Code, subject to further amendment of the Amended Charter Documents after the Effective Date as permitted by applicable law. Except as otherwise provided herein, such Amended Charter Documents shall contain indemnification provisions applicable to the officers and employees of Reorganized THAN and such other Entities as may be deemed appropriate in the discretion of the Parent Trust.

9.9 Corporate Governance of Reorganized THAN. On the Effective Date, the Parent Trust may appoint a membership committee for Reorganized THAN and/or a board of managers, in which event the identities of the members thereof shall be disclosed in a Plan Supplement filed with the Bankruptcy Court.

9.10 Effectuating Documents; Further Transactions. Any officer, member or manager of or director of THAN or Reorganized THAN, as the case may be, shall be, and hereby is, authorized to execute, deliver, file, and record such contracts, instruments, releases, indentures, certificates, and other agreements or documents, and take such other actions as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan. The Secretary of THAN is hereby authorized to certify or attest to any of the foregoing, if necessary.

THAN and Reorganized THAN, and all other parties, including all holders of Claims entitled to receive Distributions under the Plan, shall execute any and all documents and instruments that must be executed under or in connection with the Plan in order to implement the terms of the Plan or to effectuate the Distributions under the Plan, provided, that such documents and instruments are reasonably acceptable to such party or parties.

ARTICLE X

EFFECT OF CONFIRMATION

10.1 Vesting of Reorganized THAN's Assets. Pursuant to section 1141(b) of the Bankruptcy Code, except as otherwise provided in the Plan, the Plan Documents or the Confirmation Order, the property of the Estate of THAN (except for the THAN Contribution and subject to Article 2.3 hereof regarding unused Cash drawn under the DIP Agreement that will not be necessary for distributions on account of Allowed General Unsecured Claims in Class 3) shall vest in Reorganized THAN on the Effective Date free and clear of any and all Liens, Claims, Encumbrances and other interests of any Entity. From and after the Effective Date, Reorganized THAN may operate its business and may use, acquire, and dispose of property free of any restrictions imposed under the Bankruptcy Code, the Bankruptcy Rules, and the Bankruptcy Court. Without limiting the generality of the foregoing, Reorganized THAN may, without application to, or approval by, the Bankruptcy Court, pay Professional fees and expenses that Reorganized THAN incurs after the Effective Date.

10.2 Preservation of Certain Causes of Action; Defenses. Except as provided in Article 10.6 below, in accordance with section 1123(b) of the Bankruptcy Code, Reorganized THAN, as successor in interest to THAN and its Estate, shall retain and may enforce any and all rights, Claims, and

Causes of Action accruing to or that are property of THAN or its Estate pursuant to the Bankruptcy Code or any statute or legal theory, including any Avoidance Action, any rights to, Claims or Causes of Action for recovery under any policies of insurance issued to or on behalf of THAN, and any rights, Claims, and Causes of Action against third parties related to or arising out of Allowed Claims, and Reorganized THAN shall retain and may enforce all defenses and counterclaims to all Claims asserted against THAN or its Estate, including, but not limited to, setoff, recoupment and any rights under section 502(d) of the Bankruptcy Code. Reorganized THAN may pursue such Claims, rights, or Causes of Action, as appropriate, in accordance with its best interests, as determined by the trustee of the Parent Trust or a membership committee or board of managers appointed thereby for Reorganized THAN. Notwithstanding anything in Article 10.2 of the Plan to the contrary, neither THAN nor Reorganized THAN shall have any rights to pursue any Derivative Liability Claims against a PENAC Related Party or Elementis or any of their Representatives.

Notwithstanding anything in this Article 10.2 to the contrary, on the Effective Date all Claims, defenses, rights and Causes of Action of THAN and Reorganized THAN relating to Asbestos PI Claims, other than any rights or Causes of Action for recovery under any policies of insurance issued to or on behalf of THAN, shall be transferred and assigned to the Asbestos PI Trust. Except as otherwise provided in Article 10.2 of the Plan, in accordance with section 1123(b) of the Bankruptcy Code, the Asbestos PI Trust shall retain and may enforce such Claims, defenses, rights and Causes of Action and shall retain and may enforce all defenses and counterclaims to all Claims or Demands asserted against the Asbestos PI Trust with respect to such Asbestos PI Claims, including, but not limited to, setoff, recoupment and any rights under section 502(d) of the Bankruptcy Code; provided, however, that no such defenses, Causes of Action, or counterclaims may be asserted against any Asbestos Protected Party. The Asbestos PI Trust shall be deemed to be the appointed representative to, and may, pursue, litigate, compromise and settle any rights, Claims, or Causes of Action transferred to it, as appropriate, in accordance with its and its beneficiaries' best interests. Nothing in this Article 10.2, however, shall be deemed to be a transfer by THAN or Reorganized THAN of any Claims, rights, Causes of Action, or defenses relating to assumed Executory Contracts or which otherwise are required by Reorganized THAN to conduct its business in the ordinary course subsequent to the Effective Date, and the preservation of all rights, Claims, Causes of Action, and defenses pursuant to this Article 10.2 shall be expressly subject to the terms and provisions of the Bankruptcy Insurance Stipulation.

10.3 Institution and Maintenance of Legal and Other Proceedings. Subject to the terms and provisions of the Bankruptcy Insurance Stipulation**,** from and after the Effective Date, PENAC or Reorganized THAN shall be empowered and entitled, in its sole and absolute discretion, to pursue, compromise or settle THAN's or Reorganized THAN's interests in the Asbestos Insurance Actions. Subject to the terms and provisions of the Bankruptcy Insurance Stipulation, the duties, obligations and liabilities of any Asbestos Insurance Entity under all insurance policies, including, but not limited to, the Asbestos PI Insurance Contracts, all Insurance Settlement Agreements, and all other settlement agreements are not enlarged or diminished, reduced or eliminated by any aspect of the Chapter 11 Case, provided, that all Asbestos PI Insurer Coverage Defenses are preserved in accordance with Article 10.4 of the Plan.

10.4 Insurance Neutrality. Subject to the terms and provisions of the Bankruptcy Insurance Stipulation and notwithstanding anything to the contrary in the Confirmation Order, the Plan or any of the Plan Documents, nothing in the Plan, the Plan Documents, the Confirmation Order, any finding of fact and/or conclusion of law with respect to the confirmation of the Plan, or any Final Order or opinion entered on appeal from the Confirmation Order (including any other provision that purports to be preemptory or supervening) shall in any way operate to, or have the effect of, impairing: (a) any Asbestos Insurance Entity's legal, equitable or contractual rights, if any, in any respect under any Asbestos PI Insurance Contract, or with respect to Coverage Claims; or (b) any policyholder's legal, equitable or

contractual rights, if any, in any respect under any Asbestos PI Insurance Contract, or with respect to Coverage Claims. Subject to the terms and provisions of the Bankruptcy Insurance Stipulation, the rights and obligations of any Asbestos Insurance Entity shall be determined under the insurance policies, including, but not limited to any Asbestos PI Insurance Contracts. Notwithstanding anything in this Article 10.4 to the contrary, nothing in this Article 10.4 shall affect or limit, or be construed as affecting or limiting: (a) the binding effect of the Plan and the Confirmation Order on THAN, Reorganized THAN, the Asbestos PI Trust and the beneficiaries of such trust; or (b) the protection and rights afforded to any Asbestos Insurance Entity, PENAC or THAN**,** including under or with respect to the terms and provisions of the Bankruptcy Insurance Stipulation. It is the intent of this Plan that the Asbestos Insurance Entities, PENAC and THAN shall retain, and be permitted to assert, all Claims and/or defenses (including, inter alia, any Asbestos PI Insurer Coverage Defenses) relating to Asbestos PI Claims, Coverage Claims and/or Asbestos PI Insurance Contracts, notwithstanding any provision of the Plan, the Plan Documents, the Confirmation Order, any finding of fact and/or conclusion of law with respect to the confirmation of the Plan, or any Final Order or opinion entered on appeal from the Confirmation Order.

10.5 Terms of Injunction and Automatic Stay. All of the injunctions and/or stays in existence immediately prior to the Confirmation Date provided for in or in connection with the Chapter 11 Case, whether pursuant to section 105, 362, or any other provision of the Bankruptcy Code, the Bankruptcy Rules or other applicable law, including, but not limited to, the injunction provided for by the Preliminary Injunction Order shall remain in full force and effect until the injunctions set forth in the Plan become effective pursuant to a Final Order, and shall continue to remain in full force and effect thereafter as and to the extent provided by the Plan, the Confirmation Order, or by their own terms. In addition, on and after the Confirmation Date, Reorganized THAN may seek such further orders as it may deem necessary or appropriate to preserve the status quo during the time between the Confirmation Date and the Effective Date.

Each of the injunctions contained in the Plan or the Confirmation Order shall become effective on the Effective Date and shall continue in effect at all times thereafter unless otherwise provided by the Plan or the Confirmation Order. All actions of the type or nature of those to be enjoined by such injunctions shall be enjoined during the period between the Confirmation Date and the Effective Date.

10.6 No Liability for Certain Released Claims. Neither THAN, Reorganized THAN, the other Asbestos Protected Parties, nor the Asbestos PI Trust (except, as it relates to the Asbestos PI Trust, with respect to the Asbestos PI Claims) does, or shall be deemed to, assume, agree to perform, pay, or indemnify creditors for any liabilities or obligations of THAN relating to or arising out of the operations of, or assets of, THAN whether arising prior to or resulting from actions, events, or circumstances occurring or existing at any time prior to the Effective Date. Neither Reorganized THAN, nor the Asbestos PI Trust shall be liable for any Derivative Liability Claim, except that Reorganized THAN and the Asbestos PI Trust shall assume their respective obligations specified in the Plan and the Confirmation Order.

Effective automatically on the Effective Date, the Asbestos Protected Parties and their respective Representatives shall unconditionally and irrevocably be fully released from any and all Derivative Liability Asbestos PI Claims.

Nothing in the Plan or Confirmation Order releases, nullifies, precludes, or enjoins the enforcement of any liability to the United States, any State, or any enforcement or regulatory agency thereof under policy or regulatory statutes or regulations that any entity, including but not limited to any THAN Related Party, would be subject to as the owner or operator of property after the date of entry of this Order.

10.7 Title to Asbestos PI Trust Assets. On the Effective Date, title to all of the Asbestos PI Trust Assets shall vest in the Asbestos PI Trust free and clear of all Claims, Equity Interests, Encumbrances and other interests of any Entity. The Asbestos PI Trust shall be empowered and entitled to process and pay Asbestos PI Claims in accordance with the Asbestos PI Trust Distribution Procedures and the Asbestos PI Trust Agreement.

10.8 Dissolution of Official Committees; Continuation of Future Claimants' Representative; Creation of the Asbestos PI Trust Advisory Committee. Effective on the Effective Date, any committee appointed in the Chapter 11 Case shall be dissolved automatically, whereupon its members, Professionals, and agents shall be released from any further duties and responsibilities in the Chapter 11 Case and under the Bankruptcy Code, except with respect to applications for compensation by Professionals or reimbursement of expenses incurred as a member of an official committee and any motions or other actions seeking enforcement or implementation of the provisions of the Plan or the Confirmation Order or pending appeals of any other order entered in the Chapter 11 Case.

As provided in Article 9.4(b) and (d) above, the Confirmation Order shall provide for the appointment of the Asbestos PI Trust Advisory Committee effective as of the Effective Date. The Confirmation Order shall also provide that, from and after the Effective Date, the Future Claimants' Representative shall continue to serve as provided in the Plan and the Asbestos PI Trust Agreement, to perform the functions specified and required therein. The Future Claimants' Representative also may, at his option, participate in any: (a) appeal of the Confirmation Order; (b) hearing on a claim for compensation or reimbursement of a Professional; or (c) adversary proceeding pending on the Effective Date in which the Future Claimants' Representative is a party.

Upon termination of the Asbestos PI Trust: (a) the members of the Asbestos PI Trust Advisory Committee and the Future Claimants' Representative shall be released and discharged of and from all further authority, duties, responsibilities, and obligations relating to and arising from and in connection with the Chapter 11 Case; and (b) the Asbestos PI Trust Advisory Committee shall be deemed dissolved and the Future Claimants' Representative 's employment shall be deemed terminated.

All reasonable and necessary post-Effective Date fees and expenses of the professionals retained by the Asbestos PI Trust Advisory Committee and the Future Claimants' Representative shall be paid exclusively by the Asbestos PI Trust in accordance with the terms of the Asbestos PI Trust Agreement, and Reorganized THAN shall not be liable for any such fees and expenses. The parties shall attempt to resolve any dispute regarding the payment of such fees and expenses in good faith, and if they shall fail to resolve such dispute, they shall submit the dispute to the Bankruptcy Court for resolution.

ARTICLE XI

RELEASES, INJUNCTIONS AND WAIVERS OF CLAIMS

11.1 Discharge. Except as specifically provided for in Articles 4.2, 4.3 and 11.8 of the Plan, pursuant to section 1141(d)(1)(A) of the Bankruptcy Code, confirmation of the Plan shall discharge THAN and Reorganized THAN from any and all Claims or Demands of any nature whatsoever, including, without limitation, all Claims, Demands and liabilities that arose before the Effective Date and all debts of the kind specified in sections 502(g), 502(h) and 502(i) of the Bankruptcy Code, whether or not: (a) a Proof of Claim based on such Claim or Demand was filed under section 501 of the Bankruptcy Code, or such Claim or Demand was listed on any Schedules of THAN; (b) such Claim or Demand is or was allowed under section 502 of the Bankruptcy Code; or (c) the holder of such Claim or Demand has voted on or accepted the Plan. Except as specifically provided for in Articles 4.2, 4.3 and 11.8 of the

Plan, as of the Effective Date the rights provided in the Plan shall be in exchange for and in complete satisfaction, settlement and discharge of all Claims or Demands against THAN or Reorganized THAN or any of their respective assets and properties.

11.2 Injunction. Except as specifically provided for in Articles 4.2, 4.3 and 11.8 of the Plan, all persons or Entities who have held, hold or may hold Claims or Demands are permanently enjoined, from and after the Effective Date, from: (a) commencing or continuing in any manner any action or other proceeding of any kind against Reorganized THAN with respect to such Claim or Demand; (b) enforcing, attaching, collecting, or recovering by any manner or means of any judgment, award, decree, or order against Reorganized THAN with respect to such Claim or Demand; (c) creating, perfecting, or enforcing any Encumbrance of any kind against Reorganized THAN or against the property or interests in property of Reorganized THAN with respect to such Claim or Demand; (d) asserting any right of setoff, subrogation, or recoupment of any kind against any obligation due to Reorganized THAN or against the property or interests in property of Reorganized THAN, with respect to such Claim or Demand; and (e) pursuing any Claim or Demand released pursuant to this Article XI of the Plan.

11.3 Exculpation. Except for contractual or extracontractual Claims against THAN, Reorganized THAN, or PENAC, relating to or arising out of any Asbestos PI Insurance Contract, none of the Released Parties shall have or incur any liability to any holder of a Claim or Equity Interest, including, without limitation, the Asbestos PI Claims, for any act or omission in connection with, related to, or arising out of: (a) the Chapter 11 Case; (b) pursuit of confirmation of the Plan; (c) consummation of the Plan, or administration of the Plan or the property to be distributed under the Plan or the Asbestos PI Trust Distribution Procedures; (d) the Plan; or (e) the negotiation, formulation and preparation of the Plan, the Plan Documents, and any of the terms and/or settlements and compromises reflected in the Plan and the Plan Documents, except for willful misconduct or gross negligence as determined by a Final Order, and, in all respects, THAN, Reorganized THAN, and each of the other Released Parties shall be entitled to rely upon the advice of counsel with respect to their duties and responsibilities under the Plan and the Plan Documents.

11.4 Release of THAN's Officers and Directors. The acceptance by a holder of a Claim or Demand against, or Equity Interest in, THAN, of any Distribution, and, with respect to Asbestos PI Claims, the THAN Contribution by the Asbestos PI Trust, shall constitute a waiver and release of any and all Causes of Action that such holder, including the Asbestos PI Trust, any holder of an Asbestos PI Claim, and the Future Claimants' Representative did commence or could have commenced against any officer or director of THAN (serving in such capacity) from and after the Commencement Date, that is based upon, related to or arising from any acts or omissions of such officer or director occurring prior to the Effective Date, to the fullest extent permitted under section 524(e) of the Bankruptcy Code and applicable law (as now in effect or subsequently extended), except for willful misconduct or gross negligence as determined by a Final Order.

Except with respect to Asbestos PI Claims, nothing in the Plan, Confirmation Order, or PENAC Debtor Contribution providing for the release of any entity (including but not limited to any THAN Related Party or any PENAC Related Party) or an injunction of actions shall apply to (i) any claims, debts, obligations, rights, suits, damages, actions, causes of action, remedies, and liabilities of the United States or any enforcement or regulatory agency thereof; (ii) any claims, debts, obligations, rights, suits, damages, actions, causes of action, remedies, and liabilities of any State or any enforcement or regulatory agency of any State, under state or federal environmental laws; or (iii) any criminal liability under the laws of the United States or any State. Nothing in the preceding paragraph shall affect the treatment of Asbestos PI Claims pursuant to the Plan and the channeling of Asbestos PI Claims pursuant to the Asbestos PI Channeling Injunction.

11.5 Asbestos PI Channeling Injunction. Pursuant to the Confirmation Order and sections 105(a) and 524(g) of the Bankruptcy Code, and subject to Article 11.6 below, the sole recourse of any holder of an Asbestos PI Claim on account of such Asbestos PI Claim shall be against the Asbestos PI Trust. Each such holder shall be and is enjoined from taking legal action directed against THAN, Reorganized THAN, any PENAC Related Party, Elementis or any other Asbestos Protected Party, or their respective property, for the purpose of directly or indirectly collecting, recovering or receiving payment or recovery relating to such Asbestos PI Claim.

11.6 Limitations of Injunctions. Subject to the terms and provisions of the Bankruptcy Insurance Stipulation, the releases set forth in the Plan and the injunction set forth in Article 11.5 above shall not enjoin:

(a) the rights of Entities to the treatment accorded to them under Articles III and IV above, as applicable, including the rights of Entities with Asbestos PI Claims to assert such Claims or Demands against the Asbestos PI Trust in accordance with the Asbestos PI Trust Distribution Procedures;

(b) the rights of Entities to assert any Claim, debt, obligation, or liability for payment of Asbestos PI Trust Expenses against the Asbestos PI Trust;

(c) the rights of any PENAC Related Party to take any action with respect to any and all of the Asbestos PI Insurance Contracts, subject to the terms of any applicable Insurance Settlement Agreement and any Asbestos PI Insurer Coverage Defense; and

(d) the rights of Reorganized THAN and any PENAC Related Party to assert any Claim, debt, obligation, or liability for payment against any Asbestos Insurance Entity to the extent any insurance policies or insurance coverages were not resolved or released in any Insurance Settlement Agreement with that Asbestos Insurance Entity, subject to the terms of such Insurance Settlement Agreement, if any, and any Asbestos PI Insurer Coverage Defense.

11.7 Releases and Indemnification by THAN. As of the Effective Date, THAN and Reorganized THAN hereby release and are permanently enjoined from prosecuting or attempting to prosecute any Derivative Liability Claims and any and all Causes of Action against the Released Parties that THAN or Reorganized THAN have, may have or claim to have, now or in the future, that are property of, assertable on behalf of, or derivative of THAN; provided, however, that subject to the terms and provisions of the Bankruptcy Insurance Stipulation**,** the foregoing release shall not serve to release any Asbestos Insurance Entity from its obligations under any applicable Asbestos PI Insurance Contract. Reorganized THAN also will indemnify, release and hold harmless each of PENAC and the other PENAC Related Parties pursuant to the provisions of, and to the extent set forth in, the Plan.

11.8 Indemnification and Reimbursement Obligations. For purposes of the Plan, the obligations of THAN to indemnify and reimburse persons who are or were directors, officers, or employees of THAN on the Commencement Date or at any time thereafter against and for any obligations as provided in THAN's certificate of formation, codes of regulations, limited liability agreement, applicable state law, or other agreement, or any combination of the foregoing, shall survive confirmation of the Plan, remain unaffected thereby, and not be discharged in accordance with section 1141 of the Bankruptcy Code, irrespective of whether indemnification or reimbursement is owed in connection with an event occurring before, on, or after the Commencement Date. Such obligations shall be assumed by Reorganized THAN on the Effective Date. In furtherance of the foregoing, Reorganized THAN shall use its commercially reasonable efforts to maintain or procure insurance for the benefit of such directors, officers, or employees at levels satisfactory to Reorganized THAN and the Asbestos PI Trust.

11.9 Insurer Contribution Claims. Subject to the terms and provisions of the Bankruptcy Insurance Stipulation, and notwithstanding anything to the contrary in the Plan, (a) Insurer Contribution Claims against Settling Insurers will be channeled to the Asbestos PI Trust pursuant to Article 11.5 hereof, discharged pursuant to Article 11.1 hereof, and enjoined pursuant to Article 11.2 hereof, (b) Insurer Contribution Claims may be asserted as a defense or counterclaim against only Reorganized THAN, PENAC or the Asbestos PI Trust (as applicable) in any Asbestos Insurance Action, and Reorganized THAN, PENAC or the Asbestos PI Trust (as applicable) may assert the legal or equitable rights, if any, of a Settling Insurer, (c) to the extent Insurer Contribution Claims of a Non-Settling Insurer are determined to be valid, the liability (if any) of such Non-Settling Insurer to Reorganized THAN, PENAC or the Asbestos PI Trust (as applicable) shall be reduced by the amount of such Insurer Contribution Claims, (d) however, and notwithstanding the foregoing, there shall be no affirmative recovery from the Asbestos PI Trust for any Insurer Contribution Claims, (e) Insurer Contribution Claims against any Entity other than a Settling Insurer will not be channeled to the Asbestos PI Trust pursuant to Article 11.5 hereof, discharged pursuant to Article 11.1 hereof, and enjoined pursuant to Article 11.2 hereof, and any Insurer Contribution Claims asserted against THAN will be treated as a General Unsecured Claim under Article 4.3 hereof; and (f) Indirect Asbestos PI Claims by an insurer or an Asbestos Insurance Entity against an Entity other than a Settling Insurer will not be channeled to the Asbestos PI Trust pursuant to Article 11.5 hereof, discharged pursuant to Article 11.1 hereof, and enjoined pursuant to Article 11.2 hereof, and any Insurer Contribution Claims asserted against THAN will be treated as a General Unsecured Claim under Article 4.3 hereof.

11.10 Preservation of Documents. The Asbestos PI Trust shall retain each document and record obtained from THAN and in its possession that is related to Asbestos PI Claims until the Asbestos PI Trust determines that all needs and purposes to retain such particular document or record have ended. When the Asbestos PI Trust has made such a determination with regard to a document or record obtained from THAN and related to Asbestos PI Claims, the Asbestos PI Trust may discard or abandon such document or record, subject to Bankruptcy Court approval upon reasonable and adequate notice to each of the Asbestos Insurance Entities and/or their designated counsel, the right of the Asbestos Insurance Entities to be heard in the Bankruptcy Court on their need for preservation of and/or access to the documents that the Asbestos PI Trust seeks to discard or abandon, and the right of the Trust or any other party to assert any defenses, affirmative or otherwise, in that proceeding. THAN and PENAC acknowledge and agree that this Article 11.10 is not intended to nor does it in any way alter any duty to cooperate that they may otherwise owe to any Asbestos Insurance Entity under any Asbestos Insurance Contract or applicable nonbankruptcy law.

ARTICLE XII

CONDITIONS PRECEDENT TO CONFIRMATION AND CONSUMMATION OF THE PLAN

12.1 Conditions Precedent to Confirmation of the Plan. The following are conditions precedent to confirmation of the Plan that must be satisfied, unless waived in accordance with Article 12.3 below:

(a) The Confirmation Order shall be acceptable in form and substance to THAN and PENAC, after consultation with the Asbestos Claimants Group and the Future Claimants' Representative.

(b) At least two-thirds (2/3) in amount and seventy-five percent (75%) in number of those holders of Class 4 Asbestos PI Claims actually voting on the Plan shall have voted to accept the Plan.

(c) The Confirmation Order shall, among other things:

(i) order that the Confirmation Order shall supersede any Bankruptcy Court orders issued prior to the Confirmation Date that may be inconsistent with the Confirmation Order;

(ii) provide that, except with respect to obligations specifically preserved in the Plan, including without limitation, Article 11.8 above, THAN is discharged effective on the Effective Date (in accordance with the Plan) from any Claims and Demands, and THAN's liability in respect thereof, whether reduced to judgment or contingent, asserted or unasserted, fixed or not, matured or unmatured, disputed or undisputed, legal or equitable, or known or unknown, that arose from any agreement of THAN entered into or obligation of THAN incurred before the Effective Date, or from any conduct of THAN prior to the Effective Date, or whether such interest accrued before or after the Commencement Date, is extinguished completely;

(iii) provide for the Asbestos PI Channeling Injunction;

(iv) provide that, as part of the THAN Contribution to the Asbestos PI Trust, THAN or Reorganized THAN is obligated to contribute (or cause to be contributed) the THAN Cash, and, with PENAC, the Insurance Settlement Proceeds Trust Assets, all of which, together with the PENAC Asbestos PI Trust Contribution, shall not exceed $900 million as of the Effective Date;

(v) provide that, as part of the PENAC Asbestos PI Trust Contribution to the Asbestos PI Trust, PENAC is obligated to contribute (or cause to be contributed) the following, all of which, together with the THAN Contribution shall not exceed $900 million as of the Effective Date: PENAC Cash, residual Cash as of the Effective Date, if any, whether (A) drawn under the DIP Agreement and not used by THAN or (B) remaining under any pre-Commencement Date advance made to THAN by PENAC, to the extent such residual Cash will not be necessary for distributions under the Plan on account of Allowed General Unsecured Claims, and with THAN, the Insurance Settlement Proceeds Trust Assets;

(vi) provide that Reorganized THAN and the Asbestos PI Trust shall execute the Promissory Note;

(vii) provide that Reorganized THAN, the Asbestos PI Trust and the Parent Trust shall enter into the Pledge Agreement;

(viii) provide that the Qualified Asbestos PI Claims shall be paid in accordance with Article 4.4 of the Plan;

(ix) provide that one hundred percent (100%) of the membership interests of post-Effective Date Reorganized THAN shall be issued to the Parent Trust;

(x) provide that, as a part of the PENAC Debtor Contribution to Reorganized THAN, PENAC shall assume the Known Environmental Liabilities and other obligations as provided in Article 9.5 herein;

(xi) provide that, as a part of the PENAC Debtor Contribution to Reorganized THAN, PENAC shall contribute the PENAC Asset;

(xii) provide that, as a part of the PENAC Debtor Contribution to Reorganized THAN, PENAC shall forgive any amounts THAN may have drawn and used from the DIP Agreement

and release any and all Liens, Claims, Encumbrances or other interests of PENAC on THAN's or Reorganized THAN's assets that served as security for the DIP Agreement;

(xiii) provide that, as a part of the PENAC Debtor Contribution to Reorganized THAN, PENAC shall contribute $1,000,000 to THAN or Reorganized THAN on the Effective Date for the purpose of establishing a reserve of $1,000,000 by Reorganized THAN post-Effective Date;

(xiv) provide that, as a part of the PENAC Debtor Contribution to Reorganized THAN, PENAC shall assume any and all obligations with respect to retiree benefits owed to former employees of THAN or employees of THAN as of the Effective Date;

(xv) provide that THAN has procured the Unknown Environmental Liability Insurance Policy as set forth in Article 9.5 herein;

(xvi) provide that, on the Effective Date: (A) the Unknown Environmental Liability Insurance Policy shall vest in Reorganized THAN; (B) on the Effective Date, or as soon as reasonably practicable thereafter, THAN or Reorganized THAN, as the case may be, shall assume the Unknown Environmental Liability Insurance Policy and Reorganized THAN shall be insured under the Unknown Environmental Liability Insurance Policy; and (C) any and all costs associated with providing such coverage for Reorganized THAN under such Unknown Environmental Liability Insurance Policy shall be borne by PENAC;

(xvii) provide that, subject to the limitations expressly set forth in Article 10.4 above all transfers of assets of THAN contemplated under the Plan shall be free and clear of all Claims and Encumbrances against or on such assets;

(xviii) authorize the implementation of the Plan in accordance with its terms and provide that, on the Effective Date, all of the transactions listed in Article 9.2 shall have occurred, as set forth therein;

(xix) provide that any transfers effected or entered into, or to be effected or entered into, under the Plan shall be and are exempt under section 1146(a) of the Bankruptcy Code from any state, city or other municipality transfer taxes, mortgage recording taxes and any other stamp or similar tax;

(xx) approve in all respects the other settlements, transactions and agreements to be effected pursuant to the Plan, including, without limitation, the Asbestos PI Trust Agreement, the Asbestos PI Trust Distribution Procedures, the Promissory Note, the Pledge Agreement, the Asbestos PI Trust Indemnification Agreement and the other Asbestos PI Trust Documents, the Parent Trust documents, and the release of PENAC Related Parties with respect to Derivative Liability Asbestos PI Claims in exchange for the PENAC Contribution;

(xxi) provide that all Executory Contracts assumed or assumed and assigned by THAN during the Chapter 11 Case or under the Plan shall remain in full force and effect for the benefit of Reorganized THAN or the assignee thereof notwithstanding any provision in such contract or lease (including those provisions described in sections 365(b)(2) and (f) of the Bankruptcy Code) that prohibits such assignment or transfer or that enables or requires termination of such contract or lease;

(xxii) provide that the transfers of property by THAN (except for the THAN Contribution and subject to Article 2.3 hereof regarding unused Cash drawn under the DIP

Agreement that will not be necessary for distributions on account of Allowed General Unsecured Claims in Class 3) to Reorganized THAN (A) are or will be legal, valid, and effective transfers of property; (B) vest or will vest Reorganized THAN with good title to such property, except as expressly provided in Article 10.2 of the Plan; (C) do not and will not constitute avoidable transfers under the Bankruptcy Code or under other applicable bankruptcy or non-bankruptcy law; and (D) do not and will not subject Reorganized THAN to any liability by reason of such transfer under the Bankruptcy Code or applicable non-bankruptcy law, including, without limitation, any laws affecting or effecting successor or transferee liability; and

(xxiii) provide that any attorney-client, work product or other privilege that applies to the Asbestos Records shall be subject to the terms of the Asbestos Records Cooperation Agreement.

(d) In addition to the foregoing, the Confirmation Order shall contain the following findings of fact and conclusions of law, among others:

(i) The Asbestos PI Channeling Injunction is to be implemented in accordance with the Plan and the Asbestos PI Trust;

(ii) The Plan does not provide for the liquidation of all or substantially all of the property of THAN, that Reorganized THAN will continue in business as an ongoing reorganized debtor, and that confirmation of the Plan is not likely to be followed by the liquidation of Reorganized THAN or the need for further financial reorganization;

(iii) The Plan complies with all applicable provisions of the Bankruptcy Code, including, without limitation, those requiring that the Plan was proposed in good faith and that the Confirmation Order was not procured by fraud;

(iv) As of the Commencement Date, THAN had been named as a defendant in personal injury and wrongful death actions seeking recovery for damages allegedly caused by the presence of, or exposure to, asbestos or asbestos-containing products;

(v) The Asbestos PI Trust is to be funded by the THAN Contribution, the PENAC Asbestos PI Trust Contribution, and distributions from the Parent Trust resulting from the payment of dividends thereto by Reorganized THAN;

(vi) The Asbestos PI Trust, on the Effective Date, by the exercise of contingent rights granted under the Plan, and pursuant to the Promissory Note and the Pledge Agreement, would be entitled to own the majority of voting membership interests of Reorganized THAN;

(vii) The Asbestos PI Trust is to use its assets and income to pay Asbestos PI Claims;

(viii) THAN is likely to be subject to substantial future Demands for payment arising out of the same or similar conduct or events that gave rise to the Asbestos PI Claims, and all such Demands are subject to the Asbestos PI Channeling Injunction;

(ix) The actual amounts, numbers, and timing of Demands cannot be determined;

(x) Pursuit of Demands outside the procedures prescribed by the Plan and the Asbestos PI Trust Distribution Procedures is likely to threaten the Plan's purpose to deal equitably with Asbestos PI Claims;

(xi) The terms of the Asbestos PI Channeling Injunction, including any provisions barring actions against third parties, are set forth in the Plan and the Disclosure Statement;

(xii) The Plan separately classifies Class 4 Asbestos PI Claims, and at least two-thirds (2/3) in amount and seventy-five percent (75%) of the members in such Class that voted on the Plan have voted to accept the Plan;

(xiii) Pursuant to: (A) the Asbestos PI Trust Distribution Procedures; (B) court order; or (C) otherwise, the Asbestos PI Trust will operate through mechanisms such as structured, periodic, or supplemental payments, pro rata distributions, matrices, or periodic review of estimates of the numbers and values of Asbestos PI Claims or other comparable mechanisms, that provide reasonable assurance that the Asbestos PI Trust will value, and be in a financial position to pay, similar Asbestos PI Claims in substantially the same manner;

(xiv) The Asbestos PI Trust will make payments to Asbestos PI Claims pursuant to the Asbestos PI Trust Distribution Procedures as funds become available and as Asbestos PI Claims are liquidated, while maintaining sufficient resources to pay future valid Asbestos PI Claims on a substantially equivalent basis;

(xv) The Future Claimants' Representative was appointed by the Bankruptcy Court pursuant to section 524(g) of the Bankruptcy Code as part of the proceedings leading to the issuance of the Asbestos PI Channeling Injunction for the purpose of protecting the interests of Future Demand Holders who do not currently hold asbestos-related Claims arising out of the conduct or products of THAN;

(xvi) In light of the benefits provided, or to be provided, to the Asbestos PI Trust and/or Reorganized THAN by or on behalf of each current and future Asbestos Protected Party, the Asbestos PI Channeling Injunction is fair and equitable to all creditors and Future Demand Holders;

(xvii) The Plan and its acceptance otherwise comply with sections 524(g) and 1126 of the Bankruptcy Code, and confirmation of the Plan is in the best interests of all creditors;

(xviii) The Asbestos PI Trust will have the sole and exclusive authority as of the Effective Date to satisfy or defend against all Asbestos PI Claims;

(xix) The Plan has not been accepted by all Impaired Classes of Claims and Equity Interests because the holders of Equity Interests in Class 6 (Equity Interests in THAN) are deemed to reject the Plan. Nevertheless, the Plan is confirmable because it satisfies section 1129(b)(1) of the Bankruptcy Code because no holder of any interest that is junior to the interests of Class 6 will receive or retain any property under the Plan on account of such junior interest;

(xx) The duties, obligations and liabilities of any Asbestos Insurance Entity under all insurance policies, all Shared Asbestos Insurance Policies, all Insurance Settlement Agreements, and all other settlement agreements, are not enlarged or diminished, reduced or eliminated by any aspect of this Chapter 11 Case; provided, however, that all Asbestos PI Insurer Coverage Defenses are preserved in accordance with Article 10.4 above;

(xxi) THAN is, and was at all times prior to the Effective Date, a valid legal Entity separate and distinct from PENAC, and PENAC is not and may not in the future be held liable for any liability of THAN based upon any legal or equitable theory, including those consisting of or

relating to veil piercing, alter ego, successor liability, fraudulent transfer, or conspiracy, including but not be limited to fraudulent transfer or fraudulent conveyance claims under applicable state or federal law, denuding the corporation claims, single business enterprise claims, claims that THAN was the predecessor, mere instrumentality, agent or alter ego of a PENAC Related Party or of Elementis, trust fund claims, claims that a PENAC Related Party or Elementis conspired with THAN, and any causes of action against a PENAC Related Party or Elementis that belong to the Debtor or Debtor in Possession, whether or not included in the foregoing list;

(xxii) The Asbestos PI Channeling Injunction is essential to the Plan and THAN's reorganization efforts;

(xxiii) The PENAC Contribution, including: (A) the PENAC Asbestos PI Trust Contribution (consisting of the PENAC Cash, residual Cash as of the Effective Date, if any, whether (1) drawn under the DIP Agreement and not used by THAN or (2) remaining under any pre-Commencement Date advance made to THAN by PENAC, to the extent such residual Cash will not be necessary for distributions under the Plan on account of Allowed General Unsecured Claims, and with THAN, the Insurance Settlement Proceeds Trust Assets); and (B) the PENAC Debtor Contribution (consisting of the assumption of the Known Environmental Liabilities and other obligations as provided in Article 9.5 herein and the PENAC Assets, the forgiveness of any amounts THAN may have drawn and used from the DIP Agreement and release of any and all Liens, Claims, Encumbrances or other interests of PENAC on THAN's or Reorganized THAN's assets that served as security for the DIP Agreement, any costs associated with providing insurance coverage for Reorganized THAN under the Unknown Environmental Liability Insurance Policy, contribution of $1,000,000 by PENAC to THAN or Reorganized THAN on the Effective Date for the purpose of establishing a reserve of $1,000,000 by Reorganized THAN post-Effective Date, and the assumption by PENAC of any and all obligations with respect to retiree benefits owed to former employees of THAN or employees of THAN as of the Effective Date), constitute substantial assets of the Plan and the reorganization, are essential to the feasibility of the Plan and the successful reorganization of the Debtor; and constitute a sufficient basis upon which to provide the PENAC Related Parties and Elementis with the protections afforded to them under the Plan, Plan Documents and Confirmation Order;

(xxiv) The release received by the PENAC Related Parties in exchange for the PENAC Contribution is essential to the global settlement of Asbestos PI Claims arising from the conduct or products of THAN reflected in this Plan;

(xxv) The terms and conditions of the Promissory Note, the Pledge Agreement and any related documents are essential to the success and feasibility of the Plan. All such documents shall constitute legal, valid, binding and authorized obligations of the parties obligated thereunder, enforceable in accordance with their terms. On the Effective Date, all of the liens and security interests granted in accordance with such documents shall be deemed approved and shall be legal, valid, binding and enforceable liens on the collateral in accordance with the terms of each agreement; and

(xxvi) Reorganized THAN, and the Parent Trust and the Asbestos PI Trust to be established pursuant to the Plan, are valid legal Entities separate and distinct from one another and each of Reorganized THAN, the Parent Trust and the Asbestos PI Trust are not and may not in the future be held liable for any liability of the other entities based upon any legal or equitable theory, including those consisting of or relating to veil piercing, alter ego, successor liability, fraudulent transfer, or conspiracy, including but not limited to fraudulent transfer or fraudulent conveyance claims under applicable state or federal law.

12.2 Effective Date of the Plan. The Effective Date shall not occur and the Plan shall not become effective until the date that is thirty-five (35) days after the date that the Confirmation Order, containing the Asbestos PI Channeling Injunction, shall have been either entered by the Bankruptcy Court and accepted and affirmed by the District Court or issued by the District Court, on which date the PENAC Asbestos PI Trust Contribution and THAN Contribution shall have been made to the Asbestos PI Trust, and the Asbestos PI Trust shall begin to pay Asbestos PI Claims, including the Qualified Asbestos PI Claims.

12.3 Waiver of Conditions Precedent to the Confirmation Order. To the fullest extent permitted by law, any of the conditions precedent set forth in Article 12.1 above may be waived or modified, in whole or in part, by THAN, after consultation with and consent by PENAC, the Future Claimants' Representative and the Asbestos Claimants Group. Any such waiver or modification may be effected at any time without leave or order of the Bankruptcy Court or District Court, and without any other formal action.

12.4 Effect of Failure of the Effective Date of the Plan. In the event that THAN determines it is appropriate, after consultation with and consent by PENAC, the Future Claimants' Representative and the Asbestos Claimants Group, prior to the Effective Date, upon notification submitted by THAN to the Bankruptcy Court: (A) the Confirmation Order shall be vacated; (B) no Distributions under the Plan shall be made; and (C) THAN and all holders of Claims against and Equity Interests in THAN shall be restored to the *status quo ante* as of the day immediately preceding the Confirmation Date as though the Confirmation Date never occurred. If the Confirmation Order is vacated pursuant to this Article 12.4, nothing contained in the Plan shall: (A) constitute or be deemed a waiver or release of any Claims or Equity Interests by, against, or in THAN or any other Entity; or (B) prejudice in any manner the rights of THAN or any other Entity in the Chapter 11 Case or any other or further proceedings involving THAN.

ARTICLE XIII

JURISDICTION OF BANKRUPTCY COURT

13.1 Retention of Jurisdiction. Pursuant to sections 105(a) and 1142 of the Bankruptcy Code, the Bankruptcy Court shall, to the fullest extent permitted by law, retain and have exclusive jurisdiction over all matters arising out of and related to the Chapter 11 Case and the Plan, including, among other things, jurisdiction to:

(a) hear and determine any and all objections to and proceedings involving the allowance, estimation, classification, and subordination of Claims that have been or properly should have been brought in the Bankruptcy Court (other than Asbestos PI Claims) or Equity Interests;

(b) hear and determine any and all adversary proceedings, applications, motions, and contested or litigated matters that may be pending on the Effective Date or that, pursuant to the Plan, may be instituted by the Asbestos PI Trust after the Effective Date, including any proceedings with respect to any Avoidance Actions (except to the extent that any such Avoidance Actions has been released under the Plan or the Confirmation Order) or otherwise to recover assets for the benefit of the Estate or the Asbestos PI Trust;

(c) hear and determine all objections to the termination of the Asbestos PI Trust;

(d) hear and determine such other matters that may be set forth in or arise in connection with the Plan, the Confirmation Order, the Asbestos PI Channeling Injunction, or the Asbestos PI Trust Agreement;

(e) hear and determine any proceeding that involves the validity, application, construction, enforceability, or modification of the Asbestos PI Channeling Injunction;

(f) hear and determine any conflict or other issues that may arise in the Chapter 11 Case and the administration of the Asbestos PI Trust;

(g) enter such orders as are necessary to implement and enforce the injunctions described herein, including, if necessary, in connection with application of the protections afforded by section 524(g) of the Bankruptcy Code to the Asbestos Protected Parties;

(h) hear and determine any and all applications pursuant to section 330 or 503 of the Bankruptcy Code for allowance of any compensation for Professional services rendered and reimbursement of expenses incurred in connection therewith any other fees and expenses authorized to be paid or reimbursed under the Bankruptcy Code or the Plan;

(i) enter such orders authorizing non-material modifications to the Plan as may be necessary to comply with section 468B of the Internal Revenue Code;

(j) hear and determine any applications pending on the Effective Date for the assumption, assumption and assignment, or rejection, as the case may be, of Executory Contracts to which THAN is a party, and to hear and determine and, if necessary, liquidate any and all Claims arising therefrom;

(k) hear and determine any and all applications, Claims, causes of action, adversary proceedings, and contested or litigated matters that may be pending on the Effective Date or commenced by Reorganized THAN or any other party in interest subsequent to the Effective Date;

(l) consider any technical modifications of the Plan, and remedy any defect or omission or reconcile any inconsistency in any order of the Bankruptcy Court, including the Confirmation Order, to the extent authorized by the Bankruptcy Code; provided, that there shall be no modification made at any time that would reduce or eliminate any of the protections provided herein to the Asbestos Protected Parties or releases provided with respect to the Derivative Liability Asbestos PI Claims;

(m) issue orders in aid of confirmation, consummation and execution of the Plan to the extent authorized by section 1142 of the Bankruptcy Code, including but not limited to compelling the conveyance of property and other performance contemplated under the Plan and documents executed in connection herewith;

(n) hear and determine any proposed compromise and settlement of any Claim against or cause of action by or against THAN that has been or properly should have been brought in the Bankruptcy Court;

(o) hear and determine any timely objections to Administrative Expense Claims asserted or to Proofs of Claim filed, both before and after the Confirmation Date, including any objections to the classification of any Claim, and to Allow or Disallow any Disputed Claim, in whole or in part;

(p) hear and determine matters concerning state, local and federal taxes in accordance with sections 346, 505, and 1146 of the Bankruptcy Code;

(q) hear and determine such other matters as may be set forth in the Confirmation Order or other orders of the Bankruptcy Court, or which may arise in connection with the Plan, the Confirmation Order, or the Effective Date, as may be authorized under the provisions of the Bankruptcy Code or any other applicable law;

(r) hear and determine all controversies, suits, and disputes that may arise in connection with the interpretation, enforcement, or consummation of the Plan or any Entity's obligations hereunder, including, but not limited to, performance of THAN's duties under the Plan;

(s) enforce remedies upon any default under the Plan;

(t) hear and determine any other matter not inconsistent with the Bankruptcy Code;

(u) hear and determine any claim that in any way challenges or is related to any provision in the Confirmation Order, including, without limitation, the provision of the Confirmation Order set forth in Article 12.1(d)(xxi); and

(v) enter a final decree closing the Chapter 11 Case.

If and to the extent that the Bankruptcy Court is not permitted under applicable law to exercise jurisdiction over any of the matters specified above, the reference to the "Bankruptcy Court" in the preamble to this Article 13.1 shall be deemed to be a reference to the "District Court." Notwithstanding the terms of this Article 13.1, the Bankruptcy Court shall retain continuing but not exclusive jurisdiction over Asbestos Insurance Actions; provided, however, that this Article 13.1 shall not confer or grant jurisdiction to the Bankruptcy Court when the Asbestos Insurance Action is governed by an otherwise applicable arbitration provision. Notwithstanding anything in this Article 13.1 to the contrary, the Asbestos PI Trust Agreement and the Asbestos PI Trust Distribution Procedures shall govern the satisfaction of Asbestos PI Claims and the forum in which Asbestos PI Claims shall be determined.

13.2 Modification of Plan. THAN, with the consent of PENAC, any official committee, and the Future Claimants' Representative, may alter, amend, or modify the Plan or any Schedules or Exhibits thereto under section 1127(a) of the Bankruptcy Code at any time prior to the Confirmation Date and may include any such amended Schedules or Exhibits in the Plan or the Plan Supplement, provided, that the Plan, as modified, meets the requirements of sections 1122 and 1123 of the Bankruptcy Code, and THAN shall have complied with section 1125 of the Bankruptcy Code, to the extent necessary. Further, THAN, with the consent of PENAC, any official committee, and the Future Claimants' Representative may alter, amend, or modify the Plan or any Schedules or Exhibits thereto at any time after entry of the Confirmation Order and before the Plan's substantial consummation; provided, that: (a) the Plan, as modified, altered, or amended, meets the requirements of sections 1122 and 1123 of the Bankruptcy Code; and (b) the Bankruptcy Court, after notice and a hearing, confirms the Plan, as modified, under section 1129 of the Bankruptcy Code, and finds that the circumstances warrant such modification. A holder of a Claim that has accepted or rejected the Plan shall be deemed to have accepted or rejected, as the case may be, such Plan as modified, unless, within the time fixed by the Bankruptcy Court, if any, such holder changes its previous acceptance or rejection.

Notwithstanding anything in this Article 13.2, there shall be no modification to the Plan made at any time that would reduce or eliminate any of the protections provided herein to the Asbestos Protected Parties or releases provided with respect to the Derivative Liability Asbestos PI Claims.

13.3 Compromises of Controversies. From and after the Effective Date, Reorganized THAN shall be authorized to compromise controversies not involving the Asbestos PI Trust, or Asbestos PI Claims, on such terms as Reorganized THAN may determine, in its sole discretion, to be appropriate.

13.4 Revocation or Withdrawal of the Plan. THAN reserves the right to revoke or withdraw the Plan at any time prior to entry of the Confirmation Order. If THAN revokes or withdraws the Plan, or if confirmation of the Plan does not occur, then the Plan shall be null and void in all respects; any settlement or compromise embodied in the Plan (including the fixing or limiting to an amount any Claim or Equity Interest or Class of Claims or Equity Interests), any assumption or rejection of Executory Contracts effected by the Plan, and any document or agreement executed pursuant to the Plan, shall be deemed null and void; and nothing contained in the Plan, and no acts taken in preparation for consummation of the Plan, shall: (a) constitute or be deemed to constitute a waiver or release of any Claims by or against, or any Equity Interests in, THAN or any other Entity; (b) prejudice in any manner the rights of THAN or any Entity in any further proceedings involving THAN; or (c) constitute an admission of any sort by THAN or any other Entity.

ARTICLE XIV

MISCELLANEOUS PROVISIONS

14.1 Governing Law. Unless a rule of law or procedure is supplied by federal law (including the Bankruptcy Code and Bankruptcy Rules), or a Schedule or Exhibit hereto or instrument, agreement or other document executed under the Plan provides otherwise, the rights, duties and obligations arising under the Plan, and the instruments, agreements and other documents executed in connection with the Plan, shall be governed by, and construed and enforced in accordance with, the internal laws of the State of New York without giving effect to the principles of conflicts of law thereof.

14.2 Notices. To be effective, all notices, requests and demands to or upon THAN, or, as applicable, upon PENAC, the Future Claimants' Representative and the Asbestos Claimants Group, shall be in writing and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when actually delivered or, in the case of notice by facsimile transmission, when received and telephonically confirmed, and addressed as follows:

If to THAN:

T H Agriculture & Nutrition, L.L.C.
250 West 57th Street, Suite 901
New York, New York 10107-0001
Attention: Joseph L. Wolf, Jr., President
Steven L. Carter, Secretary

with a copy (which alone will not constitute notice) to:

Greenberg Traurig, LLP
200 Park Ave.
New York, New York 10166
Attention: Bruce R. Zirinsky, Esq.
John H. Bae, Esq.

If to PENAC or its Affiliates:

Philips Electronics North America Corp.
3000 Minuteman Road, Bldg. 1
Andover, Massachusetts 01810
Attention: Joseph E. Innamorati, Esq.

with a copy (which alone will not constitute notice) to:

Sullivan & Cromwell LLP
125 Broad Street
New York, New York 10004-2498
Attention: Garrard R. Beeney, Esq.

If to the Future Claimants' Representative :

Professor Samuel Issacharoff
New York University School of Law
40 Washington Square South
New York, New York 10012-1099

with a copy (which alone will not constitute notice) to:

Stutzman, Bromberg, Esserman & Plifka, A Professional Corporation
2323 Bryan Street
Suite 2200
Dallas, TX 75201-2689
Attn: Sander L. Esserman, Esq.

If to the Asbestos Claimants Group:

Frank / Gecker LLP
325 N. LaSalle St., Suite 625
Chicago, Illinois 60610
Attn: Frances Gecker, Esq.

14.3 Plan Supplement. Any and all Exhibits, lists, or Schedules referred to herein or in the Disclosure Statement but not filed with the Plan shall be contained in the Plan Supplement and filed with the Clerk of the Bankruptcy Court at least five (5) Business Days prior to the deadline established by the Bankruptcy Court for the filing and service of objections to the Plan. Thereafter, the Plan Supplement will be available for inspection in the office of the Clerk of the Bankruptcy Court during normal court hours and at an internet site maintained for THAN by the Claims and Balloting Agent, with the web

address set forth in the Disclosure Statement. Claimants also may obtain a copy of the Plan Supplement, once filed, from THAN by written request sent to the following address:

THAN Ballot Processing Center
c/o Kurtzman Carson Consultants LLC
2335 Alaska Avenue
El Segundo, CA 90245

14.4 Inconsistencies. To the extent the Plan is inconsistent with the Disclosure Statement, the provisions of the Plan shall be controlling. To the extent the Plan is inconsistent with the Confirmation Order, the provisions of the Confirmation Order shall be controlling.

14.5 Reservation of Rights. If the Plan is not confirmed by a Final Order, or if the Plan is confirmed and does not become effective, the rights of all parties in interest in the Chapter 11 Case are and shall be reserved in full. Any concessions or settlements reflected herein, if any, are made for purposes of the Plan only, and if the Plan does not become effective, no party in interest in the Chapter 11 Case shall be bound or deemed prejudiced by any such concession or settlement. Moreover, if the Plan does not become effective no party in interest in the Chapter 11 Case shall be bound or prejudiced by any representation, written or oral, made by any party in connection with the Plan or the negotiation or prosecution of the Plan, including without limitation the representations made in the Plan, the Disclosure Statement or the Confirmation Order.

14.6 Tax Reporting and Compliance. In connection with the Plan and all instruments issued in connection therewith and Distributions thereon, THAN, and Reorganized THAN, shall comply with all withholding and reporting requirements imposed by any federal, state, local or foreign taxing authority and all Distributions hereunder shall be subject to any such withholding and reporting requirements. No holder of an Allowed Claim against THAN shall effectuate any withholding with respect to the cancellation or satisfaction of such Allowed Claim under the Plan. Reorganized THAN is hereby authorized to request an expedited determination of taxes under section 505(b) of the Bankruptcy Code for all taxable periods of THAN ending after the Commencement Date through, and including, the Effective Date of the Plan.

14.7 Exemption from Transfer Taxes. Pursuant to section 1146(a) of the Bankruptcy Code, the issuance, transfer, or exchange of notes or equity securities under the Plan, the creation of any mortgage, deed of trust, or other security interest, the making or assignment of any lease or sublease, or the making or delivery of any deed or other instrument of transfer under, in furtherance of, or in connection with the Plan shall be exempt from all taxes as provided in such section 1146(a).

14.8 Binding Effect. The rights, benefits and obligations of any Entity named or referred to in the Plan, or whose actions may be required to effectuate the terms of the Plan, shall be binding on, and shall inure to the benefit of, any heir, executor, administrator, successor or assign of such Entity (including, but not limited to, any trustee appointed for THAN under chapters 7 or 11 of the Bankruptcy Code). The Confirmation Order shall provide that the terms and provisions of the Plan and the Confirmation Order shall survive and remain effective after entry of any order which may be entered converting the Chapter 11 Case to a case under chapter 7 of the Bankruptcy Code, and the terms and provisions of the Plan shall continue to be effective in this or any superseding case under the Bankruptcy Code.

14.9 Severability. Upon the unanimous agreement of THAN or Reorganized THAN, as the case may be, PENAC, any official committee, unless such committee has been dissolved, and the Future Claimants' Representative, any provision of the Plan, the Confirmation Order, the Asbestos PI

Channeling Injunction, or any of the Exhibits to the Plan that is determined to be prohibited, unenforceable, or invalid by a court of competent jurisdiction or any other governmental Entity with appropriate jurisdiction may be deemed ineffective as to any jurisdiction in which such provision is prohibited, unenforceable, or invalidated to the extent of such prohibition, unenforceability, or invalidation, without invalidating the effectiveness of the remaining provisions of the Plan, the Plan Documents, the Confirmation Order, the Asbestos PI Channeling Injunction and the Exhibits to the Plan or affecting the validity or enforceability of such provision and such remaining provisions in any other jurisdiction.

14.10 Further Authorizations. THAN and Reorganized THAN, as applicable, and, after the Effective Date, the Asbestos PI Trust, if and to the extent necessary, may seek such orders, judgments, injunctions, and rulings as each deems necessary to carry out further the intentions and purposes of, and to give full effect to the provisions of, the Plan.

14.11 Payment of Statutory Fees. All fees due and owing under section 1930 of title 28 of the United States Code, as determined by the Bankruptcy Court at the Confirmation Hearing, as pro-rated to the Effective Date, shall be paid on or before the Effective Date. Reorganized THAN shall pay all such fees that arise after the Effective Date but before the closing of the Chapter 11 Case, as pro-rated to the closing of the Chapter 11 Case.

14.12 Prepayment. Except as otherwise provided in the Plan, the Plan Documents, or the Confirmation Order, Reorganized THAN shall have the right to prepay, without penalty, all or any portion of an Allowed Claim at any time; provided, that any such prepayment shall not violate or otherwise prejudice the relative priorities and parities among the Classes of Claims.

14.13 Effective Date Actions Simultaneous. Unless the Plan or the Confirmation Order provides otherwise, actions required to be taken on the Effective Date shall take place and be deemed to have occurred simultaneously, and no such action shall be deemed to have occurred prior to the taking of any other such action. Actions required to be taken after the Effective Date or as soon as thereafter as is reasonably practicable shall be deemed to have been made on the Effective Date.

14.14 General Statements. Statements of a general nature set forth in this Plan shall not be construed to limit or restrict the specific provisions herein.

IN WITNESS WHEREOF, the undersigned has duly executed the Plan as of the date first above written.

Respectfully submitted,

T H Agriculture & Nutrition, L.L.C.

By: /s/ *Steven A. Carlson* ______________________
Name: Steven A. Carlson
Title: Chief Restructuring Officer

New York, New York
May 11, 2009

SCHEDULE 1

PENAC AFFILIATES

210 East Tarrant Street Realty Co.	**370 West Trimble Road Corporation**
ADAC Capital, LLC	**ADAC Iberia S.A.**
ADAC Laboratories Canada Limited	**ADAC Laboratories Europe B.V.**
ADAC Laboratories Inc.	**ADAC Laboratories Pacific Inc.**
Adamind Ltd.	**Advance Transformer Co.**
Advance Transformer Co., S.A. de C.V.	**Advanced Metrology Systems LLC**
Advanced Metrology Systems Holdings LLC	**Advanced Technology Laboratories Argentina S.A.**
Advanced Technology Laboratories, Inc.	**Advanced Technology Laboratories, Inc. (Delaware)**
A-Life Medical, Inc.	**Alkrode B.V.**
Alltronics, LLC	**American Color & Chemical, L.L.C.**
Anoro B.V.	**APMCQ Automotive Playback Modules Portugal, Unipessoal, LDA**

Apollo Light Systems Inc.	**Artemis Holdings**
Assembléon America, Inc.	**Assembléon B.V.**
Assembléon China B.V.	**Assembléon Denmark A/S I Likvidation**
Assembléon Denmark A/S	**Assembléon Deutschland GmbH**
Assembléon Hong Kong Limited	**Assembléon Italia S.R.L.**
Assembléon Mexicana, S.A. de C.V.	**Assembléon Netherlands B.V.**
Assembléon Philippines, Inc.	**Assembléon Singapore PTE LTD**
Assembléon Taiwan Ltd.	**Assembléon Technology (Suzhou) Co., Ltd.**
Assembléon United Kingdom Ltd	**Associated Electronic Products (Nigeria) Limited**
ATL International LLC	**ATL Ultrasound, Inc.**
Atlas Diagnostics International, Inc.	**Automated Response Center LLC**
Avelingen Licht Holding B.V.	**Avent Babycare Ltd**
Avent Development Ltd	**Avent Enterprises Ltd**

Avent Finance Ltd	**Avent Future Mothers Limited**
Avent Group Ltd	**Avent Holdings Ltd**
Avent International Limited	**Avent Limited**
Avent Services Ltd	**B.V. Expeditiekantoor voorheen A. Wouters & Co.**
B.V. Woningbouw Exenkaf	**Beijing Dtvia Condition Receiving System Co., Ltd.**
Binafon Telecommunications Sdn. Berhad	**Birlesik Aydinlatma Sanayi ve Ticaret Anonim Sirketi**
Bouw- en Exploitatie Maatschappij “De Burgh” B.V.	**BruxTec B.V.**
Canlyte Inc.	**Cannon Avent (S) PTE Ltd**
Cannon Avent (Singapore) Pte Limited	**Cannon Babysafe Limited**
Cardiac Evaluation Services, Inc.	**Carsonite Composites LLC**
Care Technologies, Inc.	**Cedova B.V.**
Cellularvision Technology & Telecommunications, L.P.	**Central Inkomensadministratie Nederland “CIAN” B.V.**

Changshu Philips Ferrite Co., Ltd.	**Chicago Magnet Wire Corp.**
Children's Medical Ventures, LLC	**CIV Comércio e Importação Vitória Ltda.**
Coding Concepts LLC	**Coding Concepts, Inc.**
Color Kinetics Europe Limited	**Color Kinetics Incorporated**
Color Kinetics Netherlands B.V.	**Color Kinetics Security Corporation**
Compagnie Française Philips	**Compañía de Vidrio Industrial, S.A. de C.V.**
Componentes Eléctricos de Lámparas, S.A. de C.V.	**Consort Investments B.V.**
Construlita de Queretaro, S.A. de C.V.	**Croxton Investments Ltd**
CVL Componentes de Vidro Ltda.	**DAM Central Management (D.C.M.) B.V.**
DCF International Limited	**De Vitrite Fabriek (The Vitrite Works) B.V.**
Decolux Leuchtenvertriebs-GmbH	**Digital Voice, Inc.**
Dixtal Biomédica Indústria e Comércio Ltda.	**Dixtal Tecnologia Indústria e Comércio Ltda.**
DLO Asia Limited	**DLO Holdings, Inc.**

Dongyang Tospo Lighting Co., Ltd.	**Dordtse Metaalindustrie “Johan de Witt” B.V.**
DTVIA Conditional Access System (ChinaCrypt) Co., Ltd.	**DutchAero B.V.**
EBT Technology, Inc.	**ECS Lighting Controls Ltd**
Ekogaisma SIA	**Ekolamp s.r.o.**
Ekosij d.o.o.	**Elecktrorama Holding B.V.**
Electrical Lamp Manufacturers Thailand Limited	**Electris Finance SA**
Electrologica B.V.	**Electronic Devices Limited**
Elektro Holding S.A.	**ElektroEko Organizacja Odzysku Sprzetu Elektrycznego i Elektronicznego S.A.**
Elektrorama B.V.	**Elektrorama Holding B.V.**
Elevite AG	**Emergin, Inc.**
Emergency Response Systems, Inc.	**EMGO**
Enhanced CT Technology, LLC	**Exenkaf Holding B.V.**
F.I.M.I. S.R.L.	**Fabrica Austral de Productos Eléctricos S.A.**

Feidong Lighting Co., Ltd.	Feixin Lighting Co., Ltd.
Fiberoptic Medical Products, Inc.	Flash Acquisition Sub, Inc.
Framas Lightings Limited	Fuji Respironics Kabushiki Kaisha
General Lighting Pont-á-Mousson	Genlyte Canadian Holdings LLC
Genlyte DISC, Inc.	Genlyte Intangible Inc.
Genlyte Thomas Group LLC	Genlyte Thomas Group Nova Scotia ULC
Global Re B.V.	GT Mexican Holding Corp.
GTG Intangible Holdings LLP	GTG Intangible Inc.
GTG International Acquisitions LP	H.J. von Burg B.V.
Hanover Lantern Inc.	Hasrode B.V.
Hazlett Ireland Ltd.	Health Watch Holdings, Inc.
Health Watch, Inc.	Helfont Produtos Elétricos Ltda.
Helicor, Inc.	High Tech Campus Property Fund C.V.
Hilvarenbeek Training Services B.V.	Hoffmeister Leuchten GmbH

Hoffmeister-Leuchten Gesellschaft m.b.H.	**HTCE General Partner B.V.**
HTCE Limited Partner B.V.	**IGC-Superpower, LLC**
Illuminacion Tecnica I.L.T.E.C. S.A. de C.V.	**Inbraphil - Indústrias Brasileiras Philips Ltda.**
Industrias Venezolanas Philips, S.A.	**Industriegrundstücks-Verwaltungsgesellschaft m.b.H.**
Industriële Ontwikkelings-Maatschappij B.V.	**Industrie-Spedition Gesellschaft mit beschränkter Haftung**
Insurebase Enterprises Ltd.	**Internationaal Octrooibureau B.V.**
InterTrust Technologies Corporation	**Invivo Corp.**
Invivo Germany GmbH	**Invivo Research UK Ltd**
Invivo UK Ltd	**Jilin NXP Semiconductors Ltd.**
JJI Lighting Group GmbH Europe	**JJI Lighting Group Inc.**
Kayers A.S.	**Kegler Lichttechnik GmbH**
Kel Corporation	**Kempston (1987) Limited**
Koninklijke Philips Electronics N.V.	**Kuhlmann-Informations-Systeme GmbH**

Lampen-Recycling und Service GmbH	**Lanier Healthcare, LLC**
Larestine Ireland Ltd	**Latin-American Holdings Corp**
Lavington Investments Ltd	**Ledalite Architectural Products LP**
Leto Holdings	**Leuchten Direkt GmbH**
LG.Philips Displays Holding B.V.	**LG.Philips LCD Co., Ltd.**
LHC Australia, Inc.	**LHC Canada, Inc.**
Lifeline Systems Canada, Inc.	**Lifeline Systems Company**
Lifeline Systems Securities Corporation	**Lifeline Systems, Inc.**
Lightcycle Retourlogistik und Service GmbH	**Lighthouse Consulting Group B.V.**
Lighting de Colombia S.A.	**Lighting Group Massive NV**
Lighting Group Massive	**Lighting Group PLI Holding**
Lighting.Com., Inc.	**Lightolier de Mexico, S.A. de C.V.**
Limited Liability Company “Philips Ukraine”	**Limited Liability Company “Philips”**
Limited Liability Company “PHILPS	**Linear Laboratories Corporation**

LATVIA”	
Lite-tech Industries L.L.C.	**Ljusgruppen Aktibolag**
Lumec Holding Corp.	**Lumec Inc.**
Lumileds Lighting (Korea), Inc. - IN LIQUIDATION	**LumiLeds Lighting Deutschland GmbH**
LumiLeds Lighting Italia S.r.l.	**Lumisistemas De México, S.A. de C.V.**
Luxram Electric Ltd	**Maatschappij voor Onroerend Goed “De Nieuwe Erven” B.V.**
Magyar Hangszoro Rendszerek Ipari es Kereskedelmi Korlatolt Felelossegu Tarsasag	**Malaysian Lamps SDN BHD**
Manufactures Services Poland Sp.z.o.o.	**Marconi Medical Systems Netherlands B.V.**
Marconi Medizintechnik Deutschland GmbH	**Marlin Developer Community LLC**
Marlin Trust Management Organization LLC	**Massive**
Massive AG	**Massive Asia Pacific Ltd.**
Massive Aydinlatma Ürünleri Ticaret Limited Sirketi	**Massive Belysning A/S**
Massive Belysning AS	**Massive Belysning Norge AS**

Massive Belysning Sverige AB	**Massive China Limited**
MASSIVE d.o.o.	**Massive Estonia Oscülingu**
Massive Export	**Massive Finland Oy**
Massive France	**Massive Holding UK Ltd**
MASSIVE Hungária Villamospari Termelö Kft.	**Massive Iluminacion, S.A.**
Massive Ireland Limited	**Massive Italia SpA**
Massive Leuchten Gesellschaft m.b.H.	**Massive Leuchten GmbH**
“Massive Lighting” d.o.o. Zemun	**Massive Nederland B.V.**
Massive NV	**Massive Polska Sp.z.o.o.**
Massive Production Ningbo Ltd.	**Massive Produktie Nederland B.V.**
Massive Romania Impex S.R.L.	**Massive Slovakia, spol. s.r.o.**
Massive Svetila d.o.o.	**Massive Svetila trgovina na debelo s svetili d.o.o.**
Massive Svitidla s.r.o.	**Massive UK Ltd**

Massiveport - Comércio de Artigos de Iluminação, Lda	**Matevu Import Export B.V.**
Medi-Call Inc	**Medith Oy**
MedQuist Canada Company	**MedQuist CM Corporation**
Medquist Inc.	**MedQuist IP Corporation**
MedQuist of Delaware, Inc.	**MedQuist Transcriptions, Ltd.**
Mepco/Centralab, Inc.	**Metaaldraadlampenfabriek “Volt” B.V.**
Micro Scope B.V.	**Microvision Medical Holding B.V.**
Mini-Mitter Company, Inc.	**Modular Lighting Instruments**
Modular Lighting Instruments NV	**Modular Lighting Nederland B.V.**
Modular Lighting Paris	**MRI Devices Corporation**
Mullard Ltd.	**NARVA Speziallampen GmbH**
NARVA Speziallampen GmbH Plauen	**Navpart II B.V.**
NEC Philips Unified Solutions B.V.	**NEC Philips Unified Solutions FR SAS**

NEC Philips Unified Solutions Italia SPA	**Necesse B.V.**
Neglin Lamp B.V.	**Netalog, Inc.**
New Oxford Aluminum LLC	**Noble Europe B.V.**
Nolam 20 S.A.S.	**Nolam 23 S.A.S.**
Norlux S.A.R.L.	**Normed AS**
Omnium de Participation et de Gestion Maghrébin “O.P.G.M.”	**Open Invention Network LLC**
Optical Manufacturing and Holding Company B.V.	**Optiva Nevada Corporation**
Organization for Enhanced Capability, Incorporated	**P.T. Philips Industries Batam**
Paco Adviseurs voor Informatiesystemen B.V.	**Partners in Lighting International NV**
Pavad Medical Inc.	**PB North America Limited**
PCW Beheermaatschappij B.V.	**PD Magnetics B.V.**
PDO Professional Digital Optical Media B.V.	**PENAC World Sales Inc.**
P-F Services Center (Thailand) Ltd.	**Philip (M) SDN BHD**

Philips & BenQ Digital Storage USA, Inc.	**Philips & Lite-on Digital Solutions (Shanghai) Co., Ltd.**
Philips & Lite-on Digital Solutions Corporation	**Philips & LiteOn Digital Solutions Korea Ltd.**
Philips & Lite-on Digital Solutions Korea Ltd.	**Philips & Yaming Lighting Co., Ltd.**
Philips (China) Investment Co., Ltd.	**Philips (I) Limited**
Philips AB	**Philips Accessories & Computers Peripherals Inc.**
Philips Accounting Services Ltd	**Philips Advanced Metrology Systems, Inc.**
Philips Aerospace B.V.	**Philips AG**
Philips Aktiebolag	**Philips Algérie**
Philips Analytical Technology GmbH	**Philips and Elba Street Lighting S.R.L.**
Philips and Neusoft Medical Systems Co., Ltd.	**Philips Antillana N.V.**
Philips Apeldoorn B.V.	**Philips Appliances Ltd.**
Philips Argentina S.A.	**Philips Austria GmbH**
Philips Automotive Lighting Hubei Co., Ltd.	**Philips Bangladesh Limited**

Philips Belgium	**Philips Belgium NV**
Philips Beteiligungs AG	**Philips Bulgaria EOOD**
Philips Business Communications - Soluções Empresariais Ltda.	**Philips Business Communications China B.V.**
Philips Business Electronics International B.V.	**Philips Canada Ltd.**
Philips Caribbean Panáma, Inc.	**Philips Ceská republika s.r.o.**
Philips Chilena S.A.	**Philips Colombiana de Comercializacion S.A.**
Philips Communication Systems B.V.	**Philips Components B.V.**
Philips Components International B.V.	**Philips Components Ltd**
Philips Consumer Communication	**Philips Consumer Communications B.V.**
Philips Consumer Communications International B.V.	**Philips Consumer Communications UK Ltd**
Philips Consumer Electronic Company	**Philips Consumer Electronic Services B.V.**
Philips Consumer Electronics B.V.	**Philips Consumer Electronics Export B.V.**
Philips Consumer Electronics International B.V.	**Philips Consumer Products**

Philips Consumer Lifestyle B.V.	**Philips Consumer Lifestyle International B.V.**
Philips Consumer Lighting (Ningbo) Co., Ltd.	**Philips Consumer Lighting (Shenzhen) Co.. Ltd.**
Philips Consumer Luminaires Czech Republic s.r.o.	**Philips Consumer Luminaires Denmark A/S**
Philips Consumer Luminaires Estonia OU	**Philips Consumer Luminaires Export**
Philips Consumer Luminaires Finland Oy	**Philips Consumer Luminaires Italy SpA**
Philips Consumer Luminaires Norway AS	**Philips Consumer Luminaires Poland Sp.z.o.o.**
Philips Consumer Luminaires Portugal, Lda	**Philips Consumer Luminaires Slovakia s.r.o.**
Philips Consumer Luminaires Spain, S.A.	**Philips Consumer Luminaires Sweden AB**
Philips Consumer Luminaires the Netherlands B.V.	**Philips Consumer Luminaires UK Limited**
Philips Consumer Products	**Philips Consumer Products SA**
Philips Consumer Relations B.V.	**Philips Consumer-Service GmbH**
Philips Consumption Electronics (Shanghai) Co., Ltd.	**Philips Credit Corporation**
Philips Crypto B.V.	**Philips CSI Inc.**

Philips D.O.O. Sarajevo	**Philips da Amazônia Indústria Eletrônica Ltda.**
Philips Danmark A/S	**Philips DAP Export GmbH**
Philips DAP Industries Poland Sp ZOO	**Philips DAP Suzhou Holding B.V.**
Philips DAP Zhuhai Holding B.V.	**Philips Data Systems Ireland Ltd**
Philips del Paraguay S.A.	**Philips Design Limited**
Philips Digital Networks B.V.	**Philips Digital Video Systems (Breda) B.V.**
Philips do Brasil Ltda.	**Philips Domestic Appliances And Personal Care B.V.**
Philips Domestic Appliances and Personal Care Co. of Suzhou Ltd.	**Philips Domestic Appliances And Personal Care Company of Zhuhai SEZ, Ltd.**
Philips Domestic Appliances and Personal Care International B.V.	**Philips Dominicana S.A.**
Philips Ecuador C.A.	**Philips Egypt**
Philips Egypt (Limited Liability Company)	**Philips Electrical Company of Pakistan (Private) Limited**
Philips Electrical Industries of Pakistan Ltd	**Philips Electrical Zambia Ltd**

Philips Electronic Components (Shanghai)	**Philips Electronic Components (Shanghai) Co., Ltd.**
Philips Electronic Equipment Ltd.	**Philips Electronic Supplies (Malaysia) Sdn. Bhd.**
Philips Electronics & Lighting, Inc.	**Philips Electronics (Israel) Ltd.**
Philips Electronics (Shanghai) Co., Ltd.	**Philips Electronics (Shenzhen) Co., Ltd.**
Philips Electronics (Thailand) Limited	**Philips Electronics (Zhuhai) Co., Ltd.**
Philips Electronics Asia Pacific Pte Ltd.	**Philips Electronics Australia Limited**
Philips Electronics China B.V.	**Philips Electronics Employment Services B.V.**
Philips Electronics Hong Kong Limited	**Philips Electronics India Limited**
Philips Electronics Industries (Taiwan) Ltd.	**Philips Electronics Industries (Taiwan) Ltd. Chu Pei Plant**
Philips Electronics Ireland Ltd	**Philips Electronics Japan, Ltd.**
Philips Electronics Korea Ltd	**Philips Electronics Ltd.**
Philips Electronics Malaysia Sdn. Bhd.	**Philips Electronics Middle East & Africa B.V.**
Philips Electronics Nederland B.V.	**Philips Electronics North America Corporation**

Philips Electronics Realty Corporation	**Philips Electronics Representative Offices B.V.**
Philips Electronics Singapore Pte Ltd	**Philips Electronics Systems S.A.**
Philips Electronics Technology (Shanghai) Co., Ltd.	**Philips Electronics Technology Shanghai Holding B.V.**
Philips Electronics Trading & Services (Shanghai) Co., Ltd.	**Philips Electronics UK Limited**
Philips Electronics Vietnam Limited	**Philips Electronique Maroc**
Philips Eletrônica da Amazônia Ltda.	**Philips Eletrônica do Nordeste S.A.**
Philips Employee Share Plan Pty. Limited	**Philips Enabling Technolgies Group (Belgium) NV**
Philips Enabling Technologies Group (Belgium)	**Philips Enabling Technologies Group B.V.**
Philips Enabling Technologies Group Nederland B.V.	**Philips Estate**
Philips Estate SA	**Philips Export B.V.**
Philips Extreme UV GmbH	**Philips France**
Philips GmbH	**Philips GmbH Automotive Playback Modules**

Philips Healthcare Informatics, Inc.

Philips Healthcare Informatics, Limited

Philips Healthcare Ltd

Philips Hearing Implants

Philips Hearing Technologies B.V.

Philips Hellas S.A. Commercial and Industrial Co. for Electrotechnical Products, Lighting and Medical Systems

Philips Hengdian Lighting (HK) Holding Limited

Philips High Tech Plastics B.V.

Philips High Tech Plastics Suzhou Ltd.

Philips Holding Mexico. S.A. de C.V.

Philips Holding U.S.A., Inc.

Philips Holdings Ltd

Philips Hong Kong Limited

Philips Ibérica, S.A.

Philips Impex Ltd

Philips India

Philips India Limited

Philips India Limited

Philips India Limited (Semiconductor & components division)

Philips Industrial Development, Inc.

Philips Industrial Electronics Nederland B.V.

Philips Industriepark Rothe Erde GmbH

PHILIPS INDUSTRIES Hungary Electronical Mechanical Manufacturing and Trading Limited Liability Company

Philips Industries Magyarorszag Elektronikai Mechanikal Gyarto es Kereskedelmi Korlatolt F

Philips Innov. Techno. Solutions NV	Philips Innovative Applications
Philips Innovative Applications SA	Philips Innovative Technology Solutions
Philips Intellectual Property & Standards GmbH	Philips Interactive Media Benelux
Philips Interactive Media Benelux B.V.	Philips International B.V.
Philips International Finance SA	Philips Iran (Private Joint Stock Company)
Philips Kommunikations Industrie AG	Philips Lamps & Luminaires Ltd
Philips Latvia LLC	Philips Lighting
Philips Lighting Alpignano S.R.L.	Philips Lighting B.V.
Philips Lighting Bielsko Sp.z.o.o.	Philips Lighting Central America, S.A. de C.V.
Philips Lighting Electronics (Shanghai) Co., Ltd.	Philips Lighting Electronics (Xiamen) Co., Ltd.
Philips Lighting Electronics Company	Philips Lighting Electronics Mexico, S.A. de C.V.
Philips Lighting Electronics Shanghai Holding B.V.	Philips Lighting Export Eastern Europe Ltd Sp.z.o.o.

Philips Lighting Holding B.V.	**Philips Lighting Ltd**
Philips Lighting Luminaires (Shanghai) Co., Ltd.	**Philips Lighting Luminaires Shanghai Holding B.V.**
Philips Lighting Malaysia Sdn. Bhd.	**Philips Lighting Pabianice SA**
Philips Lighting Poland S.A.	**Philips Lite-On Digital Solutions Corporation**
Philips Lübeckertordamm 5 Dritte Verwaltungs-GmbH	**Philips Lübeckertordamm 5 Vierte Verwaltungs-GmbH**
Philips Lübeckertordamm 5 Vierte Verwaltungs-GmbH	**Philips Lübeckertordamm 5 Zweite Verwaltungs-GmbH**
Philips Lübeckertordamm 5 Zweite Verwaltungs-GmbH	**Philips Lumileds Holding B.V.**
Philips Lumileds Lighting Company (Holding) B.V.	**Philips Lumileds Lighting Company B.V.**
Philips LumiLeds Lighting Company LLC	**Philips LumiLeds Lighting Company Sdn. Bhd.**
Philips Lumileds Lighting LLC	**Philips Luminaires Ltd**
Philips Luxembourg	**Philips Luxembourg SA**
Philips Magyarorszag Kereskedelmi Korlatolt Felelossegu Tarsasag	**Philips Malaysia Sdn. Berhad**

Philips Marketing Services, Inc.	**Philips Maroc**
Philips Media B.V.	**Philips Media Systems B.V.**
Philips Medical Capital France	**Philips Medical Capital GmbH**
Philips Medical Capital S.p.A.	**Philips Medical Capital, LLC**
Philips Medical Customer Support (Pty) Limited	**Philips Medical Financial Services, Inc.**
Philips Medical Refurbished Systems B.V.	**Philips Medical System India Limited**
Philips Medical System Service Private Joint Stock Company	**Philips Medical Systems**
Philips Medical Systems (Cleveland), Inc.	**Philips Medical Systems (East Africa) Limited**
Philips Medical Systems (pmms Puerto Rico), Inc.	**Philips Medical Systems (PMMS Sales) Corporation**
Philips Medical Systems (Proprietary) Limited	**Philips Medical Systems DMC GmbH**
Philips Medical Systems Export, Inc.	**Philips Medical Systems Holding B.V.**
Philips Medical Systems International	**Philips Medical Systems International B.V.**
Philips Medical Systems Ltda.	**Philips Medical Systems MR, Inc**

Philips Medical Systems Nederland B.V.	**Philips Medical Systems North America Inc.**
Philips Medical Systems NV	**Philips Medical Systems Puerto Rico, Inc.**
Philips Medical Systems S.p.a.	**Philips Medical Systems s.r.o.**
“Philips Medical Systems Services Polska” Sp.z.o.o. w likwidacji	**Philips Medical Systems Technologies Ltd.**
Philips Medical Systems UK Ltd	**Philips Medical Systems, L.L.C.**
Philips Medizin Systeme Boblingen GmbH	**Philips Medizin Systeme GmbH**
Philips Medizin Systeme Hofheim-Wallau GmbH.	**Philips Medizinische Systeme Gesellschaft m.b.H.**
Philips Medizinsysteme Hofheim-Wallau GmbH	**Philips Mexicana. S.A. de C.V.**
Philips MPEG Inc.	**Philips Nederland B.V.**
Philips Nederland Financieringsmaatschapptij B.V.	**Philips New Zealand Limited**
Philips Norge AS	**Philips Nuclear Medicine, Inc.**
Philips' Ontwikkelings-Maatschappij B.V.	**Philips OOO**
Philips Oral Healthcare, Inc.	**Philips Outdoor Lighting Romania S.R.L.**

Philips Overseas Holdings Corporation	**Philips Oy**
Philips Participations B.V.	**Philips Patient Monitoring Systems China Holding B.V.**
Philips Pension (Property Trustee) Ltd	**Philips Pension Trustees Ltd**
Philips Pensionskasse Aktiengesellschaft in Liquidation	**Philips Peruana S.A.**
Philips PMF International B.V.	**Philips PMF Nederland B.V.**
Philips Polska Sp.z.o.o.	**Philips Portuguesa, S.A.**
Philips Projects B.V.	**Philips Properties**
Philips Properties SA	**Philips Radio B.V.**
Philips Radio Communication Systems Ireland Ltd	**Philips Radio Manufacturing Co. Ltd.**
Philips Real Estate Investment Management B.V.	**Philips Real Estates (Taiwan) Ltd.**
Philips Recordable Media Unternehmensbereich der Philips GmbH	**Philips Romania S.R.L**
Philips S Ventures LP Incorporated	**Philips SC Unterstützungskasse GmbH**

Philips Semiconductor Manufacturing Inc.	**Philips Semiconductors GmbH**
Philips Semiconductors Inc.	**Philips Semiconductors Marketing and Sales Unternehmensbereich der Philips GmbH**
Philips Services	**Philips Services SA**
Philips Singapore Private Limited	**Philips Slovakia s.r.o.**
Philips Slovenija trgovina, d.o.o.	**Philips Societa per Azioni**
Philips Software Centre Limited	**Philips Software Centre Private Limited**
Philips Solid-State Lighting Solutions, Inc.	**Philips South Africa (Proprietary) Limited**
Philips SPA	**Philips Speech Recognition Systems GmbH**
Philips Speech Solutions, S.A.	**Philips Systemes Medicaux Algerie**
Philips Systèmes Médicaux Maroc	**Philips Taiwan Ltd.**
Philips Technologie GmbH	**Philips Technologies GmbH**
Philips Telecommunicatie en Data Systemen Nederland B.V.	**Philips Telecommunication and Data Systems Limited**
Philips Telecommunication Industries Limited	**Philips TMC Ltd**

Philips Trading House B.V.	**Philips Trans-America Holdings Corporation**
Philips Tunisienne d' Eclairage S.A.	**Philips U.K. Ltd**
Philips Ukraine LLC	**Philips Ultrasound, Inc.**
Philips UQE Holding Company, Inc.	**Philips Uruguay S.A.**
Philips Venture Capital Fund B.V.	**Philips Ventures II Incorporated**
Philips Ventures Incorporated	**Philips Video International Beteiligungs Gesellschaft m.b.H.**
Philips Warehouse & Services B.V.	**Philips' Ontwikkelings-Maatschappij B.V.**
Phillips Autopartes, S.A. de C.V.	**Phillips Consumer Communications International B.V.**
Phillips Dominicana, S.A.	**Phillips Electrical Company of Pakistan PVT LTD**
PHIT Philips Healthcare Information Technology GmbH	**PhSiTh LLC**
PHTP High Tech Plastics Holding B.V.	**Picker International Del Caribe, Inc.**
Pioneer Medical Systems Corp.	**PKV Vermögensverwaltung AG**

PKV Vermögensverwaltung Aktiengesellschaft	**PLDS Germany GmbH**
PLDS Netherlands B.V.	**PLI Information Technology**
PLI Information Technology NV	**Podium**
Podium NV	**Polymer Vision B.V.**
Polymer Vision Limited	**PPC Limited**
Premium Sound Solutions (Shenzhen) Co., Ltd.	**PrimeDisc Technologies GmbH**
Productos de Consumo Electronico Philips, S.A. de C.V.	**Profile Pharma Limited**
Project Realty LLC	**Pro-Tech Services Inc.**
Protect Emergency Response Systems, Inc.	**PSS Belgium NV**
PT. Pesona Gemilang Raya	**PT. Philips Indonesia**
Pye (Electronic Products) Ltd.	**Pye Ltd.**
Pyecam Company Ltd	**R.T.V. Electro Export B.V.**
Radio Finance S.A.	**Rainbow Displays, Incorporated - DISSOLVED**

Raytel Cardiac Services, Inc.	**Raytel Imaging Network, Inc.**
Raytel USA, Inc.	**RCM Manufacturing**
RCS - Sistemas de Controlo Remoto, S.A.	**Reality Leuchten GmbH**
Recylum	**Reda Service B.V.**
Remediation Services, Inc.	**Respironics (HK) Limited**
Respironics (Ireland) Limited	**Respironics Sweden AB**
Respironics (UK) Limited	**Respironics AG**
Respironics Australia Holdings Pty. Ltd.	**Respironics Australia Pty. Ltd.**
Respironics Bermuda Ltd.	**Respironics California, Inc.**
Respironics Charitable Foundation	**Respironics Colorado, Inc.**
Respironics Deutschland GmbH & Co. KG	**Respironics Deutschland Verwaltungsgesellschaft mbH**
Respironics do Brasil Representação de Produtos Médicos Ltda.	**Respironics France**
Respironics France S.A.R.L.	**Respironics International Global Enterprises, Inc.**

Respironics International, Inc.	Respironics In-X, Inc.
Respironics Italy S.r.l.	Respironics Ltd.
Respironics Medical Products (Shenzhen) Ltd.	Respironics Medith Oy
Respironics Netherlands B.V.	Respironics New Jersey, Inc.
Respironics Novametric, LLC	Respironics Novametrix, LLC
Respironics Overseas, Inc.	Respironics OxyTec, Inc.
Respironics Profile, Inc.	Respironics Respiratory Drug Delivery (UK) Ltd.
Respironics Sleep & Respiratory Research Foundation	Respironics Sweden AB
Respironics Switzerland GmbH	Respironics Technotrend Limited
Respironics UK Holding Company Limited	Respironics, Inc.
Response Ability Systems, Inc.	RI Assurance, Inc.
RI Finance, Inc.	RI Licensing, Inc.
RI Trading, LLC	RIC Investments, LLC

Ring Station II	**S.C.I. Opéra-Sèvres**
S3 Holdings Ltd	**SAFINA S.A. de Capitalización y Ahorro**
Saftel	**SCBO - Sociedade de Componentes Bobinados de Ovar, S.A.**
Scientific Medical Systems International, Inc.	**SEDS - Sociedade de Electronica, Desenvolvimento e Serviços, S.A,**
Shakespeare Composite Structures LLC	**Shanghai Yaming Illuminative Co., Ltd.**
Shanxi Jinpu Philips Electric Appliance Sales Co., Ltd.	**Shenzhen Goldway Industrial Inc.**
SIA Ekogaisma	**Side-Lite, LLC**
Siera Electronics B.V.	**Sigma Manufacturing Limited**
Sigor Glühlampen GmbH	**Silicon & Software Systems Cesk republika s.r.o.**
Silicon & Software Systems US	**Silicon & Software Systems Polska SP ZOO**
Silicon B203 Ltd	**Silicon Hive B.V.**
Silicon Manufacturing Itzehoe SMI GmbH	**Silicon MEMS Itzehoe GmbH**

Sleep HealthCenters, LLC.	**Smit Röntgen B.V.**
Société Service de Propriété Industrielle et de Documentation	**Sonoma Lighting Ltd.**
Sound International B.V.	**SpeechMagic Holding GmbH**
Speech Machines Inc	**Speech Machines Ltd**
Speech Machines Ltd.	**Speziallampenfabrik Dr. Fischer GmbH**
Spiropharma	**Spiropharma A/S**
Splendor Gloeilampenfabrieken B.V.	**SSI • Sociedade de Serviços Industriais, S.A.**
Sportlite, Inc.	**Stadion Amsterdam C.V.**
Ste Civile Spid	**Stella Lamp Company Ltd**
Strand Lighting Asia Limited	**Strand Lighting Europe Limited**
Strand Lighting Inc.	**Super Club International B.V.**
Super Club Nederland B.V.	**Superclub Retail Nederland B.V.**
Superclub Trading	**Superlight Trading**

SuperLight Trading Limited	**Superlight Trading NV**
SuperPower Inc.	**Superpower, LLC**
Suzhou Philips Telecommunication System Co., Ltd.	**T H Agriculture & Nutrition, L.L.C.**
T3G Technology Co., Ltd.	**Telcare Systems Inc**
The Addison Company Inc.	**The Bodine Company, LLC**
The Bodine Group Holding Company	**The Foreign Private Consulting-Trading Unitary Enterprise "Philips-Belorussia" of Company Philips' Radio B.V.**
The Foreign Private Consulting-Trading Unitary Enterprise Philips Belorussia Of Company PH	**The Genlyte Group Incorporated**
The Irish Development Company Ltd	**Thomas Lighting de Mexico, S.A. de C.V.**
Tijm Holding B.V.	**Tineney Ireland Ltd**
TIR Technology LP	**TPO Displays Germany GmbH**
TPV Immobilienentwicklungs GmbH	**Tradeplace B.V.**
Translite Limited	**Translite Sonoma, LLC**

Traxtal Inc.

Trio Leuchten GmbH

Trixell

TTX (US) LLC

TTX Limited

Tubemaster, Inc

Turk Philips Ticaret AS

U G M Laboratory, Inc.

U.S. Philips Corporation

U-L-M Photonics GmbH

UQE, LLC

Uranus Elektronik-Beteiligungs GmbH

USS Manufacturing Inc.

Van der Heem B.V.

Van Der Heem B.V. SOS

Verwaltungsgesellschaft Philips Medizin Systeme mbH

VISICU, Inc.

Vision Robotics Corporation

VLSI Technology (UK) Holdings Ltd

VLSI Technology Ltd

VMI Indústria e Comércio Ltda.

W.J. Addison Ltd.

WCLP L.P.

Wegot Investment Limited

Western Biomedical Technologies Limited	**Westpoort**
Witt Biomedical Corporation	**XIMIS Peru S.A.C.**
Yort Inc.	**ZAO Idman MOW**
Zhejiang Yankon Lighting Co., Ltd.	**Zymed Puerto Rico, Inc.**

SCHEDULE 2

THAN AFFILIATES

Agricultural Chemicals, Inc.	**Commerce Industrial Chemicals**
Consolidated Electronics Industries Company	**DePeseter Western, Inc.**
Independent Petrochemical Corporation, Inc.	**Koninklijke Philips Electronics NV**
Leeds Investment Company	**N.V. Philips Gloeilampenfabrieken**
North American Philips Corp.	**Ok-Tex Chemicals, Inc.**
PEPI Inc.	**Peter Hand Co**
Philips Electronics and Pharmaceutical Industries Corporation	**Philips Electronics North America Corp.**
Philips Holdings, USA	**Philips-Roxane, Inc. (International Division)**
Planter’s Chemical Corp.	**Remediation Services, Inc**
Sep-Ko Chemicals	**Speare Company Laundry Supply**
Specifide, Inc.	**Tesco Chemicals, Inc. (Industrial Chemicals Division)**

Thompson-Hayward Chemical Company (1925)	**Thompson-Hayward Chemical Company (1961)**
Thompson Hayward & Schlueter, Inc.	**Thompson-Munro-Robbins Chemical Company**
Wittichen Chemical Compay	**383 Beechmont Drive Corp.**
Duphar Nutrition, Inc.	**Uniroyal, Inc.**
210 East Tarrant Street Realty Corp	**Elementis Group B.V.**

SCHEDULE 3

ELEMENTIS AFFILIATES

Abbey Chemicals Limited	**Elementis London Limited**
Agrichrome Limited	**Elementis LTP Holdings Inc.**
American Chrome & Chemicals Holdings Inc	**Elementis LTP Inc.**
American Chrome & Chemicals Inc	**Elementis LTP LP**
American Chrome & Chemicals LP	**Elementis Malaysia Sdn Bhd**
Deuchem (HK) Trading Co Ltd	**Elementis Nederland B.V.**
Deuchem (Shanghai) Chemical Co Ltd	**Elementis New Zealand Limited**
Deuchem Co Ltd	**Elementis NZ Limited**
Deuchem Holding Inc	**Elementis Pigments Inc**
Deuchem International Inc	**Elementis PLC**
Deuchem Trading International Ltd	**Elementis Securities Limited**

Elementis America Shared Services Inc.

Elementis Australia Limited

Elementis Australia Pty Limited (in liquidation)

Elementis Benelux SA / NV

Elementis Benelux Unlimited

Elementis BV

Elementis Catalysts Inc

Elementis Chemicals Inc

Elementis Chromium America Inc

Elementis Chromium GP Inc

Elementis Chromium Limited Liability Partnership

Elementis Chromium LP

Elementis Chromium LPI Inc

Elementis Service Centre NV

Elementis Services Limited

Elementis Specialties (Anji) Ltd

Elementis Specialties Changxing Limited

Elementis Specialties Inc

Elementis Specialties Netherlands BV

Elementis UK Limited

Elementis Worldwide Inc.

H & C Lumber Inc

H.& C. Acquisitions Limited

Harcros Chemicals Canada Inc

Harcros Coffee Plantations Limited

Harrisons & Crosfield (PNG) Limited

Elementis Dormants Limited	**Iron Oxides sa de CV, Mexico**
Elementis Finance (Australia) Limited	**Kamarl Limited**
Elementis Finance (Germany) Limited	**Linatex Asia Sdn Bhd**
Elementis Germany GmbH	**Malzfabrik Schragmalz Vermoegensverwaltungs GmbH**
Elementis Germany Limited	**NB Chrome Ltd.**
Elementis GmbH	**Rheox Limited**
Elementis Group BV	**Servo USA BV**
Elementis Group Limited	**Shanghai Deuchem Chemical Technology and Development Co Ltd**
Elementis Holdings Limited	**Shanghai Winchem Trading Co Ltd**
ELEMENTIS JAPAN KK	**Wismo Chemical Corp**

EXHIBIT A

ASBESTOS PI TRUST AGREEMENT

T H AGRICULTURE & NUTRITION, L.L.C.
ASBESTOS PERSONAL INJURY TRUST AGREEMENT

dated as of

____________, 2009

by and among

T H Agriculture & Nutrition, L.L.C.

and

the persons listed on the signature pages attached hereto

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ASBESTOS PERSONAL INJURY TRUST AGREEMENT

This ASBESTOS PERSONAL INJURY TRUST AGREEMENT (this "Agreement"), dated as of _____, 2009, is made by and among T H Agriculture & Nutrition, L.L.C. ("THAN" or the "Company"), a Delaware limited liability company and a debtor-in-possession in Case No. _____ (___) in the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court"), and Philips Electronics North America Corporation, a Delaware corporation ("PENAC"), as the settlors of the trust established pursuant to this Agreement (the "Asbestos PI Trust") in accordance with the Prepackaged Plan of Reorganization of T H Agriculture & Nutrition, L.L.C. Under Chapter 11 of the Bankruptcy Code, filed pursuant to section 1121(a) of chapter 11 of title 11 of the United States Code (the "Bankruptcy Code") and confirmed by an order of the Bankruptcy Court entered on _____, 2009, which confirmation was affirmed by an order of the United States District Court for the Southern District of New York entered on _____, 2009 (the "Plan"), the trustees of the Asbestos PI Trust appointed as contemplated by Section 5.1 below (the "Asbestos PI Trustees"), Wilmington Trust Company ("Wilmington Trust"), as the initial "Delaware Trustee" (as defined in Section 5.11), the members of the Asbestos PI Trust Advisory Committee established pursuant to this Agreement and the Plan appointed as contemplated by Section 6.1 below, and the legal representative for the holders of future Asbestos PI Claims appointed as contemplated by Section 7.1 below (the "Future Claimants' Representative").

All capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Plan. All terms used but not defined herein or in the Plan but defined in the Bankruptcy Code or Bankruptcy Rules shall have the meanings ascribed to them in the Bankruptcy Code and Bankruptcy Rules, as the case may be. For purposes of this Agreement and the Asbestos PI Trust Distribution Procedures, "Asbestos PI Claims" shall not include Asbestos PI Trust Expenses.

WHEREAS, the Company has reorganized under the provisions of chapter 11 of the Bankruptcy Code in a case pending in the Bankruptcy Court known as In re T H Agriculture & Nutrition, L.L.C., Debtor, Case No. 08-14692 (REG); and

WHEREAS, the Plan has been confirmed by the Bankruptcy Court; and

WHEREAS, the Plan provides, *inter alia*, for the creation of the Asbestos PI Trust in accordance with this Agreement; and

WHEREAS, pursuant to the Plan, the Asbestos PI Trust is to use its assets and income to satisfy all Asbestos PI Claims; and

WHEREAS, it is the intent of each of the Company, the Asbestos PI Trustees, the Asbestos PI Trust Advisory Committee and the Future Claimants' Representative that the Asbestos PI Trust be administered, maintained and operated at all times through mechanisms that provide reasonable assurance that the Asbestos PI Trust will satisfy all Asbestos PI Claims paid in accordance with the Asbestos PI Trust Distribution Procedures in substantially the same manner and in strict compliance with this Agreement; and

WHEREAS, pursuant to the Plan, the Asbestos PI Trust is intended to qualify as a "qualified settlement fund" within the meaning of section 1.468B-1 *et seq.* of the Treasury Regulations promulgated under section 468B of the United States Internal Revenue Code (the "IRC"); and

WHEREAS, the Bankruptcy Court has determined that the Asbestos PI Trust and the Plan satisfy all the prerequisites for an injunction pursuant to section 524(g) of the Bankruptcy Code, and the Asbestos PI Channeling Injunction has been entered in connection with the Confirmation Order;

NOW, THEREFORE, it is hereby agreed as follows:

Article I. Agreement of Trust

1.1 Creation and Name. The Company and PENAC, as the settlors of the Asbestos PI Trust, hereby create a trust known as the "T H Agriculture & Nutrition, L.L.C. Asbestos Personal Injury Trust," which is the Asbestos PI Trust provided for and referred to in the Plan. The Asbestos PI Trustees may transact the business and affairs of the Asbestos PI Trust in the name of the Asbestos PI Trust. It is the intention of the parties hereto that the trust created hereby constitute a statutory trust under the Delaware Statutory Trust Act, Chapter 38 of title 12 of the Delaware Code, 12 Del. C. § 3801 et seq. (the "Act") and that this document, together with the bylaws described in Section 2.2, constitute the governing instruments of the Asbestos PI Trust. The Asbestos PI Trustees and the Delaware Trustee are hereby authorized and directed to execute and file a Certificate of Trust with the Delaware Secretary of State in the form attached hereto as Exhibit A.

1.2 Purpose. The purpose of the Asbestos PI Trust is to (a) assume all liabilities and responsibility for Asbestos PI Claims (whether existing as of the Effective Date or arising at any time thereafter), (b) direct the processing, liquidation and payment of all Asbestos PI Claims in accordance with the Asbestos PI Trust Distribution Procedures, (c) preserve, hold, manage and maximize the Asbestos PI Trust Assets for use in paying and otherwise satisfying Asbestos PI Claims and paying Asbestos PI Trust Expenses, and (d) otherwise comply in all respects with the requirements of a trust set forth in section 524(g)(2)(B) of the Bankruptcy Code, all in accordance with the Plan and this Agreement.

1.3 Transfer of Assets. Pursuant to the Plan, THAN and its parent company, PENAC, have made contributions equaling $900 million to the Asbestos PI Trust. As provided in the Plan, any funds contributed by THAN and PENAC in excess of the $900 million contribution provided for in the Plan will be returned to PENAC. In addition, pursuant to the Plan, the Asbestos PI Trust is the sole beneficiary of the Parent Trust, which holds all of the membership interests in Reorganized THAN. Finally, also pursuant to the Plan, Reorganized THAN has made the Promissory Note in the principal amount of $1,000,000 in favor of the Asbestos PI Trust, and the Parent Trust has entered into the Pledge Agreement granting the Asbestos PI Trust a security interest in 100% of the membership interests in Reorganized THAN to secure payment of the Promissory Note. In furtherance of the purpose of the Asbestos PI Trust, the Asbestos PI Trust hereby expressly accepts these assets. For purposes of this Agreement, "Asbestos PI Trust Assets" shall mean the assets described in this section, all of which have been transferred or

granted to the Asbestos PI Trust free and clear of any liens, security interests and other claims or causes of action, and any other assets which may from time to time be held by the Asbestos PI Trust.

1.4 Assumption of Liabilities and Certain Obligations.

(a) In furtherance of the purpose of the Asbestos PI Trust, the Asbestos PI Trust hereby expressly assumes all liability and responsibility for (i) all Asbestos PI Claims and (ii) Asbestos PI Trust Expenses.

(b) Except as otherwise provided in this Agreement and the Asbestos PI Trust Distribution Procedures, the Asbestos PI Trust shall have all defenses, cross-claims, offsets and recoupments, as well as rights of indemnification, contribution, subrogation and similar rights, regarding Asbestos PI Claims that the Company has or would have under applicable law. Regardless of the foregoing, however, except as otherwise provided in Section 5.1(a)(2) of the Asbestos PI Trust Distribution Procedures, a claimant must meet otherwise applicable federal, state and foreign statutes of limitations and repose.

(c) Pursuant to the Plan, the Asbestos PI Trust has entered into, and agreed to provide the indemnification relating to Asbestos PI Claims provided for in, the Asbestos PI Trust Indemnification Agreement in the form attached hereto as Exhibit B.

(d) Nothing in this Agreement shall be construed in any way to limit the scope, enforceability or effectiveness of the Asbestos PI Channeling Injunction issued in connection with the Plan or the Asbestos PI Trust's assumption of all liability for Asbestos PI Claims, subject to the provisions of Section 1.4(b) above.

1.5 Counsel and Asbestos Records. THAN and PENAC shall not withhold consent to the Asbestos PI Trust's retention of the professional services of the counsel retained by THAN and/or PENAC in connection with matters pertaining to Asbestos PI Claims. The Asbestos PI Trust and the Asbestos Records Parties have entered into the Asbestos Records Cooperation Agreement in the form attached hereto as Exhibit C.

1.6 Beneficial Owners. To the extent required by the Act, the beneficial owners (within the meaning of the Act) of the Asbestos PI Trust shall be deemed to be the holders of Asbestos PI Claims (the "Beneficial Owners"); provided that (i) the holders of Asbestos PI Claims, as such Beneficial Owners, shall have only such rights with respect to the Asbestos PI Trust and its assets as are set forth in the Asbestos PI Trust Distribution Procedures, and (ii) no greater or other rights, including upon dissolution, liquidation or winding up of the Asbestos PI Trust, shall be deemed to apply to the holders of Asbestos PI Claims in their capacity as Beneficial Owners.

Article II. Powers and Trust Administration

2.1 Powers.

(a) The Asbestos PI Trustees are, and shall act as, the fiduciaries to the Asbestos PI Trust in accordance with the provisions of this Agreement, the Asbestos PI Trust

Distribution Procedures, the Plan and the Act. The Asbestos PI Trustees shall at all times administer the Asbestos PI Trust and the Asbestos PI Trust Assets in accordance with the purpose set forth in Section 1.2 above. Subject to the Plan and this Agreement, the Asbestos PI Trustees shall have the power to take any and all actions that they may consider necessary, appropriate or desirable to fulfill the purpose of the Asbestos PI Trust, including without limitation each power expressly granted in this Section 2.1, any power reasonably incidental thereto and any statutory trust power now or hereafter permitted under the laws of the State of Delaware.

(b) Except as required by applicable law, the Plan or this Agreement, the Asbestos PI Trustees need not obtain the order or approval of any court in the exercise of any power or discretion conferred hereunder.

(c) Subject to and without limiting the generality of Section 2.1(a) above, and except as limited below, the Asbestos PI Trustees shall have the power to:

(i) receive and hold the Asbestos PI Trust Assets and exercise all rights and powers with respect thereto, including, without limitation, rights as sole beneficiary of the Parent Trust, rights under the Promissory Note and the Pledge Agreement, and rights to vote and dispose of any securities that are included in the Asbestos PI Trust Assets;

(ii) invest the monies held from time to time by the Asbestos PI Trust;

(iii) sell, transfer or exchange any or all of the Asbestos PI Trust Assets at such prices and upon such terms as the Asbestos PI Trustees may consider necessary, appropriate or desirable in fulfilling the purpose of the Asbestos PI Trust;

(iv) enter into such leasing and financing agreements with third parties as the Asbestos PI Trustees may consider necessary, appropriate or desirable in fulfilling the purpose of the Asbestos PI Trust;

(v) pay liabilities and expenses of the Asbestos PI Trust, including without limitation Asbestos PI Trust Expenses;

(vi) establish such funds, reserves and accounts within the Asbestos PI Trust estate as the Asbestos PI Trustees may consider necessary, appropriate or desirable in fulfilling the purpose of the Asbestos PI Trust;

(vii) sue and be sued and participate, as a party or otherwise, in any judicial, administrative, arbitrative or other proceeding;

(viii) establish, supervise and administer the Asbestos PI Trust in accordance with this Agreement and the Asbestos PI Trust Distribution Procedures;

(ix) appoint such officers and hire such employees and engage such legal, financial, accounting, investment, auditing and forecasting and other advisors, consultants, independent contractors and agents and, to the extent permitted by the fiduciary duties of the Asbestos PI Trustees, delegate to such persons such powers and authorities, in each case as the

Asbestos PI Trustees may consider necessary, appropriate or desirable in fulfilling the purpose of the Asbestos PI Trust;

(x) pay any officers, employees, legal, financial, accounting, investment, auditing and forecasting and other advisors, consultants, independent contractors and agents engaged by the Asbestos PI Trust, including without limitation those engaged by the Asbestos PI Trust in connection with its alternative dispute resolution activities, reasonable compensation;

(xi) compensate the Asbestos PI Trustees, the Delaware Trustee, the members of the Asbestos PI Trust Advisory Committee, the Future Claimants' Representative and their respective officers, employees, legal, financial, accounting, investment, auditing, forecasting and other advisors, consultants, independent contractors and agents, and reimburse the Asbestos PI Trustees, the Delaware Trustee, the members of the Asbestos PI Trust Advisory Committee and the Future Claimants' Representative any reasonable out-of-pocket fees and expenses incurred by or on behalf of it, him or her in connection with the performance of its, his or her duties hereunder, all as provided below;

(xii) execute and deliver such instruments as the Asbestos PI Trustees may consider necessary, appropriate or desirable in administering the Asbestos PI Trust;

(xiii) enter into such other arrangements with third parties as the Asbestos PI Trustees may consider necessary, appropriate or desirable in fulfilling the purpose of the Asbestos PI Trust, provided such arrangements do not conflict with any other provision of this Agreement;

(xiv) in accordance with Section 5.6 below, defend, indemnify and hold harmless (and purchase insurance indemnifying) (A) the Asbestos PI Trustees, (B) the Delaware Trustee and (C) the members of the Asbestos PI Trust Advisory Committee, the Future Claimants' Representative, the officers and employees of the Asbestos PI Trust and any advisors, attorneys, consultants and agents of the Asbestos PI Trust, the Asbestos PI Trustees, the Delaware Trustee, the Asbestos PI Trust Advisory Committee or the Future Claimants' Representative (collectively, the "Additional Indemnitees"), to the fullest extent that a statutory trust organized under the laws of the State of Delaware is from time to time entitled to indemnify and/or insure its directors, trustees, officers, employees, advisors, attorneys, consultants and agents;

(xv) delegate any or all of the authority herein conferred with respect to the investment of all or any portion of the Asbestos PI Trust Assets to any one or more reputable individuals or recognized institutional investment advisors or investment managers without liability for any action taken or omission made because of any such delegation, except as provided in Section 5.4 below; and

(xvi) consult with the Company, the Asbestos PI Trust Advisory Committee or the Future Claimants' Representative at such times and with respect to such issues relating to the conduct of the Asbestos PI Trust as the Asbestos PI Trustees may consider necessary, appropriate or desirable.

(xvii) make, pursue (by litigation or otherwise), collect, compromise or settle, in the name of the Asbestos PI Trust, any claim, right, action, or cause of action included in the Asbestos PI Trust Assets.

(d) Notwithstanding anything to the contrary contained herein, the Asbestos PI Trustees shall not have the power to guarantee any debt of other persons.

(e) The Asbestos PI Trustees shall give the Asbestos PI Trust Advisory Committee and the Future Claimants' Representative prompt notice of any act performed or taken pursuant to Section 2.1(c)(i), (iii), (vii) or (xv) above and any act proposed to be performed or taken of the type described in Section 2.2(e) below.

2.2 General Administration.

(a) The Asbestos PI Trustees shall act in accordance with this Agreement. The Asbestos PI Trustees shall adopt and act in accordance with written bylaws (the "Trust Bylaws"). To the extent not inconsistent with this Agreement, the Trust Bylaws shall govern the affairs of the Asbestos PI Trust. In the event of an inconsistency between the Trust Bylaws and this Agreement, this Agreement shall govern.

(b) The Asbestos PI Trustees shall timely account to the Bankruptcy Court as follows:

(i) The Asbestos PI Trustees shall cause to be prepared and filed with the Bankruptcy Court, as soon as available and in any event within one hundred twenty (120) days following the end of each fiscal year of the Asbestos PI Trust, an annual report (the "Annual Report") containing financial statements of the Asbestos PI Trust (including without limitation a balance sheet of the Asbestos PI Trust as of the end of such fiscal year and a statement of operations for such fiscal year) audited by a firm of independent certified public accountants selected by the Asbestos PI Trustees and accompanied by an opinion of such firm as to the fairness of the financial statements' presentation of the cash and investments available for the payment of Asbestos PI Claims and as to the conformity of the financial statements with generally accepted accounting principles. The Asbestos PI Trustees shall provide a copy of the Annual Report to the Asbestos PI Trust Advisory Committee and the Future Claimants' Representative when such reports are filed with the Bankruptcy Court.

(ii) Simultaneously with the filing of the Annual Report, the Asbestos PI Trustees shall cause to be prepared and filed with the Bankruptcy Court a report containing a summary regarding the number and type of Asbestos PI Claims disposed of during the period covered by the financial statements. The Asbestos PI Trustees shall provide a copy of such report to the Asbestos PI Trust Advisory Committee and the Future Claimants' Representatives when such report is filed.

(iii) All materials required to be filed with the Bankruptcy Court by this Section 2.2(b) shall be available for inspection by the public in accordance with procedures established by the Bankruptcy Court and shall be submitted to the US Trustee.

(c) The Asbestos PI Trustees shall cause to be prepared as soon as practicable prior to the commencement of each fiscal year of the Asbestos PI Trust a budget and cash flow projections covering such fiscal year and the succeeding four fiscal years. The budget and cash flow projections shall include a proposed "Maximum Annual Payment" pursuant to Section 2.4 of the Asbestos PI Trust Distribution Procedures and the "Claims Payment Ratio" pursuant to Section 2.5 of the Asbestos PI Trust Distribution Procedures. The Asbestos PI Trustees shall provide a copy of the budget and cash flow projections to the Asbestos PI Trust Advisory Committee and the Future Claimants' Representative.

(d) The Asbestos PI Trustees shall consult with both the Asbestos PI Trust Advisory Committee and the Future Claimants' Representative (i) on the general implementation and administration of the Asbestos PI Trust, (ii) on the general implementation and administration of the Asbestos PI Trust Distribution Procedures, and (iii) on such other matters as may be required under this Agreement or the Asbestos PI Trust Distribution Procedures.

(e) The Asbestos PI Trustees shall be required to obtain the consent of both the Asbestos PI Trust Advisory Committee and the Future Claimants' Representative pursuant to the consent process set forth in Section 6.7(b) and 7.7(b) below, as the case may be, in addition to any other instances elsewhere enumerated herein, in order:

(i) to change the "Claims Payment Ratio" described in Section 2.5 of the Asbestos PI Trust Distribution Procedures in the event that the requirements for such a change set forth in such provision have been met;

(ii) to change the "Disease Levels," "Scheduled Values" and/or "Medical/Exposure Criteria" set forth in Section 5.3(a)(3) of the Asbestos PI Trust Distribution Procedures and/or the "Average Values" and/or "Maximum Values" set forth in Section 5.3(b)(3) and/or the extraordinary maximum value set forth in Section 5.4 of the Asbestos PI Trust Distribution Procedures;

(iii) to change the "Payment Percentage" described in Section 2.3 of the Asbestos PI Trust Distribution Procedures as provided in Section 4.2 of the Asbestos PI Trust Distribution Procedures;

(iv) to establish and/or to change the "Claims Materials" to be provided holders of Asbestos PI Claims under Section 6.1 of the Asbestos PI Trust Distribution Procedures;

(v) to require that claimants provide additional kinds of medical and/or exposure evidence pursuant to Section 5.7 of the Asbestos PI Trust Distribution Procedures;

(vi) to change the form of release to be provided pursuant to Section 7.8 of the Asbestos PI Trust Distribution Procedures;

(vii) to terminate the Asbestos PI Trust pursuant to Section 8.2(a)(i) or (ii) below;

(viii) to change the compensation of the Asbestos PI Trustees, the Delaware Trustee, the members of the Asbestos PI Trust Advisory Committee or the Future Claimants' Representative, other than to reflect reasonable cost-of-living increases or changes approved by the Bankruptcy Court as otherwise provided herein; provided that a change in the compensation of the Delaware Trustee shall also require the consent of the Delaware Trustee;

(ix) to take structural or other actions to minimize any tax on the Asbestos PI Trust Assets;

(x) to amend any provision of this Agreement in accordance with the terms hereof (and the consent of the Delaware Trustee solely to the extent any such amendment adversely affects the rights, duties and obligations of the Delaware Trustee hereunder);

(xi) to amend any provision of the Asbestos PI Trust Distribution Procedures in accordance with the terms thereof;

(xii) to adopt the Trust Bylaws in accordance with Section 2.2(a) above or thereafter to amend the Trust Bylaws in accordance with the terms thereof;

(xiii) to become the holder of a membership interest in Reorganized THAN by exercise of the Asbestos PI Trust's rights under the Pledge Agreement or otherwise, to accept any distribution from the Parent Trust of an asset other than cash, or to transfer, surrender, exchange, or otherwise dispose of the Asbestos PI Trust's interest in the Parent Trust; and

(xiv) to merge any asbestos claims resolution organization formed by the Asbestos PI Trust with another asbestos claims resolution organization that is not specifically created by this Agreement or the Asbestos PI Trust Distribution Procedures, acquire an interest in any asbestos claims resolution organization that is not specifically created by this Agreement or the Asbestos PI Trust Distribution Procedures, contract with another asbestos claims resolution organization or any other entity that is not specifically created by this Agreement or the Asbestos PI Trust Distribution Procedures or permit any other party to join in any asbestos claims resolution organization that is formed by the Asbestos PI Trust pursuant to this Agreement or the Asbestos PI Trust Distribution Procedures; provided that any such merger, acquisition, contract or joinder shall not (a) subject the Company to any risk of having any Asbestos PI Claim asserted against it or (b) otherwise jeopardize the validity or enforceability of the Asbestos PI Channeling Injunction; and provided, further, that the terms of any such merger will require the surviving organization to make decisions about the allowability and value of Asbestos PI Claims in accordance with Section V of the Asbestos PI Trust Distribution Procedures.

(f) For all purposes of this Agreement and the Act, the consent of the Asbestos PI Trust Advisory Committee and the Future Claimants' Representative shall be deemed the consent of the Beneficial Owners.

(g) The Asbestos PI Trustees shall meet with the Asbestos PI Trust Advisory Committee and the Future Claimants' Representative no less often than quarterly. The Asbestos PI Trustees shall meet with the Asbestos PI Trust Advisory Committee and the Future Claimants' Representative between such quarterly meetings at mutually convenient times and

locations when so requested by either the Asbestos PI Trust Advisory Committee or the Future Claimants' Representative. The Delaware Trustee shall not be required or permitted to attend meetings.

(h) The Asbestos PI Trustees, upon notice from either the Asbestos PI Trust Advisory Committee or the Future Claimants' Representative, if practicable in view of pending business, shall, at their next meeting with the Asbestos PI Trust Advisory Committee or the Future Claimants' Representative, as the case may be, consider issues submitted by either of them.

(i) Periodically, but not less often than once a year, the Asbestos PI Trustees shall make available to holders of Asbestos PI Claims and other interested parties the number of Asbestos PI Claims by disease levels that have been resolved both by individual review and by arbitration, as well as by trial, indicating the amounts of the awards and the averages of the awards by jurisdiction pursuant to Section 7.10 of the Asbestos PI Trust Distribution Procedures.

2.3 Claims Administration. The Asbestos PI Trustees shall promptly proceed to implement the Asbestos PI Trust Distribution Procedures.

Article III. Qualified Settlement Fund

3.1 Tax Treatment. The Asbestos PI Trust is intended to be treated for U.S. federal income tax purposes as a "qualified settlement fund" as described within section 1.468B-1 *et seq.* of the Treasury Regulations. Accordingly, for all U.S. federal income tax purposes the transfer of assets to the Asbestos PI Trust will be treated as a transfer to a trust satisfying the requirements of section 1.468B-1(c) of the Treasury Regulations by the Company and PENAC, as transferors, for distribution to holders of Asbestos PI Claims and in complete settlement of such Asbestos PI Claims. Any income on the assets of the Asbestos PI Trust will be treated as subject to tax on a current basis, and all distributions pursuant to the Plan will be made net of provision for taxes and subject to the withholding and reporting requirements set forth in the Plan and this Agreement.

3.2 No Right to Reversion with Respect to Asbestos PI Trust Assets. The Company and PENAC will have no rights to any refunds or reversion with respect to any Asbestos PI Trust Assets or any earnings thereon. As provided in the Plan, any funds contributed on the Effective Date by THAN and PENAC in excess of the $900 million contribution provided for in the Plan will be returned to PENAC. Such return of excess funds shall not be a refund or reversion of Asbestos PI Trust Assets.

3.3 Obligations of the Asbestos PI Trustees. The Asbestos PI Trustees shall be the "administrator" (as defined in section 1.468B-2(k) of the Treasury Regulations) of the Asbestos PI Trust and shall (a) timely file such income tax and other returns and statements and timely pay all taxes required to be paid from the assets in the Asbestos PI Trust as required by law and in accordance with the provisions of the Plan and this Agreement, (b) comply with all withholding obligations, as required under the applicable provisions of the IRC and of any state law and the regulations promulgated thereunder, (c) meet all other requirements necessary to qualify and maintain qualification of the Asbestos PI Trust as a "qualified settlement fund" within the

meaning of section 1.468B-1 *et seq.* of the Treasury Regulations, and (d) take no action that could cause the Asbestos PI Trust to fail to qualify as a "qualified settlement fund" within the meaning of section 1.468B-1 *et seq.* of the Treasury Regulations.

3.4 Obligations of the Company and PENAC. Following the funding of the Asbestos PI Trust (and in no event later than February 15th of the calendar year following the date of this Agreement), the Company and PENAC shall provide, or cause to be provided, to the Asbestos PI Trust "§ 1.468B-3 Statements" in accordance with section 1.468B-3 of the Treasury Regulations. Following any subsequent transfers of cash or other property to the Asbestos PI Trust, the transferor (or the entity treated as the transferor for U.S. federal income tax purposes) shall provide, or cause to be provided, to the Asbestos PI Trustees a "§ 1.468B-3 Statement" on or before February 15th of the calendar year following the date of each such transfer.

3.5 No Contravention of Requirements. No provision in this Agreement or the Asbestos PI Trust Distribution Procedures shall be construed to mandate any distribution on any claim or other action that would contravene the Asbestos PI Trust's compliance with the requirements of a "qualified settlement fund" within the meaning of section 1.468B-1 *et seq.* of the Treasury Regulations promulgated under section 468B of the IRC.

Article IV. Accounts, Investments and Payments

4.1 Accounts.

(a) The Asbestos PI Trustees may from time to time create such accounts and reserves within the Asbestos PI Trust as they may consider necessary, appropriate or desirable in order to provide for payment, or to make provisions for future payment, of Asbestos PI Claims in accordance with the Asbestos PI Trust Distribution Procedures or to provide for payment, or to make provisions for future payment, of Asbestos PI Trust Expenses in accordance with this Agreement and may, with respect to any such account or reserve, restrict the use of monies therein.

(b) The Asbestos PI Trustees shall include a reasonably detailed description of the creation of any account or reserve in accordance with this Section 4.1 and, with respect to any such account, the transfers made to such account, the proceeds of or earnings on the assets held in each such account and the payments from each such account in the Annual Report.

4.2 Investments. Investment of monies held in the Asbestos PI Trust shall be administered in the manner consistent with the standards set forth in the Uniform Prudent Investor Act drafted by the National Conference of Commissioners on Uniform State Laws and approved by the American Bar Association on February 14, 1995, subject to the following limitations and provisions:

(a) Until the fifth anniversary of the Effective Date, except as otherwise authorized by prior written consent of each of the Asbestos PI Trustees, the Asbestos PI Trust Advisory Committee, the Future Claimants' Representative and PENAC, funds not immediately necessary for distribution to claimants shall be invested in money market funds that invest exclusively in U.S. Treasury short term obligations. Such securities must be issued only by the U.S. Treasury or should be guaranteed in writing by the U.S. Treasury and should be rated

AAAm-G by Standard & Poor's ("S & P") and having an additional AAA rating by either Moody's Investor Services ("Moody's") or Fitch Ratings. In addition no more than $450 million shall be invested in a single fund and (ii) the investment in a fund should not exceed 10% of total size of such fund. Asbestos PI Trust Assets means, collectively: (a) the PENAC Asbestos PI Trust Contribution; (b) the THAN Contribution; (c) all other assets, rights, and benefits assigned, transferred or conveyed to the Asbestos PI Trust in connection with the Plan or any Plan Documents; and (d) all proceeds of the foregoing.

(b) The Asbestos PI Trust shall not acquire, directly or indirectly, equity in any entity or business enterprise if, immediately following such acquisition, the Asbestos PI Trust would hold more than 5% of the equity in such entity or business enterprise. The Asbestos PI Trust shall not hold, directly or indirectly, more than 10% of the equity in any entity or business enterprise.

(c) The Asbestos PI Trust shall not acquire or hold any long-term debt securities unless such securities (i) are rated "Baa" or higher by Moody's, "BBB" or higher by S & P or have been given an equivalent investment grade rating by another nationally recognized credit rating agency or (ii) have been issued or fully guaranteed as to principal and interest by the United States of America or any agency or instrumentality thereof.

(d) The Asbestos PI Trust shall not acquire or hold for longer than ninety (90) days any commercial paper unless such commercial paper is rated "Prime-1" or higher by Moody's or "A-1" or higher by S&P or has been given an equivalent rating by another nationally recognized credit rating agency.

(e) The Asbestos PI Trust shall not acquire or hold any preferred stock or securities convertible into common stock unless such preferred stock or convertible securities are rated "A" or higher by Moody's or S&P or have been given an equivalent investment grade rating by another nationally recognized credit rating agency.

(f) The Asbestos PI Trust shall not hold any debt securities or other debt instruments issued by any entity (other than debt securities or other debt instruments issued or fully guaranteed as to principal and interest by the United States of America or any agency or instrumentality thereof) to the extent that the aggregate market value of all such securities and instruments issued by such entity held by the Asbestos PI Trust would exceed 5% of the then-current aggregate value of the Asbestos PI Trust Assets.

(g) The Asbestos PI Trust shall not acquire or hold any certificates of deposit unless all publicly held, long-term debt securities, if any, of the financial institution issuing the certificate of deposit and the holding company, if any, of which such financial institution is a subsidiary, meet the standards set forth in Section 4.2(c) above.

(h) The Asbestos PI Trust shall not acquire or hold any repurchase obligations unless, in the opinion of the Asbestos PI Trustees, they are adequately collateralized.

(i) The Asbestos PI Trust shall not acquire or hold any rights, warrants, options or similar securities.

(j) The Asbestos PI Trust may, without regard to the limitations set forth in Subsections (a) - (i) above, acquire and hold (i) the interest as beneficiary of the Parent Trust granted to the Asbestos PI Trust pursuant to the Plan, (ii) the Promissory Note, (iii) the rights under the Pledge Agreement, (iv) the membership interests in Reorganized THAN and (v) any securities or instruments obtained by it from any entity or business enterprise as proceeds of litigation or otherwise to resolve disputes.

4.3 Source of Payments.

(a) All payments to be made by the Asbestos PI Trust, including without limitation payments in respect of Asbestos PI Claims and Asbestos PI Trust Expenses, shall be payable solely by the Asbestos PI Trust out of the Asbestos PI Trust Assets. None of the Company, PENAC, any PENAC Related Party, any THAN Related Party, Elementis, their subsidiaries or the present or former directors, officers, employees, advisors, consultants, agents or Representatives of any of them, or the Asbestos PI Trustees, the Asbestos PI Trust Advisory Committee or the Future Claimants' Representative or the present or former officers, employees, advisors, consultants, agents or Representatives of any of them, shall be liable for the payment of any Asbestos PI Claim or any Asbestos PI Trust Expense or other liability of the Asbestos PI Trust.

(b) The Asbestos PI Trustees shall include a reasonably detailed description of any payments made in accordance with this Section 4.3 in the Annual Report.

Article V. Asbestos PI Trustees; Delaware Trustee

5.1 Initial Asbestos PI Trustees.

(a) In addition to the Delaware Trustee appointed pursuant to Section 5.11 hereof, there shall be three (3) Asbestos PI Trustees. The initial Asbestos PI Trustees are those persons named on the signature page hereto.

(b) Each initial Asbestos PI Trustee shall serve until the earliest of (i) the end of his or her term pursuant to Section 5.2(a) below, (ii) his or her death, (iii) his or her resignation pursuant to Section 5.2(b) below, (iv) his or her removal pursuant to Section 5.2(c) below, or (v) the termination of the Asbestos PI Trust pursuant to Section 8.2 below.

5.2 Term of Service.

(a) Subject to the other provisions of this Article V, (i) each Asbestos PI Trustee appointed in accordance with Section 5.1 above shall serve for an initial term expiring on the date indicated on the signature page hereof as the expiration date of such Trustee's initial term and (ii) except with respect to such initial terms, each Asbestos PI Trustee shall serve for a term expiring five (5) years from the date on which the preceding term expired.

(b) An Asbestos PI Trustee may resign at any time by written notice to the remaining Asbestos PI Trustees, the Asbestos PI Trust Advisory Committee and the Future Claimants' Representative. Such notice shall specify a date when such resignation shall take

effect, which shall not be less than ninety (90) days after the date such notice is given, where practicable.

(c) An Asbestos PI Trustee may be removed by unanimous vote of the other Asbestos PI Trustees in the event that he or she becomes unable to discharge his or her duties hereunder due to accident or physical or mental deterioration or for other good cause. Good cause shall be deemed to include, without limitation, any substantial failure to comply with the general administration provisions of Section 2.2 above, a consistent pattern of neglect and failure to perform or participate in performing the duties of the Asbestos PI Trustees hereunder, or repeated non-attendance at scheduled meetings. Such removal shall require the approval of the Bankruptcy Court and shall take effect at such time as the Bankruptcy Court shall determine.

5.3 Successor Asbestos PI Trustees.

(a) Upon the termination of service of a Trustee, whether as a result of the expiration of his or her term or his or her death, resignation or removal, the remaining Asbestos PI Trustees shall consult with both the Asbestos PI Trust Advisory Committee and the Future Claimants' Representative concerning appointment of a successor Trustee. Unless a majority of the members of the Asbestos PI Trust Advisory Committee or the Future Claimants' Representative vetoes the appointment, the vacancy shall be filled by the unanimous vote of the remaining Asbestos PI Trustees. If the remaining Asbestos PI Trustees cannot agree on a successor Asbestos PI Trustee or a majority of the members of the Asbestos PI Trust Advisory Committee or the Future Claimants' Representative vetoes the appointment of a successor Trustee, the Bankruptcy Court shall make the appointment. Nothing in this Agreement shall prevent the reappointment of an individual serving as an Asbestos PI Trustee for an additional term or terms.

(b) Immediately upon the appointment of any successor Asbestos PI Trustee, all rights, titles, duties, powers and authority of the predecessor Asbestos PI Trustee hereunder shall be vested in, and undertaken by, the successor Asbestos PI Trustee without any further act. No successor Asbestos PI Trustee shall be liable personally for any act or omission of his or her predecessor Asbestos PI Trustees.

(c) Each successor Asbestos PI Trustee shall serve until the earliest of (i) the end of a full term of five (5) years for which he or she was appointed if his or her immediate predecessor Asbestos PI Trustee completed his or her term pursuant to Section 5.2(a) above, (ii) the end of the term of the Asbestos PI Trustee whom he or she replaced if his or her predecessor Asbestos PI Trustee did not complete such term, (iii) his or her death, (iv) his or her resignation pursuant to Section 5.2(b) above, (v) his or her removal pursuant to Section 5.2(c) above, or (vi) the termination of the Asbestos PI Trust pursuant to Section 8.2 below.

5.4 Liability of Asbestos PI Trustees, Delaware Trustee and Others.

(a) The Asbestos PI Trustees, the Delaware Trustee and the Additional Indemnitees shall not be liable to the Asbestos PI Trust, to any Beneficial Owner or to any other Person (as defined in the Act), except for a Trustee's, Delaware Trustee's or Additional Indemnitee's own breach of trust committed in bad faith or willful misappropriation. In addition,

no Trustee, Delaware Trustee or Additional Indemnitee shall be liable for any act or omission of any other Trustee, Delaware Trustee or Additional Indemnitee unless such Person (as defined in the Act) acted with bad faith in the selection or retention of such other Trustee, Delaware Trustee or Additional Indemnitee.

(b) To the extent that, at law or in equity, the Asbestos PI Trustees, the Delaware Trustee and the Additional Indemnitees have duties (including fiduciary duties) and liabilities relating thereto to the Asbestos PI Trust, any Beneficial Owner, or to any other Person (as defined in the Act), the Asbestos PI Trustees, the Delaware Trustee and the Additional Indemnitees acting under this Agreement shall not be liable to the Asbestos PI Trust, any Beneficial Owner or to any other Person (as defined in the Act) for their good faith reliance on the provisions of this Agreement except as provided in Section 5.4(a). The provisions of this Agreement, to the extent that they restrict or eliminate the duties and liabilities of the Asbestos PI Trustees, the Delaware Trustee and the Additional Indemnitees otherwise existing at law or in equity, are agreed by the parties hereto to replace such other duties and liabilities of the Asbestos PI Trustees, the Delaware Trustee and the Additional Indemnitees.

(c) Notwithstanding any other provision of this Agreement or otherwise applicable law, whenever in this Agreement the Asbestos PI Trustees, the Delaware Trustee and the Additional Indemnitees are permitted or required to make a decision in their "*good faith*" or under another express standard, the Asbestos PI Trustees', the Delaware Trustee's and the Additional Indemnitees' actions shall be evaluated under such express standard and shall not be subject to any other or different standard.

(d) The liability of the Asbestos PI Trustees, the Delaware Trustee and the Additional Indemnitees to any Person (as defined in the Act) other than the Asbestos PI Trust and the Beneficial Owners shall be further limited (*i.e.*, to the extent such limitation is greater than the limitation provided in the other subsections of this Section 5.4) to the fullest extent allowed by Section 3803 of the Act.

5.5 Compensation and Expenses of Asbestos PI Trustees and Delaware Trustee.

(a) Each Asbestos PI Trustee shall receive compensation from the Asbestos PI Trust for his or her services as an Asbestos PI Trustee in the amount of $_________ per annum, payable in a lump sum at the beginning of each year of service. Each Asbestos PI Trustee shall also receive compensation at the rate of $______ per hour for all time expended in meetings, in preparation for meetings, and on other business of the Asbestos PI Trust, with the time computed on a quarter-hour basis. Each Asbestos PI Trustee shall maintain hourly time records for such time. The per annum compensation does not function as a retainer and the hourly items are not charged against the per annum compensation. The compensation payable to the Asbestos PI Trustees hereunder shall be reviewed every three (3) years and appropriately adjusted with the consent of the Asbestos PI Trust Advisory Committee and the Future Claimants' Representative. The Delaware Trustee shall be paid such compensation as is agreed pursuant to a separate fee agreement.

(b) The Asbestos PI Trust shall promptly reimburse each Asbestos PI Trustee and the Delaware Trustee for any reasonable out-of-pocket fees and expenses incurred by it, him

or her in connection with the performance of its, his or her duties as an Asbestos PI Trustee or Delaware Trustee.

(c) The Asbestos PI Trust shall include a reasonably detailed description of the amounts paid under this Section 5.5 in the Annual Report.

5.6 <u>Indemnification of Asbestos PI Trustees, the Delaware Trustee and Additional Indemnitees</u>.

(a) The Asbestos PI Trust shall indemnify and defend each Trustee, the Delaware Trustee and each Additional Indemnitee in the performance of its, his or her duties hereunder to the fullest extent that a statutory trust organized under the laws of the State of Delaware is from time to time entitled to indemnify and defend such Person (as defined in the Act) against any and all liabilities, expenses, claims, damages or losses incurred by or on behalf of it, him or her in the performance of its, his or her duties. Notwithstanding the foregoing, no Trustee, Delaware Trustee or Additional Indemnitee shall be indemnified or defended in any way for any liability, expense, claim, damage or loss for which it, he or she is ultimately liable under Section 5.4 above.

(b) Any reasonable fees and expenses incurred by or on behalf of a Trustee, the Delaware Trustee or an Additional Indemnitee in connection with any action, suit or proceeding, whether civil, administrative or arbitrative, from which it, he or she is indemnified by the Asbestos PI Trust pursuant to Section 5.6(a) above, including without limitation out-of-pocket fees and expenses and attorneys' fees and expenses, shall be paid by the Asbestos PI Trust in advance of the final disposition thereof upon receipt of an undertaking, by or on behalf of the Trustee, Delaware Trustee or Additional Indemnitee, as the case may be, to repay such amount in the event that it shall be determined by a Final Order that such Trustee, Delaware Trustee or Additional Indemnitee is not entitled to be indemnified by the Asbestos PI Trust.

(c) The Asbestos PI Trustees (i) may purchase and maintain reasonable amounts and types of insurance on behalf of any Person (as defined in the Act) who is or was an Asbestos PI Trustee or an Additional Indemnitee, and, (ii) if requested by the Asbestos PI Trust Advisory Committee or the Future Claimants' Representative, shall purchase and maintain reasonable amounts and types of insurance on behalf of the Asbestos PI Trust Advisory Committee and the Future Claimants' Representative, including, in either case, for liability asserted against or incurred by such Person (as defined in the Act) in that capacity or arising from its, his or her status with regard to the Asbestos PI Trust. To the extent the Asbestos PI Trust Advisory Committee and/or the Future Claimants' Representative requests insurance coverage pursuant to the preceding sentence, such Person (as defined in the Act) shall cooperate with the Asbestos PI Trust and the Asbestos PI Trustees in seeking the requested insurance coverage. The obligation of the Asbestos PI Trustees to provide insurance requested by the Asbestos PI Trust Advisory Committee or the Future Claimants' Representative shall be subject to the cooperation required in the preceding sentence and further subject to the determination of the Asbestos PI Trustees that the requested amounts and types of insurance are reasonable. Insurance coverage may, with agreement among the Asbestos PI Trustees, the Asbestos PI Trust Advisory Committee and the Future Claimants' Representative, be provided through self-insurance arrangements.

5.7 Asbestos PI Trustees' Lien. The Asbestos PI Trustees, the Delaware Trustee and the Additional Indemnitees shall have a first priority lien upon the Asbestos PI Trust Assets to secure the payment of any amounts payable to them pursuant to Section 5.6 above.

5.8 Asbestos PI Trustees' Employment of Experts; Delaware Trustee's Employment of Counsel.

(a) The Asbestos PI Trustees may, but shall not be required to, retain and/or consult with counsel, accountants, appraisers, auditors, forecasters, experts, financial and investment advisors and such other parties deemed by the Asbestos PI Trustees to be qualified as experts ("Trust Professionals") on any matter submitted to them, and, in the absence of gross negligence, the written opinion of or information provided by any such party deemed by the Asbestos PI Trustees to be an expert on the particular matter submitted to him or her by the Asbestos PI Trustees shall be full and complete authorization and protection in respect of any action taken or not taken by the Asbestos PI Trustees hereunder in good faith and in accordance with the written opinion of or information provided by any such party.

(b) The Delaware Trustee shall only be permitted to retain counsel and only in such circumstances as required in the exercise of its obligations hereunder, and compliance with the advice of such counsel shall be full and complete authorization and protection for actions taken or not taken by the Delaware Trustee in good faith in compliance with such advice.

5.9 Asbestos PI Trustees' Independence. No Asbestos PI Trustee shall, during the term of his or her service, (a) hold a financial interest in, or act as attorney or agent or serve as any other professional for, the Company, PENAC or any PENAC Affiliate, or (b) act as an attorney for any Person (as defined in the Act) who holds a Asbestos PI Claim. For the avoidance of doubt, this Section 5.9 shall not be applicable to the Delaware Trustee.

5.10 Bond. The Asbestos PI Trustees and the Delaware Trustee shall not be required to post any bond or other form of surety or security unless otherwise ordered by the Bankruptcy Court.

5.11 Delaware Trustee.

(a) There shall at all times be a Delaware Trustee. The "Delaware Trustee" shall either be (i) a natural person who is at least 21 years of age and a resident of the State of Delaware or (ii) a legal entity that has its principal place of business in the State of Delaware, otherwise meets the requirements of applicable Delaware law and acts through one or more persons authorized to bind such entity. The initial Delaware Trustee shall be Wilmington Trust. If at any time the Delaware Trustee shall cease to be eligible in accordance with the provisions of this Section 5.11, it shall resign immediately in the manner and with the effect hereinafter specified in Section 5.11(c) below. For the avoidance of doubt, the Delaware Trustee will only have such rights and obligations as expressly provided by reference to the Delaware Trustee hereunder.

(b) The Delaware Trustee shall not be entitled to exercise any powers, nor shall the Delaware Trustee have any of the duties and responsibilities, of the Asbestos PI Trustees set forth herein. The Delaware Trustee shall be one of the trustees of the Trust for the

sole and limited purpose of fulfilling the requirements of Section 3807 of the Act and for taking such actions as are required to be taken by a Delaware trustee under the Act. The duties (including fiduciary duties), liabilities and obligations of the Delaware Trustee shall be limited to (i) accepting legal process served on the Asbestos PI Trust in the State of Delaware and (ii) the execution of any certificates required to be filed with the Secretary of State of the State of Delaware that the Delaware Trustee is required to execute under Section 3811 of the Act and there shall be no other duties (including fiduciary duties) or obligations, express or implied, at law or in equity, of the Delaware Trustee.

(c) The Delaware Trustee shall serve until such time as the Asbestos PI Trustees remove the Delaware Trustee or the Delaware Trustee resigns and a successor Delaware Trustee is appointed by the Asbestos PI Trustees in accordance with the terms of Section 5.11(d) below. The Delaware Trustee may resign at any time upon the giving of at least 60 days' advance written notice to the Asbestos PI Trustees; provided, that such resignation shall not become effective unless and until a successor Delaware Trustee shall have been appointed by the Asbestos PI Trustees in accordance with Section 5.11(d) below. If the Asbestos PI Trustees do not act within such 60-day period, the Delaware Trustee may apply to the Court of Chancery of the State of Delaware for the appointment of a successor Delaware Trustee.

(d) Upon the resignation or removal of the Delaware Trustee, the Asbestos PI Trustees shall appoint a successor Delaware Trustee by delivering a written instrument to the outgoing Delaware Trustee. Any successor Delaware Trustee must satisfy the requirements of Section 3807 of the Act. Any resignation or removal of the Delaware Trustee and appointment of a successor Delaware Trustee shall not become effective until a written acceptance of appointment is delivered by the successor Delaware Trustee to the outgoing Delaware Trustee and the Asbestos PI Trustees and any fees and expenses due to the outgoing Delaware Trustee are paid. Following compliance with the preceding sentence, the successor Delaware Trustee shall become fully vested with all of the rights, powers, duties and obligations of the outgoing Delaware Trustee under this Agreement, with like effect as if originally named as Delaware Trustee, and the outgoing Delaware Trustee shall be discharged of its duties and obligations under this Agreement.

Article VI. Trust Advisory Committee

6.1 Initial Members of the Asbestos PI Trust Advisory Committee.

(a) The Asbestos PI Trust Advisory Committee shall consist of five (5) members, who shall initially be the persons named on the signature page hereof.

(b) Each initial member of the Asbestos PI Trust Advisory Committee shall serve until the earliest of (i) the end of his or her term pursuant to Section 6.3(a) below, (ii) his or her death, (iii) his or her resignation pursuant to Section 6.3(b) below, (iv) his or her removal pursuant to Section 6.3(c) below, or (v) the termination of the Asbestos PI Trust pursuant to Section 8.2 below.

6.2 Duties. The members of the Asbestos PI Trust Advisory Committee shall serve in a fiduciary capacity, representing all of the holders of present Asbestos PI Claims for the purpose

of protecting the rights of such persons. The Asbestos PI Trustees must consult with the Asbestos PI Trust Advisory Committee on matters identified in Section 2.2(d) above and in other provisions herein and must obtain the consent of the Asbestos PI Trust Advisory Committee on matters identified in Section 2.2(e) above. Where provided in the Asbestos PI Trust Distribution Procedures, certain other actions of the Asbestos PI Trustees are also subject to the consent of the Asbestos PI Trust Advisory Committee.

6.3 Term of Office.

(a) The initial members of the Asbestos PI Trust Advisory Committee appointed in accordance with Section 6.1(a) above shall serve the staggered three-, four-, or five-year terms shown on the signatures pages hereof. Thereafter, each term of service shall be five (5) years. Each member of the Asbestos PI Trust Advisory Committee shall serve until the earliest of (i) the end of his or her first full term of office, (ii) his or her death, (iii) his or her resignation pursuant to Section 6.3(b) below, (iv) his or her removal pursuant to Section 6.3(c) below, or (v) the termination of the Asbestos PI Trust pursuant to Section 8.2 below, in each case as specified in 6.1(b) or 6.4(b), as applicable.

(b) A member of the Asbestos PI Trust Advisory Committee may resign at any time by written notice to the other members of the Asbestos PI Trust Advisory Committee, the Asbestos PI Trustees and the Future Claimants' Representative. Such notice shall specify a date when such resignation shall take effect, which shall not be less than ninety (90) days after the date such notice is given, where practicable.

(c) A member of the Asbestos PI Trust Advisory Committee may be removed in the event that he or she becomes unable to discharge his or her duties hereunder due to accident, physical deterioration, mental incompetence, a consistent pattern of neglect and failure to perform or to participate in performing the duties of such member (such as repeated nonattendance of scheduled meetings) or for other good cause. Such removal shall be made at the recommendation of the other members of the Asbestos PI Trust Advisory Committee with the approval of the Bankruptcy Court.

6.4 Successor Members of the Asbestos PI Trust Advisory Committee.

(a) If, prior to the termination of service of a member of the Asbestos PI Trust Advisory Committee other than as a result of removal, he or she has designated in writing an individual to succeed him or her as a member of the Asbestos PI Trust Advisory Committee, such individual shall be his or her successor. If such member of the Asbestos PI Trust Advisory Committee did not designate an individual to succeed him or her prior to the termination of his or her service as contemplated above, such member's law firm may designate his or her successor. If (i) a member of the Asbestos PI Trust Advisory Committee did not designate an individual to succeed him or her prior to the termination of his or her service and such member's law firm does not designate his or her successor as contemplated above or (ii) he or she is removed pursuant to Section 6.3(c) above, his or her successor shall be appointed by a majority of the remaining members of the Asbestos PI Trust Advisory Committee or, if such members cannot agree on a successor, the Bankruptcy Court. Nothing in this Agreement shall prevent the reappointment of an individual serving as a member of the Asbestos PI Trust Advisory

Committee for an additional term or terms and there shall be no limit on the number of terms that an Asbestos PI Trust Advisory Committee member may serve.

(b) Each successor member of the Asbestos PI Trust Advisory Committee shall serve until the earliest of (i) the end of a full term of five (5) years for which he or she was appointed if his or her immediate predecessor member of the Asbestos PI Trust Advisory Committee completed his or her term pursuant to Section 6.3(a) above, (ii) the end of the term of the member of the Asbestos PI Trust Advisory Committee whom he or she replaced if his or her predecessor member did not complete such term, (iii) his or her death, (iv) his or her resignation pursuant to Section 6.3(b) above, (v) his or her removal pursuant to Section 6.3(c) above, or (vi) the termination of the Asbestos PI Trust pursuant to Section 8.2 below.

6.5 TAC's Employment of Professionals.

(a) The Asbestos PI Trust Advisory Committee may, but is not required to, retain and/or consult counsel, accountants, appraisers, auditors, forecasters, experts, financial and investment advisors and such other parties deemed by the Asbestos PI Trust Advisory Committee to be qualified as experts on any matter submitted to the Asbestos PI Trust Advisory Committee (the "Asbestos PI Trust Advisory Committee Professionals"). The Asbestos PI Trust Advisory Committee and the Asbestos PI Trust Advisory Committee Professionals shall at all times have complete access to the Asbestos PI Trust's officers, employees and agents, as well as to any Trust Professionals, and shall also have complete access to all information generated by them or otherwise available to the Asbestos PI Trust or the Asbestos PI Trustees; provided that in no event shall the Asbestos PI Trust Advisory Committee, its members or the Asbestos PI Trust Advisory Committee Professionals have any right to consult with counsel to the Asbestos PI Trust or obtain any information in such a manner as would result in the waiver of attorney-client or other applicable privilege belonging to the Asbestos PI Trust. In the absence of gross negligence, the written opinion of or information provided by any Asbestos PI Trust Advisory Committee Professional or Trust Professional deemed by the Asbestos PI Trust Advisory Committee to be qualified as an expert on the particular matter submitted to the Asbestos PI Trust Advisory Committee shall be full and complete authorization and protection in support of any action taken or not taken by the Asbestos PI Trust Advisory Committee in good faith and in accordance with the written opinion of or information provided by such Asbestos PI Trust Advisory Committee Professional or Trust Professional.

(b) The Asbestos PI Trust shall promptly reimburse, or pay directly if so instructed, the Asbestos PI Trust Advisory Committee for any reasonable fees and expenses associated with the Asbestos PI Trust Advisory Committee's employment of legal counsel pursuant to this provision in connection with the Asbestos PI Trust Advisory Committee's performance of its duties hereunder. The Asbestos PI Trust shall also promptly reimburse, or pay directly if so instructed, the Asbestos PI Trust Advisory Committee for any reasonable fees and expenses associated with the Asbestos PI Trust Advisory Committee's employment of any other Asbestos PI Trust Advisory Committee Professional pursuant to this provision in connection with the Asbestos PI Trust Advisory Committee's performance of its duties hereunder; provided, however, that (i) the Asbestos PI Trust Advisory Committee has first submitted to the Asbestos PI Trust a written request for such reimbursement setting forth the reasons (A) why the Asbestos PI Trust Advisory Committee desires to employ such Asbestos PI

Trust Advisory Committee Professional and (B) why the Asbestos PI Trust Advisory Committee cannot rely on Trust Professionals to meet the needs of the Asbestos PI Trust Advisory Committee for such expertise or advice and (ii) the Asbestos PI Trust has approved the Asbestos PI Trust Advisory Committee's request for reimbursement in writing. If the Asbestos PI Trust agrees to pay for the Asbestos PI Trust Advisory Committee Professional, such reimbursement shall be treated as an Asbestos PI Trust Expense. If the Asbestos PI Trust declines to pay for the Asbestos PI Trust Advisory Committee Professional, it must set forth its reasons in writing. If the Asbestos PI Trust Advisory Committee still desires to employ such Asbestos PI Trust Advisory Committee Professional at the expense of the Asbestos PI Trust, the Asbestos PI Trust Advisory Committee and/or the Asbestos PI Trustees shall resolve their dispute in accordance with Section 8.12 below.

6.6 Compensation and Expenses of the Asbestos PI Trust Advisory Committee. Each member of the Asbestos PI Trust Advisory Committee shall receive compensation from the Asbestos PI Trust for attendance at meetings or other Asbestos PI Trust business performed in the form of a reasonable hourly rate set by the Asbestos PI Trustees. In addition, the Asbestos PI Trust shall promptly reimburse each member of the Asbestos PI Trust Advisory Committee for any reasonable out-of-pocket fees and expenses incurred by him or her in connection with the performance of his or her duties as a member of the Asbestos PI Trust Advisory Committee. Such compensation or reimbursement shall be deemed an Asbestos PI Trust Expense. The Asbestos PI Trust shall include a reasonably detailed description of the amounts paid under this Section 6.6 in the Annual Report.

6.7 Procedures for Consultation with and Obtaining the Consent of the Asbestos PI Trust Advisory Committee.

(a) Consultation Process.

(i) In the event the Asbestos PI Trustees are required to consult with the Asbestos PI Trust Advisory Committee pursuant to Section 2.2(d) above or on other matters as provided herein, the Asbestos PI Trustees shall provide the Asbestos PI Trust Advisory Committee with written advance notice of the matter under consideration and with all relevant information concerning the matter as is reasonably practicable under the circumstances. The Asbestos PI Trustees shall also provide the Asbestos PI Trust Advisory Committee with such reasonable access to any counsel, accountants, appraisers, auditors, forecasters, experts or financial or investment advisors retained by the Asbestos PI Trust and its staff (if any) as the Asbestos PI Trust Advisory Committee may reasonably request during the time that the Asbestos PI Trustees are considering such matter and shall also provide the Asbestos PI Trust Advisory Committee the opportunity, at reasonable times and for reasonable periods of time, to discuss and comment on such matter with the Asbestos PI Trustees; provided that in no event shall the Asbestos PI Trust Advisory Committee or its members have any right to consult with counsel to the Asbestos PI Trust or obtain any information in such a manner as would result in the waiver of attorney-client or other applicable privilege belonging to the Asbestos PI Trust.

(ii) In determining when to take definitive action on any matter subject to the consultation process set forth in this Section 6.7(a), the Asbestos PI Trustees shall take into consideration the time required for the Asbestos PI Trust Advisory Committee, if its members so

wish, to engage and consult with its own independent financial or investment advisors as to such matter. In any event, the Asbestos PI Trustees shall not take definitive action on any such matter until at least thirty (30) days after providing the Asbestos PI Trust Advisory Committee with the initial written notice that such matter is under consideration by the Asbestos PI Trustees, unless such time period is waived by the Asbestos PI Trust Advisory Committee.

(b) Consent Process.

(i) In the event the Asbestos PI Trustees are required to obtain the consent of the Asbestos PI Trust Advisory Committee pursuant to Section 2.2(e) above, the Asbestos PI Trustees shall provide the Asbestos PI Trust Advisory Committee with a written notice stating that its consent is being sought pursuant to that provision, describing in detail the nature and scope of the action the Asbestos PI Trustees propose to take and explaining in detail the reasons why the Asbestos PI Trustees desire to take such action. The Asbestos PI Trustees shall provide the Asbestos PI Trust Advisory Committee as much relevant additional information concerning the proposed action as is reasonably practicable under the circumstances. The Asbestos PI Trustees shall also provide the Asbestos PI Trust Advisory Committee with such reasonable access to any counsel, accountants, appraisers, auditors, forecasters, experts or financial or investment advisors retained by the Asbestos PI Trust and its staff (if any) as the Asbestos PI Trust Advisory Committee may reasonably request during the time that the Asbestos PI Trustees are considering such action, and shall also provide the Asbestos PI Trust Advisory Committee the opportunity, at reasonable times and for reasonable periods of time, to discuss and comment on such action with the Asbestos PI Trustees; provided that in no event shall the Asbestos PI Trust Advisory Committee or its members have any right to consult with counsel to the Asbestos PI Trust or obtain any information in such a manner as would result in the waiver of attorney-client or other applicable privilege belonging to the Asbestos PI Trust.

(ii) The Asbestos PI Trust Advisory Committee must consider in good faith and in a timely fashion any request for its consent by the Asbestos PI Trustees and must in any event advise the Asbestos PI Trustees in writing of its consent or its objection to the proposed action within thirty (30) days of receiving the original request for consent from the Asbestos PI Trustees. The Asbestos PI Trust Advisory Committee may not withhold its consent unreasonably. If the Asbestos PI Trust Advisory Committee decides to withhold its consent, it must explain in detail its objections to the proposed action. If the Asbestos PI Trust Advisory Committee does not advise the Asbestos PI Trustees in writing of its consent or its objections to the action within thirty (30) days of receiving notice regarding such request, the Asbestos PI Trust Advisory Committee's consent to the proposed actions shall be deemed to have been affirmatively granted.

(iii) If, after following the procedures specified in this Section 6.7(b), the Asbestos PI Trust Advisory Committee continues to object to the proposed action and to withhold its consent to the proposed action, the Asbestos PI Trustees and/or the Asbestos PI Trust Advisory Committee shall resolve their dispute in accordance with Section 8.12 below. However, the burden of proof with respect to the validity of the Asbestos PI Trust Advisory Committee's objection and withholding of its consent shall be on the Asbestos PI Trust Advisory Committee.

Article VII. The Future Claimants' Representative

7.1 Appointment of Initial Future Claimants' Representative. The initial Future Claimants' Representative shall be the individual named on the signature page hereto.

7.2 Duties. The Future Claimants' Representative shall serve in a fiduciary capacity, representing the interests of the holders of future Asbestos PI Claims for the purpose of protecting the rights of such persons. The Asbestos PI Trustees must consult with the Future Claimants' Representative on matters identified in Section 2.2(d) above and on certain other matters provided herein and must obtain the consent of the Future Claimants' Representative on matters identified in Section 2.2(e) above. Where provided in the Asbestos PI Trust Distribution Procedures, certain other actions by the Asbestos PI Trustees are also subject to the consent of the Future Claimants' Representative.

7.3 Term of Office.

(a) Each Future Claimants' Representative shall serve until the earliest of (i) his or her death, (ii) his or her resignation pursuant to Section 7.3(b) below, (iii) his or her removal pursuant to Section 7.3(c) below, or (iv) the termination of the Asbestos PI Trust pursuant to Section 8.2 below.

(b) The Future Claimants' Representative may resign at any time by written notice to the Asbestos PI Trustees. Such notice shall specify a date when such resignation shall take effect, which shall not be less than ninety (90) days after the date such notice is given, where practicable.

(c) At the request of the Asbestos PI Trustees or the Asbestos PI Trust Advisory Committee, the Future Claimants' Representative may be removed pursuant to an order of the Bankruptcy Court in the event he or she becomes unable to discharge his or her duties hereunder due to accident, physical deterioration, mental incompetence, a consistent pattern of neglect and failure to perform, or to participate in performing, his or her duties hereunder (such as repeated nonattendance at scheduled meetings) or for other good cause.

7.4 Appointment of Successor. A vacancy caused by death or resignation shall be filled with an individual nominated prior to the effective date of the resignation or the death by the resigning or deceased Future Claimants' Representative, and a vacancy caused by removal of the Future Claimants' Representative shall be filled with an individual nominated by the Asbestos PI Trustees in consultation with the Asbestos PI Trust Advisory Committee, subject, in each case, to the approval of the Bankruptcy Court. In the event a majority of the Asbestos PI Trustees cannot agree, or a nominee has not been pre-selected, the successor shall be chosen by the Bankruptcy Court.

7.5 Future Claimants' Representative's Employment of Professionals.

(a) The Future Claimants' Representative may, but is not required to, retain and/or consult counsel, accountants, appraisers, auditors, forecasters, experts, financial and investment advisors and such other parties deemed by the Future Claimants' Representative to be qualified as experts on any matter submitted to the Future Claimants' Representative (the

"Future Representative Professionals"). The Future Claimants' Representative and the Future Representative Professionals shall at all times have complete access to the Asbestos PI Trust's officers, employees and agents, as well as to Trust Professionals, and shall also have complete access to all information generated by them or otherwise available to the Asbestos PI Trust or the Asbestos PI Trustees; provided that in no event shall the Future Claimants' Representative or the Future Representative Professionals have any right to consult with counsel to the Asbestos PI Trust or obtain any information in such a manner as would result in the waiver of attorney-client or other applicable privilege belonging to the Asbestos PI Trust. In the absence of gross negligence, the written opinion of or information provided by any Future Representative Professional or Trust Professional deemed by the Future Claimants' Representative to be qualified as an expert on the particular matter submitted to the Future Claimants' Representative shall be full and complete authorization and protection in support of any action taken or not taken by the Future Claimants' Representative in good faith and in accordance with the written opinion of or information provided by such Future Representative Professional or Trust Professional.

(b) The Asbestos PI Trust shall promptly reimburse, or pay directly if so instructed, the Future Claimants' Representative for any reasonable fees and expenses associated with the Future Claimants' Representative's employment of legal counsel pursuant to this provision in connection with the Future Claimants' Representative's performance of his or her duties hereunder. The Asbestos PI Trust shall also promptly reimburse, or pay directly if so instructed, the Future Claimants' Representative for any reasonable fees and expenses associated with the Future Claimants' Representative's employment of any other Future Representative Professional pursuant to this provision in connection with the Future Claimants' Representative's performance of his or her duties hereunder; provided, however, that (i) the Future Claimants' Representative has first submitted to the Asbestos PI Trust a written request for such reimbursement setting forth the reasons (A) why the Future Claimants' Representative desires to employ such Future Representative Professional and (B) why the Future Claimants' Representative cannot rely on Trust Professionals to meet the needs of the Future Claimants' Representative for such expertise or advice and (ii) the Asbestos PI Trust has approved the Future Claimants' Representative's request for reimbursement in writing. If the Asbestos PI Trust agrees to pay for the Future Representative Professional, such reimbursement shall be treated as an Asbestos PI Trust Expense. If the Asbestos PI Trust declines to pay for the Future Representative Professional, it must set forth its reasons in writing. If the Future Claimants' Representative still desires to employ such Future Representative Professional at the expense of the Asbestos PI Trust, the Future Claimants' Representative and/or the Asbestos PI Trustees shall resolve their dispute pursuant to Section 8.12 below.

7.6 Compensation and Expenses of the Future Claimants' Representative. The Future Claimants' Representative shall receive compensation from the Asbestos PI Trust at the rate of $_______ per hour for attendance at meetings or other Asbestos PI Trust business performed. The compensation payable to the Future Claimants' Representative hereunder shall be reviewed every three (3) years and appropriately adjusted by the Asbestos PI Trustees. In addition, the Asbestos PI Trust shall promptly reimburse the Future Claimants' Representative for any reasonable out-of-pocket fees and expenses incurred by him or her in connection with the performance of his or her duties as the Future Claimants' Representative. Such compensation or reimbursement shall be deemed an Asbestos PI Trust Expense. The Asbestos PI Trust shall

include a reasonably detailed description of the amounts paid under this Section 7.6 in the Annual Report.

7.7 Procedures for Consultation with and Obtaining the Consent of the Future Claimants' Representative.

(a) Consultation Process.

(i) In the event the Asbestos PI Trustees are required to consult with the Future Claimants' Representative pursuant to Section 2.2(d) above or on any other matters specified herein, the Asbestos PI Trustees shall provide the Future Claimants' Representative with written advance notice of the matter under consideration and with all relevant information concerning the matter as is reasonably practicable under the circumstances. The Asbestos PI Trustees shall also provide the Future Claimants' Representative with such reasonable access to any counsel, accountants, appraisers, auditors, forecasters, experts or financial or investment advisor retained by the Asbestos PI Trust and its staff (if any) as the Future Claimants' Representative may reasonably request during the time that the Asbestos PI Trustees are considering such matter, and shall also provide the Future Claimants' Representative the opportunity, at reasonable times and for reasonable periods of time, to discuss and comment on such matter with the Asbestos PI Trustees; provided that in no event shall the Future Claimants' Representative have any right to consult with counsel to the Asbestos PI Trust or obtain any information in such a manner as would result in the waiver of attorney-client or other applicable privilege belonging to the Asbestos PI Trust.

(ii) In determining when to take definitive action on any matter subject to the consultation process set forth in this Section 7.7(a), the Asbestos PI Trustees shall take into consideration the time required for the Future Claimants' Representative, if he or she so wishes, to engage and consult with his or her own independent financial or investment advisors as to such matter. In any event, the Asbestos PI Trustees shall not take definitive action on any such matter until at least thirty (30) days after providing the Future Claimants' Representative with the initial written notice that such matter is under consideration by the Asbestos PI Trustees, unless such time period is waived by the Future Claimants' Representative.

(b) Consent Process.

(i) In the event the Asbestos PI Trustees are required to obtain the consent of the Future Claimants' Representative pursuant to Section 2.2(e) above, the Asbestos PI Trustees shall provide the Future Claimants' Representative with a written notice stating that his or her consent is being sought pursuant to that provision, describing in detail the nature and scope of the action the Asbestos PI Trustees propose to take and explaining in detail the reasons why the Asbestos PI Trustees desire to take such action. The Asbestos PI Trustees shall provide the Future Claimants' Representative as much relevant additional information concerning the proposed action as is reasonably practicable under the circumstances. The Asbestos PI Trustees shall also provide the Future Claimants' Representative with such reasonable access to any counsel, accountants, appraisers, auditors, forecasters, experts or financial or investment advisors retained by the Asbestos PI Trust and its staff (if any) as the Future Claimants' Representative may reasonably request during the time that the Asbestos PI Trustees are considering such

action, and shall also provide the Future Claimants' Representative the opportunity, at reasonable times and for reasonable periods of time, to discuss and comment on such action with the Asbestos PI Trustees; provided that in no event shall the Future Claimants' Representative have any right to consult with counsel to the Asbestos PI Trust or obtain any information in such a manner as would result in the waiver of attorney-client or other applicable privilege belonging to the Asbestos PI Trust.

(ii) The Future Claimants' Representative must consider in good faith and in a timely fashion any request for his or her consent by the Asbestos PI Trustees and must in any event advise the Asbestos PI Trustees in writing of his or her consent or objection to the proposed action within thirty (30) days of receiving the original request for consent from the Asbestos PI Trustees. The Future Claimants' Representative may not withhold his or her consent unreasonably. If the Future Claimants' Representative decides to withhold consent, he or she must explain in detail his or her objections to the proposed action. If the Future Claimants' Representative does not advise the Asbestos PI Trustees in writing of his or her consent or objections to the proposed action within thirty (30) days of receiving the notice from the Asbestos PI Trustees regarding such consent, the Future Claimants' Representative's consent shall be deemed to have been affirmatively granted.

(iii) If, after following the procedures specified in this Section 7.7(b), the Future Claimants' Representative continues to object to the proposed action and to withhold his or her consent to the proposed action, the Asbestos PI Trustees and/or the Future Claimants' Representative shall resolve their dispute in accordance with Section 8.12 below. However, the burden of proof with respect to the validity of the Future Claimants' Representative's objection and withholding of his or her consent shall be on the Future Claimants' Representative.

Article VIII. General Provisions

8.1 Irrevocability. The Asbestos PI Trust is irrevocable.

8.2 Term and Termination.

(a) The term for which the Asbestos PI Trust is to exist shall commence on the date of the filing of the Certificate of Trust and shall terminate pursuant to the provisions of Section 8.2 below.

(b) The Asbestos PI Trust shall automatically dissolve on the date (the "Dissolution Date") ninety (90) days after the first to occur of the following:

(i) the date on which the Asbestos PI Trustees decide to dissolve the Asbestos PI Trust because (A) the Asbestos PI Trustees deem it unlikely that any new Asbestos PI Claim will be filed against the Asbestos PI Trust, (B) all Asbestos PI Claims duly filed with the Asbestos PI Trust have been liquidated and, to the extent possible based upon the funds available to the Asbestos PI Trust through the Plan, paid to the extent provided in this Agreement and the Asbestos PI Trust Distribution Procedures or disallowed by a final, non-appealable order, and (C) twelve (12) consecutive months have elapsed during which no new Asbestos PI Claim has been filed with the Asbestos PI Trust;

(ii) if the Asbestos PI Trustees have procured and have in place irrevocable insurance policies and have established claims handling agreements and other necessary arrangements with suitable third parties adequate to discharge all expected remaining obligations and expenses (including without limitation Asbestos PI Trust Expenses) of the Asbestos PI Trust in a manner consistent with this Agreement and the Asbestos PI Trust Distribution Procedures, the date on which the Bankruptcy Court enters an order approving such insurance and other arrangements and such order becomes a Final Order; or

(iii) to the extent that any rule against perpetuities shall be deemed applicable to the Asbestos PI Trust, that date which is twenty-one (21) years less ninety-one (91) days after the death of the last survivor of all of the descendants of the late Joseph P. Kennedy, Sr., father of the late President John F. Kennedy, living on the date hereof.

(c) On the Dissolution Date or as soon as reasonably practicable, after the wind-up of the Asbestos PI Trust's affairs by the Asbestos PI Trustees and payment of all the Asbestos PI Trust's liabilities (including without limitation Asbestos PI Trust Expenses) has been provided for as required by applicable law including Section 3808 of the Act, all assets remaining in the Asbestos PI Trust estate shall be given to such organization(s) exempt from federal income tax under section 501(c)(3) of the IRC, which tax-exempt organization(s) shall be selected by the Asbestos PI Trustees using their reasonable discretion; provided, however, that (i) if practicable, the activities of the selected tax-exempt organization(s) shall be related to the treatment of, research on or the relief of suffering of individuals suffering from asbestos-related lung diseases or disorders and (ii) the tax-exempt organization(s) shall not bear any relationship to the Company or PENAC within the meaning of section 468B(d)(3) of the IRC. Notwithstanding any contrary provision of the Plan and related documents, this Section 8.2(c) cannot be modified or amended.

(d) Following the dissolution and distribution of the assets of the Asbestos PI Trust, the Asbestos PI Trust shall terminate and the Asbestos PI Trustees, or any one of them, shall execute and cause a Certificate of Cancellation of the Certificate of Trust of the Asbestos PI Trust to be filed in accordance with the Act. Notwithstanding anything to the contrary contained in this Agreement, the existence of the Asbestos PI Trust as a separate legal entity shall continue until the filing of such Certificate of Cancellation.

8.3 Amendments. The Asbestos PI Trustees may modify or amend this Agreement by a writing signed by each Trustee; provided, however, that any such amendment shall require the consent of each member of the Asbestos PI Trust Advisory Committee and the Future Claimants' Representative in accordance with Section 2.2(e) above; and provided, further, that no such modification or amendment, unless the modification or amendment is signed by the Delaware Trustee, may adversely affect the rights, duties or obligations of the Delaware Trustee. The Asbestos PI Trustees may modify or amend the Asbestos PI Trust Distribution Procedures by a writing signed by each Asbestos PI Trustee with the consent of the Asbestos PI Trust Advisory Committee and the Future Claimants' Representative as provided in the Asbestos PI Trust Distribution Procedures; provided, however, that no amendment to such procedures shall be inconsistent with the provisions limiting amendments to such procedures provided therein and, in particular, the provisions limiting amendment of the "Claims Payment Ratio" set forth in Section 2.5 of the Asbestos PI Trust Distribution Procedures and of the "Payment Percentage"

set forth in Section 4.2 of the Asbestos PI Trust Distribution Procedures. Notwithstanding anything contained in this Agreement to the contrary, none of this Agreement, the Asbestos PI Trust Distribution Procedures or the Trust Bylaws, or any document annexed to the foregoing, shall be modified or amended in any way that could jeopardize, impair or modify the applicability of section 524(g) of the Bankruptcy Code, the efficacy or enforceability of the Asbestos PI Channeling Injunction or the Asbestos PI Trust's qualified settlement fund status under section 1.468B-1 *et seq.* of the Treasury Regulations promulgated under section 468B of the IRC.

8.4 Severability. Should any provision in this Agreement be determined to be unenforceable, such determination shall in no way limit or affect the enforceability and operative effect of any and all other provisions of this Agreement.

8.5 Notices.

(a) Any notices or other communications required or permitted hereunder to any person asserting a Asbestos PI Claim shall be in writing and delivered at the address for such person or, where applicable, such person's legal representative, in each case as provided on such person's claim form submitted to the Asbestos PI Trust with respect to his or her claim, or mailed by first class mail, postage prepaid, addressed to such address.

(b) Any notices or other communications required or permitted hereunder to any of the following parties shall be in writing and delivered at the address, email address or facsimile number for such party designated below, or in accordance with such other instructions as may hereafter be furnished in writing to each of the other parties listed below in compliance with the terms hereof.

To THAN:

T H Agriculture & Nutrition, L.L.C.
250 West 57th Street, Suite 901
New York, New York 10107-0001
Attention: Joseph Wolf, Jr., President
Steven L. Carter, Secretary

Facsimile: ______________________________
Email: _________________________________

with a copy to:

____
____
____
Attention: ______________________
____

Facsimile: ______________________________
Email: _________________________________

To PENAC:

Philips Electronics North America Corp.
3000 Minuteman Road, Bldg. 1
Andover, Massachusetts 01810
Attention: Joseph E. Innamorati, Esq.

Facsimile: ______________________________
Email: _________________________________

with a copy to:

Sullivan & Cromwell LLP
125 Broad Street
New York, New York 10004-2498
Attention: Garrard R. Beeney, Esq.

Facsimile: ______________________________
Email: _________________________________

To the Asbestos PI Trust through the Asbestos PI Trustees:

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Facsimile: ______________________________
Email: ________________________________

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Facsimile: ______________________________
Email: ________________________________

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Facsimile: ____________________________
Email: ______________________________

with a copy to:

____
____
____
Facsimile: ____________________________
Attention: ____________________________
Email: ______________________________

To the Delaware Trustee:

Wilmington Trust Company
1100 N. Market Street
Wilmington, Delaware 19890-1625
Attention: Joseph B. Feil
Email: jfeil@wilmingtontrust.com

To the Asbestos PI Trust Advisory Committee:

____
____
____
____
____
Facsimile: ____________________________
Email: ______________________________

____
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____
____
____
Facsimile: ____________________________
Email: ______________________________

Facsimile:
Email:

Facsimile:
Email:

Facsimile:
Email:

with a copy to:

Facsimile:
Email:

To the Future Claimants' Representative:

Professor Samuel Issacharoff
New York University School of Law
40 Washington Square South
New York, New York 10012-1099

Facsimile:
Email:

with a copy to:

Stutzman, Bromberg, Esserman & Plifka, A Professional Corporation
2323 Bryan Street
Suite 2200
Dallas, TX 75201-2689
Attn: Sander L. Esserman, Esq.

Facsimile: 214-969-4999
Email: Esserman@sbep-law.com

(c) All notices and communications in accordance with this Section 8.5 shall be deemed given (i) when delivered personally, (ii) when sent by email or facsimile before 5:00 p.m., prevailing Eastern time, on a Business Day with a copy of such email or facsimile sent on the same day to the recipient by reputable overnight courier service (charges prepaid), (iii) five days after deposit in the U.S. mail, mailed by registered or certified mail, return receipt requested, postage prepaid, or (iv) one Business Day after being sent to the recipient by reputable overnight courier service (charges prepaid).

8.6 Successors and Assigns. The provisions of this Agreement shall be binding upon and inure to the benefit of the Company, the Asbestos PI Trust, the Asbestos PI Trustees, the Delaware Trustee, the members of the Asbestos PI Trust Advisory Committee, the Future Claimants' Representative and their respective successors and assigns, except that none of such persons may assign or otherwise transfer any of its rights or obligations under this Agreement except, in the case of the Asbestos PI Trust and the Asbestos PI Trustees, as contemplated by Section 2.1 above.

8.7 Limitation on Claim Interests for Securities Laws Purposes. Asbestos PI Claims and any interests therein (a) shall not be assigned, conveyed, hypothecated, pledged or otherwise transferred, voluntarily or involuntarily, directly or indirectly, except by will or under the laws of descent and distribution, (b) shall not be evidenced by a certificate or other instrument, (c) shall not possess any voting rights, or (d) shall not be entitled to receive any dividends or interest; provided, however, that clause (a) of this Section 8.7 shall not apply to the holder of a claim that is subrogated to a Asbestos PI Claim as a result of its satisfaction of such claim.

8.8 Entire Agreement; No Waiver. The entire agreement of the parties relating to the subject matter of this Agreement is contained herein and in the documents referred to herein, and this Agreement and such documents supersede any prior oral or written agreements concerning the subject matter hereof. No failure to exercise or delay in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege hereunder preclude any further exercise thereof or of any other right, power or privilege. The rights and remedies herein provided are cumulative and are not exclusive of rights under law or in equity.

8.9 Headings. The headings used in this Agreement are inserted for convenience only and do not constitute a portion of this Agreement, nor in any manner affect the construction of the provisions of this Agreement.

8.10 Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Delaware without regard to Delaware conflict of laws principles; provided, however, that there shall not be applicable to the parties hereunder or this Agreement any provision of the laws (common or statutory) of the state of Delaware pertaining to trusts that relate to or regulate, in a manner inconsistent with the terms hereof, (a) the filing with any court or governmental body or agency of trustee accounts or schedules of trustee fees and charges, (b) affirmative requirements to post bonds for trustees, officers, agents or employees of a trust, (c) the necessity for obtaining court or other governmental approval concerning the acquisition, holding or disposition of real or personal property, (d) fees or other sums payable to trustees, officers, agents or employees of a trust, (e) the allocation of receipts and expenditures to income or principal, (f) restrictions or limitations on the permissible nature, amount or concentration of trust investments or requirements relating to the titling, storage or other manner of holding or investing trust assets or (g) the establishment of fiduciary or other standards of responsibility or limitations on the acts or powers of trustees that are inconsistent with the limitations or authorities and powers of the Asbestos PI Trustees and Delaware Trustee hereunder as set forth or referenced in this Agreement. Section 3540 of title 12 of the Delaware Code shall not apply to the Asbestos PI Trust.

8.11 Settlors Representative and Cooperation. The Company and PENAC are hereby irrevocably designated as the settlors of the Asbestos PI Trust, and they are hereby authorized to take any action required as such in connection with this Agreement. The Company and PENAC agree to cooperate in implementing the goals and objectives of the Asbestos PI Trust.

8.12 Dispute Resolution. Any disputes that arise under this Agreement or under the Asbestos PI Trust Distribution Procedures shall be resolved by submission of the matter to an alternative dispute resolution ("ADR") process mutually agreeable to the parties involved. Should any party to the ADR process be dissatisfied with the decision of the arbitrator(s), that party may apply to the Bankruptcy Court for a judicial determination of the matter. Any review conducted by the Bankruptcy Court shall be *de novo*. In any case, if the dispute arose pursuant to the consent provision set forth in Section 6.7(b) above or Section 7.7(b) above, the burden of proof shall be on the party or parties who withheld consent to show that the objection was valid. Should the dispute not be resolved by the ADR process within thirty (30) days after submission, the parties are relieved of the requirement to pursue ADR prior to application to the Bankruptcy Court. If the Asbestos PI Trustees determine that the matter in dispute is exigent and cannot await the completion of the ADR process, the Asbestos PI Trustees shall have the discretion to elect out of the ADR process altogether or at any stage of the process and seek resolution of the dispute in the Bankruptcy Court.

8.13 Enforcement and Administration. The provisions of this Agreement and the Asbestos PI Trust Distribution Procedures attached hereto shall be enforced by the Bankruptcy Court pursuant to the Plan. The parties hereby further acknowledge and agree that the Bankruptcy Court shall have exclusive jurisdiction over the settlement of the accounts of the Asbestos PI Trust and over any disputes hereunder not resolved by ADR in accordance with

Section 8.12 above. Notwithstanding anything else herein contained, to the extent any provision of this Agreement is inconsistent with any provision of the Asbestos PI Trust Distribution Procedures or the Plan, the Asbestos PI Trust Distribution Procedures or the Plan, as the case may be, shall control.

8.14 Effectiveness. This Agreement shall not become effective until it has been executed and delivered by all the parties hereto.

8.15 Counterpart Signatures. This Agreement may be executed in any number of counterparts, each of which shall constitute an original, but such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first written above.

SETTLORS

T H AGRICULTURE & NUTRITION, L.L.C.

By: ____________________________
Name: _________________________
Title: __________________________

PHILIPS ELECTRONICS NORTH AMERICA CORPORATION

By: ____________________________
Name: _________________________
Title: __________________________

TRUSTEES

____
Name: __________________________
Expiration Date of Initial Term: _______ anniversary of the date of this Agreement

____
Name: __________________________
Expiration Date of Initial Term: _______ anniversary of the date of this Agreement

____
Name: _________________________
Expiration Date of Initial Term: _______ anniversary of the date of this Agreement

DELAWARE TRUSTEE

WILMINGTON TRUST COMPANY

By: ____________________________
Name: _________________________
Title: __________________________

MEMBERS OF THE ASBESTOS PI TRUST ADVISORY COMMITTEE

____
Name: __________________________
Expiration Date of Initial Term: ________ anniversary of the date of this Agreement

____
Name: __________________________
Expiration Date of Initial Term: ________ anniversary of the date of this Agreement

____
Name: __________________________
Expiration Date of Initial Term: ________ anniversary of the date of this Agreement

____
Name: __________________________
Expiration Date of Initial Term: ________ anniversary of the date of this Agreement

____
Name: __________________________
Expiration Date of Initial Term: ________ anniversary of the date of this Agreement

FUTURE CLAIMANTS' REPRESENTATIVE

____
Name: Samuel Issacharoff

EXHIBIT A

CERTIFICATE OF TRUST

OF

T H AGRICULTURE & NUTRITION, L.L.C.

ASBESTOS PERSONAL INJURY TRUST

THIS Certificate of Trust of the T H Agriculture & Nutrition, L.L.C. Asbestos Personal Injury Trust (the "Trust") is being duly executed and filed by the undersigned, as trustees, to form a statutory trust under the Delaware Statutory Trust Act (12 Del. Code, § 3801 et seq.) (the "Act").

1. Name. The name of the statutory trust formed hereby is T H Agriculture & Nutrition, L.L.C. Asbestos Personal Injury Trust.

2. Delaware Trustee. The name and business address of the trustee of the Trust in the State of Delaware are Wilmington Trust Company, 1100 N. Market Street, Wilmington, Delaware 19890-1625, Attention: Corporate Trust Administration.

3. Effective Date. This Certificate of Trust shall be effective upon filing.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the undersigned have duly executed this Certificate of Trust in accordance with Section 3811(a) of the Act.

WILMINGTON TRUST COMPANY, not in its individual capacity but solely as Delaware Trustee

By:_____
Name:_____
Title:_____

_____
_____, not in his individual capacity but solely as Trustee

_____
_____, not in his individual capacity but solely as Trustee

_____
_____, not in his individual capacity but solely as Trustee

EXHIBIT B

Asbestos PI Trust Indemnification Agreement

Exhibit B
to T H Agriculture & Nutrition, L.L.C.
Asbestos Personal Injury Trust Agreement

INDEMNIFICATION AGREEMENT

by and among

T H Agriculture & Nutrition, L.L.C.,

and

Philips Electronics North America Corporation,

and

T H Agriculture & Nutrition, L.L.C. Asbestos Personal Injury Trust,

Dated as of _____, 2009

INDEMNIFICATION AGREEMENT

This Indemnification Agreement (this "Agreement") is effective as of __________, 2009, by and among (i) T H Agriculture & Nutrition, L.L.C. (the "Debtor" or "THAN"), a debtor and debtor in possession in Case No. 08-14692 (REG) before the United States Bankruptcy Court for the Southern District of New York, (ii) Philips Electronics North America Corporation, a Delaware corporation ("PENAC") and (iii) T H Agriculture & Nutrition, L.L.C. Asbestos Personal Injury Trust (the "Asbestos PI Trust").

RECITALS

WHEREAS, at the time of the entry of the order for relief in the Chapter 11 Case, personal-injury and wrongful-death claims based on the presence of, or exposure to, asbestos or asbestos-containing products had been asserted against the Debtor, PENAC, and certain other Protected Parties; and

WHEREAS, the Debtor has reorganized under the provisions of chapter 11 of the Bankruptcy Code in a case known as *In re T H Agriculture and Nutrition, L.L.C.*, Case No. 08-14692 (REG), pending before the Bankruptcy Court; and

WHEREAS, the Plan provides for, among other things, the creation of the Asbestos PI Trust; and

WHEREAS, all Asbestos PI Claims are channeled to the Asbestos PI Trust pursuant to the Asbestos PI Channeling Injunction;

WHEREAS, notwithstanding the Asbestos PI Channeling Injunction, to the extent any Asbestos PI Claim is asserted against the Debtor, the Reorganized Debtor, PENAC or any other Protected Party, the Asbestos PI Trust will indemnify such Indemnitees pursuant to this Agreement; and

WHEREAS, the Debtor, the Trustees, members of the Trust Advisory Committee and the Future Claimants' Representative have entered into the T H Agriculture & Nutrition, L.L.C. Asbestos Personal Injury Trust Agreement (the "Asbestos PI Trust Agreement"); and

WHEREAS, pursuant to the Plan and the Asbestos PI Trust Agreement, the Asbestos PI Trust is to use its assets and income to pay Asbestos PI Claims; and

WHEREAS, the Plan provides for, among other things, the complete treatment of all liabilities and obligations of the Debtor, the Reorganized Debtor, PENAC and the other Protected Parties with respect to Asbestos PI Claims; and

WHEREAS, the Plan provides for, among other things, PENAC, on behalf of itself and the other Protected Parties, to make the PENAC Contribution to the Asbestos PI Trust and Reorganized THAN; and

WHEREAS, the Asbestos PI Trust Agreement requires that the Asbestos PI Trust indemnify THAN, Reorganized THAN, PENAC and the other Protected Parties for Asbestos PI Claims.

NOW, THEREFORE, in consideration of the foregoing and the covenants and agreements set forth below and such other valuable consideration, the Parties hereto agree as follows:

ARTICLE I

DEFINITIONS

Section 1.1 (a) Interpretation. All capitalized terms used herein but not otherwise defined shall have the respective meanings given to such terms in the Prepackaged Plan of Reorganization of T H Agriculture & Nutrition, L.L.C. Under Chapter 11 of the Bankruptcy Code (the "Plan"), and such definitions are incorporated herein by reference. All capitalized terms not defined herein or in the Plan, but defined in the Bankruptcy Code or Bankruptcy Rules, shall have the meanings given to them in such code and rules, and such definitions are incorporated herein by reference. When a reference is made in this Agreement to an Article or a Section, such reference shall be to an article or section of this Agreement unless otherwise indicated.

(b) Definitions.

"Asbestos PI Claim" means each of the following (i) a THAN Asbestos PI Claim, (ii) a Derivative Liability Asbestos PI Claim, (iii) an Indirect Asbestos PI Claim, (iv) a Qualified Asbestos PI Claim, and (v) an Asbestos PI Trust Expense. Asbestos PI Claim shall not include an Asbestos Property Damage Claim.

"Indemnified Claims" means any claims against any of the Indemnitees arising out of an Asbestos PI Claim.

"Indemnitees" means THAN, Reorganized THAN and each Protected Party.

"Liabilities" means any and all costs, expenses, actions, causes of action, suits, controversies, damages, claims, demands, debts, liabilities or obligations of any nature, whether known or unknown, foreseen or unforeseen, existing or hereinafter arising, liquidated or unliquidated, matured or not matured, contingent or direct, whether arising at common law, in equity, or under any statute, relating to any Indemnified Claims.

"Party" means each of the signatories hereto.

"Protected Parties" means: (a) THAN and Reorganized THAN; (b) PENAC and any PENAC Related Party; (c) Elementis; and (d) any current or former Representative of any of the above, in their capacities as such.

"Reasonable" means (i) consistent with rates and costs paid by similarly situated indemnitees in similar litigated matters; and (ii) incurred in connection with tasks reasonably deemed by the Indemnitees or their counsel to be necessary to the defense of Indemnified Claims; provided that such tasks shall not include routine monitoring of ongoing litigation unless the Asbestos PI Trust fails to promptly take over the defense of such Indemnified Claim.

"Representatives" means, with respect to any specified Entity, all current or former officers, directors, employees, agents, attorneys, accountants, financial advisors, other representatives, or any person who controls any of these within the meaning of the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended.

ARTICLE II

INDEMNIFICATION

Section 2.1 Indemnification by the Asbestos PI Trust. Except as otherwise provided in this Agreement, the Asbestos PI Trust shall indemnify, defend, pay the Reasonable defense costs for, and hold harmless the Indemnitees from and against any and all Liabilities associated with the Indemnified Claims that any third party seeks to impose upon the Indemnitees, or that are imposed upon the Indemnitees, including, without limitation, Indirect Asbestos PI Claims; provided, however, that the Asbestos PI Trust shall not indemnify the Indemnitees or any other person with respect to any Liabilities associated with (i) Indirect Asbestos PI Claims that are not channeled to the Asbestos PI Trust; or (ii) Insurer Contribution Claims asserted against an Entity other than a Settling Insurer or THAN.

In the event that the Asbestos PI Trust makes a payment to any of the Indemnitees hereunder, and any Liabilities on account of which such payment was made are subsequently reduced, either directly or through a third-party recovery, the applicable Indemnitees will promptly repay the Asbestos PI Trust the amount by which the payment made by the Asbestos PI Trust exceeds the associated indemnified Liabilities after taking into account such reduction.

Section 2.2 Procedures for Defense, Settlement, and Indemnification of Trust Claims.

(a) Notice of Claims. If an Indemnitee shall receive notice or otherwise learn of the assertion or commencement by an Entity of any Indemnified Claim with respect to which the Asbestos PI Trust may be obligated to provide indemnification to such Indemnitee pursuant to Section 2.1, the Indemnitee shall give the Asbestos PI Trust written notice thereof within thirty (30) days after becoming aware of such Indemnified Claim. Any such notice shall describe the Indemnified Claim in reasonable detail. Notwithstanding the foregoing, the delay or failure of any Indemnitee to give notice as provided in this Section 2.2(a) shall not relieve the Asbestos PI Trust of its obligations under this Article II, except to the extent that the Asbestos PI Trust is actually prejudiced by such delay or failure to give notice.

(b) Defense by Asbestos PI Trust. The Asbestos PI Trust shall have the sole right to manage the defense of any Indemnified Claim for which the Asbestos PI Trust may be obligated to provide indemnification to an Indemnitee pursuant to Section 2.1. Within thirty (30) days after the receipt of notice from an Indemnitee in accordance with Section 2.2(a) (or sooner, if the nature of such Indemnified Claim so requires), the Asbestos PI Trust shall notify the Indemnitee that the Asbestos PI Trust will assume responsibility for managing the defense of such Indemnified Claim, which notice shall specify any reservations or exceptions.

(c) Defense by Indemnitee. If the Asbestos PI Trust fails to assume responsibility for managing the defense of an Indemnified Claim for which the Asbestos PI Trust may be obligated to provide indemnification to an Indemnitee pursuant to Section 2.1, or fails to notify an Indemnitee that it will assume responsibility as provided in Section 2.2(b), such Indemnitee may manage the defense of such Indemnified Claim; provided, however, that the Asbestos PI Trust shall reimburse all such costs and expenses in the event it is ultimately determined that the Asbestos PI Trust is obligated to indemnify the Indemnitee with respect to such Indemnified Claim.

(d) No Consent to Certain Judgments or Settlements Without Consent. Notwithstanding any provision of this Section 2.2, no Party shall consent to entry of any judgment or enter into any settlement of an Indemnified Claim for which the Asbestos PI Trust may be obligated to provide indemnification to an Indemnitee pursuant to Section 2.1 without the consent of the other Party (such consent not to be unreasonably withheld), if the effect of such judgment or settlement is to permit any injunction, declaratory judgment, other order, or other nonmonetary relief to be entered, directly or indirectly, against the other Party.

(e) Subrogation. In the event of payment by or on behalf of the Asbestos PI Trust to or on behalf of any Indemnitee in connection with any Indemnified Claim, the Asbestos PI Trust shall be subrogated to and shall stand in the place of such Indemnitee, in whole or in part based upon whether the Asbestos PI Trust has paid all or only part of the Indemnitee's Liability, as to any events or circumstances in respect of which such Indemnitee may have any right, defense, or claim relating to such Indemnified Claim against any claimant or plaintiff asserting such Indemnified Claim or against any other Entity. Such Indemnitee shall cooperate with the Asbestos PI Trust in a reasonable manner, and at the cost and expense of the Asbestos PI Trust, in prosecuting any subrogated right, defense, or claim.

ARTICLE III

MISCELLANEOUS

Section 3.1 Entire Agreement. Except as provided otherwise in the Plan Documents or the Confirmation Order, this Agreement constitutes the entire agreement between the Parties with respect to the subject matter hereof and shall supersede all prior written and oral and all contemporaneous oral agreements and understandings with respect to the subject matter hereof; provided, however, that, in the event of an inconsistency between this Agreement and the Plan, the Plan shall govern.

Section 3.2 Governing Law. This Agreement shall be governed by, and construed in accordance with, and all disputes hereunder shall be governed by, the laws of the State of New York, without regard to its conflicts of law principles.

Section 3.3 Descriptive Headings. The headings contained in this Agreement and in the table of contents to this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

Section 3.4 Notices. Any notice, statement, or other report required or permitted by this Agreement must be: (i) in writing and is deemed given when (a) delivered personally to the recipient, (b) sent by facsimile before 5:00 p.m. Prevailing Eastern Time on a Business Day with a copy of such facsimile sent to the recipient by reputable overnight courier service (charges prepaid) on the same day, (c) five (5) days after deposit in the United States mail, mailed by registered or certified mail, return receipt requested, postage prepaid, or (d) one (1) Business Day after being sent to the recipient by reputable overnight courier service (charges prepaid); and (ii) addressed to the parties to whom such notice, statement or report is directed (and, if required, its counsel) at the addresses set forth below, or at such other address as such party may designate from time to time in writing in accordance with this Section 3.4.

If to the Asbestos PI Trust through the Trustees:

_____
_____
_____
_____
_____

With copies to:

_____
_____
_____
_____
_____

If to the Debtor:

T H Agriculture & Nutrition, L.L.C.
250 West 57th Street, Suite 901
New York, New York 10107-0001
Attention: Joseph L. Wolf, Jr., President
Telephone: (212) 536-0592
Facsimile: (212) 536-0629

With copies to:

Greenberg Traurig, LLP
200 Park Ave.
New York, New York 10166
Attention: Bruce R. Zirinsky, Esq. and John H. Bae, Esq.
Telephone: (212) 801-9200
Facsimile: (212) 801-6400

If to PENAC or any other Protected Party:

Philips Electronics North America Corporation
3000 Minuteman Road, Bldg. 1
Andover, Massachusetts 01810
Attention: Joseph E. Innamorati, Esq.
Telephone: (212) 536-0617
Facsimile: (212) 536-0598

With copies to:

Sullivan & Cromwell LLP
125 Broad Street
New York, New York 10004-2498
Attention: Garrard R. Beeney, Esq.
Telephone: (212) 558-3737
Facsimile: (212) 558-3588

Section 3.5 Third-Party Beneficiaries. This Agreement shall inure to the benefit of the Parties and each of their respective heirs, successors, and assigns. Except for THAN, Reorganized THAN, PENAC, the Protected Parties and the Asbestos PI Trust, nothing in this Agreement, express or implied, is intended to confer upon any other Entity any rights or remedies of any nature whatsoever under or by reason of this Agreement.

Section 3.6 Other Agreements Evidencing Indemnification Obligations. The Asbestos PI Trust hereby agrees to execute, for the benefit of any Indemnitee, such documents as may be reasonably requested by such Indemnitee, evidencing the Asbestos PI Trust's agreement that the indemnification obligations of the Asbestos PI Trust set forth in this Agreement inure to the benefit of, and are enforceable by, such Indemnitee.

Section 3.7 Counterparts. This Agreement and the other documents referred to herein may be executed in counterparts, each of which shall be deemed to be an original but all of which shall constitute one and the same agreement.

Section 3.8 Binding Effect; Assignment. No Party may assign or transfer this Agreement, directly or indirectly, in whole or in part, whether by operation of law or otherwise, without the other Parties' prior written consents, and any attempted assignment, transfer, or delegation without such prior written consents shall be voidable at the sole option of such other

Parties. Notwithstanding the foregoing, each Party (or its permitted successive assignees or transferees hereunder) may assign or transfer this Agreement as a whole without consent to an entity that succeeds to all or substantially all of the business or assets of such Party. Without limiting the foregoing, this Agreement will be binding upon, and inure to the benefit of, the Parties and their permitted successors and assigns. This Agreement may be enforced separately by the Asbestos PI Trust and each Indemnitee.

Section 3.9 Severability. If any term or other provision of this Agreement is determined by a court, administrative agency, or arbitrator to be invalid, illegal, or incapable of being enforced by any rule of law or public policy, all other conditions and provisions of this Agreement will nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated is not affected in any manner materially adverse to any Party. Upon such determination that any term or other provision is invalid, illegal, or incapable of being enforced, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner to the end that transactions contemplated hereby are fulfilled to the fullest extent possible.

Section 3.10 Failure or Indulgence Not Waiver; Remedies Cumulative. No failure or delay on the part of any Party hereto in the exercise of any right hereunder shall impair such right or be construed to be a waiver of, or acquiescence in, any breach of any representation, warranty, or agreement herein, nor shall any single or partial exercise of any such right preclude other or further exercise thereof or of any other right.

Section 3.11 Amendment. No change or amendment will be made to this Agreement except by an instrument in writing signed on behalf of each of the Parties to this Agreement.

IN WITNESS WHEREOF, each of the Parties has caused this Indemnification to be executed on its behalf by its duly authorized officers thereunto on the day and year first above written.

T H Agriculture & Nutrition, L.L.C.:

By:____
Name: Joseph L. Wolf, Jr.
Title: President

Philips Electronics North America Corporation:

On behalf of itself and the Protected Parties

By:____
Name: Joseph E. Innamorati, Esq.
Title: Senior Vice President & Chief Legal Officer

ASBESTOS PI TRUST:

By:____
Name:
Title:

EXHIBIT C

Asbestos Records Cooperation Agreement

Exhibit 36

IN THE UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF PENNSYLVANIA

In re:	)	Jointly Administered at
	)	Case No. 03-35592 JKF
MID-VALLEY, INC., *et al.*,	)	
	)	Chapter 11
Debtors.	)	
	)	Docket No. _____
		Related to Docket Nos. 1511, 1513, 1514, 1544

AMENDED ORDER *NUNC PRO TUNC* TO JULY 16, 2004, (I) REPLACING ORDER ENTERED JULY 16, 2004, (II) APPROVING DEBTORS' DISCLOSURE STATEMENT AND SOLICITATION PROCEDURES AND (III) CONFIRMING DEBTORS' FOURTH AMENDED AND RESTATED JOINT PREPACKAGED PLAN OF REORGANIZATION UNDER CHAPTER 11 OF THE UNITED STATES BANKRUPTCY CODE

This matter comes before this Court on the Motion of Mid-Valley, Inc., DII Industries, LLC, Kellogg Brown & Root, Inc., KBR Technical Services, Inc., Kellogg Brown & Root Engineering Corporation, Kellogg Brown & Root International, Inc., a Delaware corporation, Kellogg Brown & Root International, Inc., a Panamanian corporation, and BPM Minerals, LLC, debtors and debtors-in-possession herein (collectively, the "Debtors"), for an order (I) approving the Debtors' Disclosure Statement and the procedures used to solicit votes on the Debtors' prepackaged plan of reorganization and (II) confirming the Debtors' Fourth Amended and Restated Joint Prepackaged Plan of Reorganization Under Chapter 11 of the United States Bankruptcy Code dated and filed of record on May 17, 2004 (Docket No. 1513), as amended by the First Technical Plan Amendment to the Fourth Amended and Restated Joint Prepackaged Plan of Reorganization Under Chapter 11 of the Bankruptcy Code dated and filed of record on May 27, 2004 (Docket No. 1544) (collectively referred to hereinafter as the "Plan").[1] This Court

[1] Capitalized terms used herein without definition shall have the meaning ascribed to such terms in the Uniform Glossary of Defined Terms for Plan Documents filed of record on May 17, 2004 (the "Glossary") (Docket No. 1514). Any capitalized term used but not defined herein, or in the Glossary, but

has reviewed the briefs submitted in support of, and in opposition to, confirmation of the Plan and approval of the adequacy of the Disclosure Statement and the procedures used to solicit votes on the Plan, listened to the oral arguments of all interested parties appearing at the hearing or their counsel, reviewed the testimony of witnesses and other evidence admitted at the Confirmation Hearing, and taken notice of the pleadings, orders, and proceedings in the Reorganization Cases.

This Court also has reviewed: (i) the Affidavit of The Trumbull Group, LLC by Brendan Halley, Notice Coordinator for The Trumbull Group, L.L.C., sworn to January 27, 2004 (Docket No. 460); (ii) the Certificate of Service of Kirkpatrick & Lockhart LLP by Jeffrey N. Rich dated January 26, 2004 (Docket No. 444), reflecting service of the Debtors' Notice of Disclosure Statement and Chapter 11 Plan Confirmation Hearings and Related Deadlines dated March 19, 2004 (the "Confirmation Notice"); (iii) the Certificates of Publication (Docket Nos. 499, 500, and 501), reflecting publication of notice of Debtors' vote solicitation in the October 3, 2003 edition of USA Today, the October 2003 issue of Mealey's Silica Litigation Report, the October 17, 2003 issue of Mealey's Emerging Toxic Tort Report, and the October 15, 2003 issue of Mealey's Asbestos Litigation Report; (iv) the Affidavit by The Trumbull Group, L.L.C. f/k/a Trumbull Associates of Publication of Debtors' Notice of Disclosure Statement and Chapter 11 Plan Confirmation Hearings and Related Deadlines dated March 19, 2004, reflecting publication of the Confirmation Notice in the February 5, 2004 edition of USA Today and publication in the February 12, 2004 issue of Mealey's Asbestos Bankruptcy Litigation Report of the Confirmation Notice (Docket No. 847); (v) the Affidavit of The Trumbull Group, L.L.C. f/k/a Trumbull Associates, L.L.C. and Trumbull Services, L.L.C. dated March 31, 2004 (Docket No. 932),

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that is defined in the Bankruptcy Code or the Bankruptcy Rules shall have the meaning ascribed to such term in the Bankruptcy Code or the Bankruptcy Rules. Such meanings shall be equally applicable to both the singular and the plural forms of such terms.

reflecting service of the Confirmation Notice on all known potential holders of Class 4 Indirect Asbestos PI Trust Claims and Class 6 Indirect Silica PI Trust Claims and other individual claimants identified on Exhibit C thereto; (vi) the Affidavit of The Trumbull Group, L.L.C. f/k/a Trumbull Associates, L.L.C. and Trumbull Services, L.L.C. dated April 20, 2004 (Docket No. 1078), reflecting service of the Confirmation Notice on all known, or alleged Class 4 and Class 6 asbestos and silica-related personal-injury claimants; and (vi) the Amended Affidavit of Daniel McSwigan dated April 21, 2004 (Docket No. 1104), reflecting service of the Debtors' solicitation packages which included the Plan Documents to all known Class 4 and Class 6 asbestos and silica-related personal-injury claimants and their counsel of record.

After due deliberation and sufficient cause appearing therefore, IT IS HEREBY ORDERED THAT:

A. General Decrees and Implementation

1. The Disclosure Statement dated September 18, 2003 (Docket No. 48) and the Supplemental Disclosure Statement dated November 14, 2003 (Docket No. 49) are hereby approved as containing adequate information within the meaning of section 1125 of the Bankruptcy Code.

2. All objections to the Disclosure Statement, other than those withdrawn in writing prior to, or on the record at, the Confirmation Hearing are hereby overruled.

3. The Debtors' solicitation of acceptances of the Plan is approved as being in compliance with all applicable requirements of section 1126(b) of the Bankruptcy Code, Bankruptcy Rules 3017 and 3018, and all applicable non-bankruptcy law.

4. The ballots in the form transmitted with the Disclosure Statement and the ballots in the form transmitted with the Supplemental Disclosure Statement are approved in all respects.

5. The holders of impaired Class 4 and Class 6 Claims have voted to accept the Plan in the numbers and amounts required by section 1126(b) of the Bankruptcy Code. The holders of Class 4 Claims also have voted to accept the Plan in sufficient numbers to meet the requirements of section 524(g)(2)(B)(ii)(iv)(bb) of the Bankruptcy Code. All other Classes of Claims and Interests are unimpaired under the Plan and are deemed pursuant to section 1126(f) of the Bankruptcy Code to have accepted the Plan.

6. All objections related to the Debtors' solicitation process and ballot tabulation procedures, other than those withdrawn in writing prior to, or on the record at, the Confirmation Hearing are hereby overruled.

7. The Plan is hereby confirmed in its entirety, and each and every provision contained therein is approved in its entirety.

8. The Plan Documents, including, without limitation, the Asbestos PI Trust Documents and the Silica PI Trust Documents together with all amendments, modifications, and supplements thereto, and all annexes, exhibits, and schedules thereto, and all terms and conditions thereof, are hereby approved.

9. The Debtors and/or Reorganized Debtors may amend Exhibit 2 to the Plan after the Confirmation Date by filing an amended exhibit with the clerk of the Bankruptcy Court and serving such exhibit on the Official Service List and the 2002 Service List. Upon the filing of such exhibit, the Plan shall be deemed to have been amended without need for further action.

10. All objections to the confirmation of the Plan, other than those withdrawn in writing prior to, or on the record at, the Confirmation Hearing are hereby overruled.

11. All transactions effected by the Debtors during the period from the Petition Date, through and including the Confirmation Date, are hereby approved, ratified, and confirmed.

12. Except as otherwise provided in this Order, all payments made or to be made by the Debtors, or by an Entity to the extent, if any, that such Entity issues or delivers securities or acquires property under or pursuant to the Plan, for services or for costs and expenses in or in connection with the Reorganization Cases, or in connection with the Plan and incident to the Reorganization Cases, are hereby approved as reasonable.

13. The record of the Confirmation Hearing is closed.

14. Nothing in this Order shall in any way affect the provisions of article 8.1 of the Plan, which provide that "the Effective Date of the Plan" shall not occur, and that the Plan shall be of no force and effect, until the conditions in article 8.1 of the Plan have been satisfied or, if applicable, waived pursuant to article 8.2 of the Plan.

15. If the Effective Date does not occur, the terms of this Order and all Findings of Fact and Conclusions of Law shall be null and void, and the Debtors and holders of Claims and Interests shall stand in the same position in which such persons would have stood if this Order had not been entered.

B. <u>Certain Matters Relating to Implementation of the Plan</u>

Certain Corporate Filings; Management of the Reorganized Debtors

16. The managing member, chief executive officer, president, vice president, general counsel, secretary, treasurer, or any other officer of each Debtor shall be authorized, to the extent consistent with each respective Debtor's constituent documents, to execute, deliver, file, or record such contracts, instruments, settlement agreements, releases, indentures, and other agreements or documents and to take or direct such actions as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan. The secretary, any assistant secretary, managing member, or officer of a Debtor shall be authorized to certify or attest to any of the foregoing actions.

17. All matters provided for under the Plan involving the corporate structure of the Debtors or the Reorganized Debtors, or any corporate action to be taken by, or required of, the Debtors or the Reorganized Debtors, shall be deemed to have occurred and be effective as provided in the Plan, and shall be authorized and approved in all respects without any requirement for further action by the stockholders or directors of any such entities.

18. On and after the Effective Date, the business and affairs of the Reorganized Debtors will be managed (a) in the case of DII Industries, by HESI, as the managing member of DII Industries, and by the officers of DII Industries serving immediately prior to the occurrence of the Effective Date and (b) in the case of the other Reorganized Debtors, by the respective boards of directors and officers of the Reorganized Debtors serving immediately prior to the occurrence of the Effective Date.

Vesting of Assets; Continued Corporate Existence

19. Except as otherwise expressly provided herein or in the Plan, on the Effective Date, the Reorganized Debtors shall be vested with all of the assets and property of their former Estates, free and clear of all Claims, Liens, charges, and other interests of holders of Claims or Interests, except to the extent specifically provided herein, in an order of this Court, or in the Plan, and may operate their businesses free of any restrictions imposed by the Bankruptcy Code.

Substantive Consolidation for Certain Purposes

20. Pursuant to article 9.1 of the Plan, the Debtors' Estates shall be substantively consolidated on the Effective Date for purposes of funding the Asbestos PI Trust and the Silica PI Trust. Such substantive consolidation shall not affect the Debtors' obligations to holders of Claims in Classes other than Class 4 and Class 6, which shall continue to be obligations solely of the specific entities that were obligated on a Claim on the Petition Date. Except as provided in article 9.1 of the Plan, the Reorganized Debtors shall continue to maintain their separate

corporate existence for all purposes other than funding the Asbestos PI Trust and the Silica PI Trust.

Institution and Maintenance of Legal and Other Proceedings

21. Except as provided in articles 11.4 and 12.1 of the Plan, as of the Effective Date, the Asbestos PI Trust and the Silica PI Trust shall be empowered to initiate, prosecute, defend, settle, and resolve all legal actions and other proceedings related to any asset, liability, or responsibility of the Asbestos PI Trust and the Silica PI Trust, as the case may be. The Asbestos PI Trust and the Silica PI Trust, as the case may be, shall be responsible for the payment of all damages, awards, judgments, settlements, expenses, costs, fees, and other charges incurred by or on behalf of such trust subsequent to the Effective Date arising from, or associated with, any legal action or other proceeding that is the subject of this paragraph.

Vesting and Enforcement of Causes of Action in Reorganized Debtors

22. All causes of action shall remain property of the Reorganized Debtors, except to the extent provided in the Plan, and may be pursued or compromised as deemed fit by the Reorganized Debtors in their sole discretion without need for this Court's approval. Proceeds, if any, of such causes of action shall be retained by the Reorganized Debtors for general corporate purposes.

No Transfer Taxes

23. Pursuant to section 1146(c) of the Bankruptcy Code, the issuance, transfer, or exchange of any of the securities issued, transferred, or exchanged under, or the transfer of any other assets or property pursuant to, or in connection with, the Plan, or the making or delivery of an instrument of transfer under, or in connection with, the Plan shall not be taxed under any law imposing a stamp tax, transfer tax, or other similar tax.

The Asbestos PI Trust

(a) Establishment and Purpose of Asbestos PI Trust

24. On the Effective Date, the Asbestos PI Trust shall be established in accordance with the Plan Documents. The Asbestos PI Trust shall be a "qualified settlement fund" within the meaning of regulations issued pursuant to section 468B of the IRC. The purpose of the Asbestos PI Trust shall be to, among other things, (1) liquidate, resolve, pay, and satisfy all Asbestos PI Trust Claims in accordance with the Plan, the Asbestos TDP, procedures to be developed and implemented by the Trustees for the processing of, and where applicable, the liquidation of, Indirect Asbestos PI Trust Claims (as required by the Asbestos TDP and subject to the rights of parties under the applicable TDP), and this Order, and (2) preserve, hold, manage, and maximize the Asbestos PI Trust Assets for use in paying and satisfying Liquidated Asbestos PI Trust Claims in accordance with the terms of the Asbestos PI Trust Agreement.

(b) The Appointment of Trustees, Asbestos TAC Members, and Legal Representative

25. The initial trustees of the Asbestos PI Trust shall be Mark A. Gleason, Alan R. Kahn, and the Honorable Robert M. Parker.

26. The initial members of the Asbestos TAC shall be Steven Baron, John Cooney, Theodore Goldberg, Steven Kazan, Michael Kelley, Glen Morgan, and Perry Weitz.

27. Eric D. Green shall continue to serve as Legal Representative on and after the Effective Date pursuant to article 5 of the Asbestos PI Trust Agreement.

The Silica PI Trust

(a) Establishment and Purpose of Silica PI Trust

28. On the Effective Date, the Silica PI Trust shall be established in accordance with the Plan Documents. The Silica PI Trust shall be a "qualified settlement fund" within the

meaning of regulations issued pursuant to section 468B of the IRC. The purpose of the Silica PI Trust shall be to, among other things, (1) direct the liquidation, resolution, payment, and satisfaction of all Silica PI Trust Claims in accordance with the Plan, the Silica TDP, procedures to be developed and implemented by the Trustees for the processing of, and where applicable, the liquidation of, Indirect Silica PI Trust Claims (as required by the Silica TDP and subject to the rights of parties under the applicable TDP), and this Order, and (2) preserve, hold, manage, and maximize the Silica PI Trust Assets for use in paying and satisfying Liquidated Silica PI Trust Claims in accordance with the terms of the Silica PI Trust Agreement.

(b) The Appointment of Trustee, Silica TAC Members, and Legal Representative

29. The initial trustee of the Silica PI Trust shall be Martin J. Murphy.

30. The initial members of the Silica TAC shall be Steven Baron, Bryan Blevins, and Joseph Rice.

31. Eric D. Green shall continue to serve as the Legal Representative on and after the Effective Date pursuant to article 5 of the Silica PI Trust Agreement.

C. <u>Insurance</u>

32. Except for those rights provided to the Asbestos PI Trust in the Asbestos PI Trust Additional Funding Agreement, all rights to recoveries under any insurance policy providing the Debtors, Halliburton, and/or the Halliburton Current Affiliates with coverage for asbestos-related liabilities, the right to control insurance-coverage litigation, negotiations, and settlements shall be vested and remain, as applicable, with the Reorganized Debtors, Halliburton, or the Halliburton Current Affiliates on and after the Effective Date.

33. Article 11.4 of the Plan is incorporated in its entirety into, and made a part of, this Order.

34. The Order Granting Debtors' Motion for an Order Pursuant to 11 U.S.C. § 105(a) and Fed. R. Bankr. P. 9019 (a) Approving (I) Settlement Agreement and Mutual Release Between DII Industries, LLC, Halliburton Company and Certain Underwriters at Lloyd's, London (the "Lloyd's, London Settlement Agreement") and (II) Related Technical Plan Amendment entered on March 10, 2004 (Docket No. 806) is incorporated in its entirety into, and made a part of, this Order. The provisions of the Lloyd's, London Settlement Agreement are binding on the Reorganized Debtors, and the obligations of DII Industries under the agreement shall become the joint and several obligations of the Reorganized Debtors.

35. The Order Granting Debtors' Motion for an Order Pursuant to 11 U.S.C. § 105(a) and Fed. R. Bankr. P. 9019 (a) Approving (I) Settlement Agreement and Mutual Release Between DII Industries, LLC and Liberty Mutual Insurance Company (the "Liberty Mutual Settlement Agreement"), and (II) Related Technical Plan Amendment entered on May 6, 2004 (Docket No. 1410) is incorporated in its entirety into, and made a part of, this Order, and the provisions of the Liberty Mutual Settlement Agreement are binding on the Reorganized Debtors.

36. The Stipulated Order Granting Debtors' Expedited Motion for an Order Pursuant to 11 U.S.C. §§ 105(a) and 365(a) Authorizing Debtors' Assumption of Asbestos and Silica-Related Insurance Coverage-In-Place Agreements entered on May 10, 2004 (Docket No. 1492) is incorporated in its entirety into, and made a part of, this Order.

D. Discharge and Release

37. Except as specifically provided in the Plan or in this Order, effective on the Effective Date, to the fullest extent permitted under applicable law, the rights provided in the Plan shall (a) discharge the Debtors and (b) release each of the Halliburton Entities and the Harbison-Walker Entities, in the case of both (a) and (b) from any and all Asbestos Unsecured PI Trust Claims and Silica Unsecured PI Trust Claims, whether or not (i) a Proof of Claim based on

such Claim was filed or deemed filed under section 501 of the Bankruptcy Code, (ii) such Claim is or was Allowed under section 502 of the Bankruptcy Code, (iii) such Claim was listed on the schedules of a Debtor, or (iv) the holder of such Claim has voted on or accepted the Plan.

(a) The Plan proposes 100% payment of asbestos-related and silica-related claims. Approximately $4.2 billion in funding is being provided under the Plan. Of that amount, more than $1.8 billion, measured on a net present value basis, is dedicated to payment of unsettled and future asbestos-related personal-injury claims. With respect to the Silica PI Trust, under the Plan, DII Industries and KBR will issue a note, guaranteed by Halliburton, that will provide payment of up to $450 million over a thirty-year period, and up to $750 million over a fifty-year period if the Silica PI Trust Note is extended, pursuant to its terms, to ensure that the Silica PI Trust has sufficient assets to meet projected future Demands. Based upon the foregoing, the analyses performed by the professionals of the Debtors and Legal Representative, and the Legal Representative's testimony, the funding provided to the Asbestos and Silica PI Trusts is sufficient to provide 100% payment to all claims liquidated under both trusts.

(b) For Qualifying Settled Asbestos PI Trust Claims, Qualifying Settled Silica PI Trust Claims, Asbestos Final Judgment Claims, and Silica Final Judgment Claims, amendments to the Plan provide that the Payment Percentage will be the Initial Payment Percentage calculated on the 105th day after entry of the Confirmation Order by dividing $2.775 billion by the aggregate dollar value of Qualified Claims. In total, there are $3.085 billion in claims that potentially could be Qualified Claims based upon agreements with the Asbestos Committee.

(c) As of May 7, 2004, the number of Qualified Claimants totaled 307,632 with claims totaling $2,557,653,842. While the review of claims is not yet complete, and will not be complete until the 105th day after entry of the Confirmation Order, the Debtors' witnesses and the Legal Representative testified that they expect that the Initial Payment Percentage for Qualified Claimants will be 100%. The Court credits the testimony.

(d) For claims liquidated under the Asbestos TDP (other than claims for Disease Level 1 (Other Asbestos Disease)) and claims liquidated under the Silica TDP, the Payment Percentage will be established by the trustee(s) of the respective trust with the consent of the Legal Representative and the Asbestos TAC in the case of Asbestos Unsecured PI Trust Claims, and with the consent of the Legal Representative and the Silica TAC in the case of Silica Unsecured PI Trust Claims. Professor Green testified that the Payment Percentage for these claimants also likely will be 100%.

(e) The DII Industries, LLC. Asbestos PI Trust Distribution Procedures, Plan Exhibit 4, Amended Annex 3, makes certain provisions in Section 4, Payment Percentage; Periodic Estimates. Section 4.1 acknowledges the uncertainty of the Halliburton Entities' and the Harbison-Walker Entities' asbestos personal injury liabilities and notes that there is uncertainty regarding the amounts that the holders of those Asbestos PI Trust Claims will receive. The Silica PI Trust Distribution Procedures, Amended Annex 3 to Silica PI Trust Agreement, Plan Exhibit 10, provides a procedure in Section 4, Resolution of Silica Unsecured PI Trust Claims,

for the processing and payment of silica claims. Based upon the analysis performed by the Debtors and Legal Representative and the Legal Representative's testimony, the Plan is structured so that the Asbestos and Silica PI Trusts are funded sufficiently to provide 100% payment to all claims and demands liquidated under the Trusts.

(f) Under the Halliburton Intercompany Settlement Agreement, Halliburton has agreed, on behalf of itself and the other parties to be protected under the Permanent Channeling Injunction, to:

- issue 59.5 million shares of Halliburton stock which DII Industries will contribute to the Asbestos PI Trust on the Effective Date;
- raise or obtain commitments for the approximately $2.4 billion that will be needed to fund cash contributions to the asbestos and silica trusts;
- guarantee the obligations of DII Industries under the Asbestos PI Trust Note;
- guarantee the obligations of DII Industries and KBR under the Silica PI Trust Note;
- guarantee the obligations of the Debtors under the Asbestos PI Trust Funding Agreement and the Silica PI Trust Funding Agreement;
- perform various other undertakings in connection with the Plan;
- provide up to $350 million in DIP financing in order for the Debtors to meet financial obligations during and after the Reorganization Cases; and
- enter into a third-party master letter of credit facility covering draws on approximately $1.1 billion in letters of credit issued on behalf of various Debtors.

(g) Pursuant to 11 U.S.C. §524(g), in order for Halliburton as an affiliate of the Debtors to receive the benefit of the Permanent Channeling Injunction for claims where Halliburton is alleged to be directly or indirectly liable for the conduct of, claims against, or demands on one or more of the Debtors, the Court must find that the benefits provided by Halliburton to the claimants make it "fair and equitable" to so extend this protection. 11 U.S.C. §524(g)(4)(B)(ii). The evidence has shown that with the contribution being made by Halliburton the Asbestos and Silica PI Trusts are funded sufficiently to provide 100% payment for all claims liquidated under the Trusts. In these circumstances, the Court finds it is fair and equitable for Halliburton to receive the benefit of the Permanent Channeling Injunction.

Discharge Injunction

38. Except as specifically provided in the Plan Documents of this Order to the contrary, the satisfaction, release, and discharge set forth in article 10.1 of the Plan shall operate

as an injunction permanently prohibiting and enjoining the commencement or continuation of any action, the employment of process or any act to collect, recover from, or offset (a) any Claim or Demand against or Interest in the Debtors, the Reorganized Debtors, the Asbestos PI Trust, or the Silica PI Trust by any Entity, including all Claims and Demands discharged and released in article 10.1 of the Plan, and (b) any cause of action, whether known or unknown, against any Halliburton Entity or Harbison-Walker Entity that is derivative of, or based upon, any Claim or Interest discharged and released in article 10.1 of the Plan.

E. <u>The Permanent Channeling Injunction and the Asbestos/Silica Insurance Company Injunction</u>

39. **The Permanent Channeling Injunction**

(a) <u>Terms</u>. In order to preserve and promote the settlements contemplated by and provided for in the Plan and to supplement, where necessary, the injunctive effect of the discharge both provided by sections 1141 and 524 of the Bankruptcy Code and pursuant to the exercise of the equitable jurisdiction and power of this Court under sections 524(g) or 105(a) (or both) of the Bankruptcy Code, the Permanent Channeling Injunction set forth in article 10.3(a) of the Plan shall be, and hereby is, issued and approved as of the Effective Date. Pursuant to the Permanent Channeling Injunction, all Entities which have held or asserted, which hold or assert, or which may in the future hold or assert any Asbestos PI Trust Claim, any Silica PI Trust Claim, or Claim or Demand for or respecting any Asbestos PI Trust Expense or Silica PI Trust Expense against any of the Debtor-Affiliated Protected Parties based upon, arising out of, attributable to, or in any way causally connected with, any Released Claim whenever and wherever arising or asserted (including, but not limited to, all such Claims in the nature of or sounding in tort, contract, warranty, or any other theory of law, equity, or admiralty,

whether by common law or by statute) shall be permanently and forever stayed, restrained, and enjoined from taking any action for the purpose of directly or indirectly collecting, recovering, or receiving payments, satisfaction, or recovery from any Debtor-Affiliated Protected Party with respect to any Released Claim, including, but not limited to:

(i) commencing, conducting, or continuing in any manner, directly or indirectly, any suit, action, or other proceeding of any kind (including a judicial, arbitration, administrative, or other proceeding) in any forum with respect to any Released Claim against any of the Debtor-Affiliated Protected Parties, or against the property or interests in property of any Debtor-Affiliated Protected Party, with respect to any Released Claim;

(ii) enforcing, levying, attaching (including prejudgment attachment) collecting, or otherwise recovering, by any manner or means, whether directly or indirectly, any judgment, award, decree, or other order against any of the Debtor-Affiliated Protected Parties, or against the property or interests in property of any Debtor-Affiliated Protected Parties, with respect to any Released Claim;

(iii) creating, perfecting, or otherwise enforcing in any manner, directly or indirectly, any Lien of any kind against any Debtor-Affiliated Protected Party, or the property or interests in property of any Debtor-Affiliated Protected Party, with respect to any Released Claim;

(iv) except as otherwise specifically provided in the Plan, asserting or accomplishing any setoff, right of subrogation, indemnity, contribution, reimbursement or recoupment of any kind and in any manner, directly or indirectly against any

obligation due any Debtor-Affiliated Protected Party, or against the property or interests in property of any Debtor-Affiliated Protected Party, with respect to any Released Claim; and

(v) proceeding or taking any action, in any manner, in any place whatsoever, that does not conform to, or comply with, the provisions of the Plan Documents, the Asbestos PI Trust Documents, or the Silica PI Trust Documents, relating to any Released Claim.

(b) Reservations. Notwithstanding anything to the contrary above, this Permanent Channeling Injunction shall not enjoin:

(i) the rights of Entities to the treatment accorded them under articles II and IV of the Plan, as applicable, including the rights of Entities with Asbestos PI Trust Claims and Silica PI Trust Claims to assert such Asbestos PI Trust Claims in accordance with the Asbestos TDP and Silica PI Trust Claims in accordance with the Silica TDP;

(ii) the rights of Entities to assert any Claim, debt, obligation, or liability for payment of Asbestos PI Trust Expenses against the Asbestos PI Trust or Silica PI Trust Expenses against the Silica PI Trust;

(iii) the rights of any Reorganized Debtor, Halliburton, or any Halliburton Current Affiliate to prosecute any Asbestos/Silica Insurance Action;

(iv) the rights of Entities to assert any Claim, Demand, debt, obligation, or liability for payment against an Asbestos/Silica Insurance Company that is not a Debtor-Affiliated Protected Party unless otherwise enjoined by order of this Court or estopped by any provision of the Plan;

(v) the rights of the trustees of the Asbestos PI Trust to assert any claim under the Asbestos PI Trust Funding Agreement or the Asbestos PI Trust Additional Funding Agreement or the rights of the trustee of the Silica PI Trust to assert any claim under the Silica PI Trust Funding Agreement;

(vi) the rights of any holder of a Settled Asbestos PI Trust Claim or a Settled Silica PI Trust Claim, whose claim is determined by the Debtors or the Reorganized Debtors not to be a Qualifying Settled Asbestos PI Trust Claim or a Qualifying Settled Silica PI Trust Claim, as the case may be, to exercise any alternative dispute resolution rights under an applicable Asbestos/Silica PI Trust Claimant Settlement Agreement in accordance with article 12.2 of the Plan; or

(vii) the right of the holder, if any, of an Asbestos Secured PI Trust Claim or a Silica Secured PI Trust Claim to exercise the holder's legal, equitable, or contractual rights on account of such Claim, subject to, and in accordance with, the provisions of articles 4.2(e) and (g) of the Plan.

40. **Asbestos/Silica Insurance Company Injunction**

(a) Terms. In order to preserve and promote the property of the Estates, as well as the settlements contemplated by and provided for in the Plan, and to supplement, where necessary, the injunctive effect of the discharge and releases detailed herein, and pursuant to the exercise of the equitable jurisdiction and power of this Court under sections 524(g) or 105(a) (or both) of the Bankruptcy Code, the Asbestos/Silica Insurance Company Injunction set forth in article 10.3(b) of the Plan shall be, and hereby is, issued and approved as of the Effective Date. Pursuant to the Asbestos/Silica Insurance Company Injunction, all Entities which have held or asserted, which hold or assert, or which may in the future hold or assert any Claim, Demand, or cause of action (including,

but not limited to, any Asbestos PI Trust Claim, Silica PI Trust Claim, or any Claim or Demand for or respecting any Asbestos PI Trust Expense or Silica PI Trust Expense), against a Settling Asbestos/Silica Insurance Company based upon, arising out of, attributable to, or in any way connected causally with, any Claim against or relating to Asbestos/Silica In-Place Insurance Coverage, or an Asbestos/Silica Insurance Policy, whenever and wherever arising or asserted (including, but not limited to, all Claims in the nature of or sounding in tort, contract, warranty, or any other theory of law, equity, or admiralty, whether under common law or by statute) shall be permanently and forever stayed, restrained, and enjoined from taking any action for the purpose of directly or indirectly collecting, recovering, or receiving payments, satisfaction, or recovery with respect to any such Claim, Demand, or cause of action, including, but not limited to:

(i) commencing, conducting, or continuing, in any manner, directly or indirectly, any suit, action or other proceeding of any kind (including a judicial, arbitration, administrative, or other proceeding) in any forum with respect to any such Claim, Demand, or cause of action against any Settling Asbestos/Silica Insurance Company, or against the property or interests in property of any Settling Asbestos/Silica Insurance Company, with respect to any such Claim, Demand, or cause of action;

(ii) enforcing, levying, attaching, collecting, or otherwise recovering, by any manner or means, whether directly or indirectly, any judgment, award, decree, or order against any Settling Asbestos/Silica Insurance Company, or against the property or interests in property of any Settling Asbestos/Silica Insurance Company, with respect to any such Claim, Demand, or cause of action;

(iii) creating, perfecting, or otherwise enforcing, in any manner, directly or indirectly, any Lien of any kind against any Settling Asbestos/Silica Insurance Company, or the property or interests in property of any Settling Asbestos/Silica Insurance Company, with respect to any such Claim, Demand, or cause of action;

(iv) except as otherwise specifically provided in the Plan, asserting or accomplishing any setoff, right of subrogation, indemnity, contribution, reimbursement or recoupment of any kind and in any manner, directly or indirectly, against any obligation due any Settling Asbestos/Silica Insurance Company, or against the property or interests in property of any Settling Asbestos/Silica Insurance Company, with respect to any such Claim, Demand, or cause of action; and

(v) taking any act, in any manner, in any place whatsoever, that does not conform to, or comply with, the provisions of the Plan Documents, relating to such Claim, Demand, or cause of action.

(b) Reservations. Notwithstanding anything to the contrary above, this Asbestos/Silica Insurance Company Injunction shall not enjoin:

(i) the rights of Entities to the treatment accorded them under articles II and IV of the Plan, as applicable, including the rights of Entities with Asbestos PI Trust Claims or Silica PI Trust Claims to assert Asbestos PI Trust Claims against the Asbestos PI Trust in accordance with the Asbestos TDP or Silica PI Trust Claims against the Silica PI Trust in accordance with the Silica TDP;

(ii) the rights of Entities to assert any Claim, debt, obligation, or liability for payment of Asbestos PI Trust Expenses against the Asbestos PI Trust or Silica PI Trust Expenses against the Silica PI Trust; or

(iii) the rights of the Reorganized Debtors and the Released Non-Debtor Affiliates to prosecute any Asbestos/Silica Insurance Action subject, however, to the terms of any Asbestos/Silica Insurance Settlement Agreement.

F. <u>Limitation of Injunctions</u>

41. Notwithstanding any other provision of the Plan to the contrary, the releases set forth in article 10.1 and the Discharge Injunction, Permanent Channeling Injunction, and the Asbestos/Silica Insurance Company Injunction set forth in articles 10.2 and 10.3, respectively, shall not serve to satisfy, discharge, release, or enjoin claims by any Entity against (a) the Asbestos PI Trust or the Silica PI Trust for the payment of Asbestos PI Trust Claims and Silica PI Trust Claims in accordance with the Asbestos TDP and the Silica TDP, respectively or (b) the Asbestos PI Trust and the Silica PI Trust for the payment of Asbestos PI Trust Expenses and Silica PI Trust Expenses, respectively.

G. <u>Section 346 Injunction</u>

42. In accordance with section 346 of the Bankruptcy Code, for purposes of any state or local law imposing a tax, the Debtors or the Reorganized Debtors will not realize income by reason of any forgiveness or discharge of indebtedness resulting from the consummation of the Plan. As a result, each state or local taxing authority is permanently enjoined and restrained, after the Effective Date, from commencing, continuing, or taking any act to impose, collect, or recover in any manner any tax against the Debtors or the Reorganized Debtors, arising by reason of the forgiveness or the discharge of indebtedness under the Plan.

H. <u>Continuation of Prior Stays and Injunctions</u>

43. All of the injunctions and/or automatic stays provided for in connection with the Reorganization Cases, whether pursuant to section 105, section 362, or any other provision of the Bankruptcy Code or other applicable law, in existence immediately prior to Confirmation of the

Plan shall remain in full force and effect until the Discharge Injunction, Permanent Channeling Injunction and the Asbestos/Silica Insurance Company Injunction become effective, and thereafter, if so provided by the Plan, this Order, or by their own terms. In addition, on and after the Confirmation Date, the Debtors may seek such further orders as they may deem necessary to preserve the status quo during the time between the Confirmation Date and the Effective Date.

44. The Discharge Injunction, the Permanent Channeling Injunction, and the Asbestos/Silica Insurance Company Injunction shall become effective on the Effective Date and shall continue in effect at all times thereafter.

45. Notwithstanding anything to the contrary contained in the Plan, all actions in the nature of those to be enjoined by the Discharge Injunction, the Permanent Channeling Injunction and the Asbestos/Silica Insurance Company Injunction shall be enjoined during the period between the Confirmation Date and the Effective Date.

I. Exoneration and Reliance

46. The Plan-Process Participants shall not be liable other than for willful misconduct or gross negligence to any holder of a Claim, Demand, or Interest, or to any other Entity, with respect to any action, omission, forbearance from action, decision, or exercise of discretion taken at any time through the Effective Date in connection with: (a) the management or operation of the Debtors and/or the Reorganized Debtors, or the discharge of their duties under the Bankruptcy Code, (b) the implementation of any of the transactions provided for, or contemplated in, the Plan or the Plan Documents, (c) any action taken in connection with either the enforcement of the rights of any Debtor against any Entities or the defense of Claims asserted against any such Debtor with regard to the Reorganization Cases, (d) any action taken in the negotiation, formulation, development, proposal, solicitation, disclosure, Confirmation, or implementation of the Plan or the Plan Documents filed in the Reorganization Cases, or (e) the

administration of the Plan or the assets or property to be distributed pursuant to the Plan. The Plan-Process Participants may reasonably rely upon the opinions of their respective counsel, accountants, and other experts or professionals, and such reliance, if reasonable, shall conclusively establish the absence of willful misconduct; provided, however, that a determination that such reliance is unreasonable shall not, by itself, constitute a determination of willful misconduct. In any action, suit, or proceeding by any holder of a Claim or Interest or any other Entity contesting any action by, or non-action of, a Plan-Process Participant, the reasonable attorneys' fees and costs of the prevailing party shall be paid by the losing party, and as a condition to going forward with such action, suit, or proceeding at the outset thereof, all parties thereto shall be required to provide appropriate proof and assurances of their capacity to make such payments of reasonable attorneys' fees and costs in the event they fail to prevail.

J. Release of Intercompany Settlement Claims

47. In accordance with the terms of article 10.6 of the Plan and the Halliburton Intercompany Settlement Agreement, neither the Debtors, nor any representative of their Estates, nor the Reorganized Debtors shall commence or prosecute any Intercompany Settlement Claim against a Settlement Released Party. Pursuant to article 10.6 of the Plan, all Intercompany Settlement Claims shall be deemed to have been unconditionally and absolutely released by the Debtors (on behalf of themselves and their Estates) and the Reorganized Debtors, without need for further action, on the Effective Date.

K. Treatment of Executory Contracts and Unexpired Leases

Assumption and Rejection of Certain Unexpired Leases and Executory Contracts

48. Except as otherwise provided in the Plan Documents, pursuant to article 6.1 of the Plan, any unexpired lease or executory contract that has not been expressly assumed or rejected by the Debtors with approval of this Court on or prior to the Confirmation Date shall, as of the

Confirmation Date (subject to the occurrence of the Effective Date), be deemed to have been assumed by the Debtors under sections 365(a) and 1123 of the Bankruptcy Code; provided, however, that this provision shall not apply to (a) Asbestos/Silica PI Trust Claimant Settlement Agreements, to the extent executory, or (b) agreements, to the extent executory, providing for indemnification of third parties for Asbestos PI Trust Claims and Silica PI Trust Claims. To the extent executory, all Asbestos/Silica PI Trust Claimant Settlement Agreements set forth on Exhibit 3 to the Plan and agreements providing for indemnification of third parties for Asbestos PI Trust Claims and Silica PI Trust Claims shall be deemed rejected by operation of law or entry of this Order unless expressly identified and assumed pursuant to other order of this Court. Upon rejection, each Claimant under an Asbestos/Silica PI Trust Settlement Agreement shall be deemed to have a claim for damages equal to the amount payable to such Claimant under the applicable agreement subject to the satisfaction of the preconditions to payment.

Compensation and Benefits Program

49. Unless otherwise agreed to by the affected parties, all of the Debtors' obligations under employment and severance policies, and all compensation and benefit plans, policies, and programs of the Debtors applicable to their present and former employees, officers, and directors, including, but not limited to, all savings plans, retirement plans, health care plans, disability plans, severance benefit plans, incentive plans, and life, accidental death, and dismemberment insurance plans, shall be deemed to be, and shall be treated as though they are, executory contracts that are deemed assumed under the Plan, and the Debtors' obligations under such plans, policies, and programs shall be deemed assumed pursuant to sections 365(a) and 1123 of the Bankruptcy Code, survive Confirmation of the Plan, remain unaffected thereby, and shall not be discharged in accordance with section 1141 of the Bankruptcy Code. Any defaults

existing as of the Effective Date under any of such plans, policies, and programs shall be cured promptly after the Debtors become aware of them.

Letters of Credit, Surety Bonds, Corporate Guaranties, Indemnity Agreements, and Post-Petition Contracts

50. Unless otherwise agreed to by the affected parties, all of the Debtors' obligations under letters of credit, surety bonds, corporate guaranties, and indemnity agreements (except for agreements providing for indemnification for liabilities related to Asbestos PI Trust Claims and Silica PI Trust Claims) existing immediately prior to the Effective Date (including guaranties or contractual obligations related to letters of credit and/or surety bonds issued on behalf of the Debtors or on behalf of subsidiaries of the Debtors), and post-petition contracts entered by the Debtors after the Petition Date, shall be deemed to be, and shall be treated as though they are, executory contracts that are assumed under the Plan. The Debtors' obligations under such letters of credit and surety bonds, corporate guaranties, indemnity agreements, and post-petition contracts shall be deemed assumed pursuant to sections 365(a) and 1123 of the Bankruptcy Code, survive entry of this Order, and occurrence of the Effective Date, remain unaffected thereby (except as provided in this paragraph and article 6.3 of the Plan), and not be discharged in accordance with section 1141 of the Bankruptcy Code. The Reorganized Debtors shall have the right to cure any defaults existing as of the Effective Date under any such letters of credit and surety bonds (including guaranties or contractual obligations related to letters of credit and/or surety bonds issued on behalf of the Debtors or on behalf of subsidiaries of the Debtors), corporate guaranties, indemnity agreements (except to the extent such indemnity agreements provide indemnification for liabilities related to Asbestos PI Trust Claims or Silica PI Trust Claims), or post-petition contracts in the ordinary course of the Debtors' business promptly after any such default becomes known to the Debtors or the Reorganized Debtors and, if disputed,

established pursuant to applicable law. All letters of credit, surety bonds, corporate guaranties, indemnity agreements, and post-petition contracts of the Debtors shall be deemed reinstated on the Effective Date notwithstanding any default therein by the Debtors, any delay in the cure thereof by the Debtors, or the filing or existence of the Reorganization Cases, or any action taken in connection therewith, and shall be binding upon, and enforceable against all parties thereto, subject to any rights and defenses existing thereunder; provided, however, that such reinstatement shall not apply to guarantees and indemnity agreements related to Claims to be addressed by the Asbestos PI Trust or the Silica PI Trust.

L. Claims Bar Dates

Professionals and Administrative Claims

51. Unless otherwise ordered by the Bankruptcy Court, the bar date for filing and serving requests for allowance of Administrative Claims (including requests for compensation or reimbursement of expenses pursuant to sections 327, 328, 330, or 503(b) of the Bankruptcy Code and requests based upon an asserted substantial contribution in the Reorganization Cases) shall be the forty-fifth (45th) day after the Effective Date (the "Administrative Claims Bar Date"). Other than Professional Persons required to do so pursuant to the terms of their retention, Claimants holding Administrative Claims that have arisen in the ordinary course of Debtors' business shall not be required to submit a Request for Payment of Administrative Expense, unless otherwise ordered by this Court. The notice of Confirmation to be delivered pursuant to Bankruptcy Rules 2002 and 3020(c) will set forth such date and constitute notice of the Administrative Claims Bar Date. The Reorganized Debtors and any other party in interest will have thirty (30) days after the Administrative Claims Bar Date to review and object to such Claims before a hearing for determination of such Administrative

Claims is held by this Court, provided that such thirty (30) day period of review may be extended by this Court upon the request of the Reorganized Debtors.

Resolution of Disputed Claims

52. On the Effective Date, the parties who accepted the Plan agree that the Reorganized Debtors shall have the sole and exclusive authority to file objections to Claims, other than Asbestos Unsecured PI Trust Claims and Silica Unsecured PI Trust Claims, in accordance with article 12.1 of the Plan. Non-accepting creditors may file objections to claims. 11 U.S.C. § 502.

M. <u>Retention of Jurisdiction</u>

53. Pursuant to sections 105(a) and 1142 of the Bankruptcy Code, this Court shall retain and shall have exclusive jurisdiction over any matter (a) arising under the Bankruptcy Code, (b) arising in or related to the Reorganization Cases or the Plan for which the reference has not been withdrawn to the District Court, or (c) that relates to any of the matters set forth in articles 13.1, 13.2, and 13.3 of the Plan. Without limiting the preceding, this Court shall retain jurisdiction to correct any defect, cure any omission, reconcile any inconsistency, or make any other necessary changes or modifications in or to the Asbestos TDP and the Silica TDP, including procedures to be developed and implemented by the Trustees for the processing of, and where applicable, the liquidation of, Indirect Asbestos PI Trust Claims and Indirect Silica PI Trust Claims, in accordance with the procedures set forth in the Asbestos PI Trust Agreement and the Silica PI Trust Agreement. Notwithstanding the foregoing, nothing in this Order or article 13.3 of the Plan shall be construed to give this Court exclusive jurisdiction over any Asbestos/Silica Insurance Action.

54. The Asbestos PI Trust and the Silica PI Trust shall be subject to the continuing jurisdiction of this Court in accordance with the requirements of regulations issued pursuant to section 468B of the IRC.

55. Except as may have been agreed to between the Asbestos PI Trust or the Silica PI Trust, as the case may be, and the holder of an Asbestos Unsecured PI Trust Claim or Silica Unsecured PI Trust Claim, pursuant to the Plan, the parties have agreed that the District Court shall have exclusive jurisdiction to conduct a trial to liquidate the Asbestos PI Trust Claim or the Silica PI Trust Claim of any holder of an Asbestos Unsecured PI Trust Claim or Silica Unsecured PI Trust Claim who elects, pursuant to the Asbestos TDP or the Silica TDP, to have the amount of such Claim determined through a jury trial.

N. <u>Miscellaneous</u>

56. On the Confirmation Date, the Debtors shall be empowered and authorized to take or cause to be taken, prior to the Effective Date, all actions necessary to enable them to implement effectively (a) the provisions of the Plan, (b) the creation of the Asbestos PI Trust, and (c) the creation of the Silica PI Trust.

57. All fees payable pursuant to 28 U.S.C. § 1930, as determined herein, shall be paid by the Debtors on or before the Effective Date.

58. The Debtors, the Reorganized Debtors, the Legal Representative, the Trustees of the Asbestos PI Trust and the Silica PI Trust, and any beneficiary of the Permanent Channeling Injunction or the Asbestos/Silica Insurance Company Injunction, if, and to the extent necessary, may seek such orders, judgments, injunctions, and rulings that any of them deems necessary to carry out the intentions and purposes of, and to give full effect to the provisions of, the Plan or any Plan Document.

59. The failure to reference or discuss any particular provision of the Plan in this Order shall have no effect on the validity, binding effect, and/or enforceability of such provision and such provision shall have the same validity, binding effect, and enforceability as every other provision of the Plan.

60. Unless this Order is stayed pending appeal, its reversal or modification shall not affect the validity of the Plan, the Plan Documents, or any other agreement, document, instrument, or action authorized by this Order or under the Plan as to the Debtors, the Reorganized Debtors, the Asbestos PI Trust, the Silica PI Trust, or any other Entity acting in good faith, whether or not that Entity knows of the appeal.

61. The performance of all obligations due and owing on the Effective Date, pursuant to the terms of the Plan, shall constitute substantial consummation of the Plan within the meaning of section 1101(2) of the Bankruptcy Code.

62. All funds held in escrow pursuant to this Court's (i) Order Authorizing Debtors and Debtors in Possession to Pay Prepetition Claims of Creditors Incurred in the Ordinary Course of Business entered on December 18, 2003 (Docket No. 114) and (ii) Order Authorizing (A) The Debtors to Pay Prepetition Wages, Salaries, Other Compensation, and Employee Benefits, (B) The Debtors to Reimburse Prepetition Employee Business Expenses, and (C) Applicable Banks and Other Financial Institutions to Receive, Process, Honor, and Pay All Checks Presented for Payment Made by the Debtors Relating to the Foregoing entered on December 18, 2003 (Docket No. 115), shall be released on the Effective Date.

63. In the event of any inconsistency between the Plan and any other agreement, instrument, or document intended to implement the provisions of the Plan, the provisions of the Plan shall govern unless otherwise expressly provided for in such agreements, instruments, or documents. In the event of any inconsistency between and/or among the Plan and this Order, the provisions of this Order shall govern, unless another order expressly provides that it will have precedence over this Order. This Order shall supersede any orders of this Court issued prior to the date hereof that may be inconsistent herewith.

O. Notice of Entry of Order and Administrative Claims Bar Date

64. Pursuant to Bankruptcy Rules 2002(f)(7) and 3020(c), the Debtors hereby are directed to serve a notice of the (a) the entry of this Order and (b) the bar date for filing and serving applications for allowance of Administrative Claims, substantially in the form of Exhibit A attached hereto and incorporated by reference herein (the "Confirmation Order Notice"), on all holders of Claims and Professional Persons, in the same manner as service of the notice of the Confirmation Hearing, and on all persons or entities on the Debtors' Official Service List and 2002 List Service List as of the date hereof, not later than thirty (30) days after the Confirmation Date; provided, however, that the Debtors shall be obligated to serve the Confirmation Order Notice only on the record holders of such Claims or Interests, or on their counsel of record.

65. The Debtors hereby are directed to publish the Confirmation Order Notice once in <u>USA Today</u> and <u>Mealey's Asbestos Bankruptcy Litigation Report</u>, not later than thirty (30) days after the Confirmation Date.

ORDERED in Pittsburgh, Pennsylvania on July 21, 2004. This Amended Order shall replace in its entirety the Confirmation Order entered by this Court on July 16, 2004, and shall be deemed effective, *nunc pro tunc*, to July 16, 2004.

Judith K. Fitzgerald

Judith K. Fitzgerald
Chief United States Bankruptcy Judge

THIS ORDER IS HEREBY DECLARED TO BE IN RECORDABLE FORM AND SHALL BE ACCEPTED BY ANY RECORDING OFFICER FOR FILING AND RECORDING PURPOSES WITHOUT FURTHER OR ADDITIONAL ORDERS, CERTIFICATIONS, OR OTHER SUPPORTING DOCUMENTS.

Copies to:

Jeffrey N. Rich
Michael G. Zanic
Counsel to the Debtors and Debtors-in-Possession

FILED
JUL 2 0 2004
JUDITH K. FITZGERALD
BANKRUPTCY JUDGE

Exhibit 37

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Co-counsel for Plaintiff, G-I Holdings Inc.

UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEW JERSEY

In re: G-I HOLDINGS INC., f/k/a GAF CORPORATION, Debtor.	HONORABLE ROSEMARY GAMBARDELLA, CHIEF JUDGE Chapter 11 Case No. 01-30135 (RG) Hearing Date: October 10, 2001
G-I HOLDINGS INC., f/k/a GAF CORPORATION, Plaintiff, v. THOSE PARTIES LISTED ON EXHIBIT A TO COMPLAINT, and JOHN DOES 1– 250, Defendants.	Adversary Proceeding No. 01-3013 (RG) **ORDER GRANTING PRELIMINARY INJUNCTION**

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Upon the complaint of G-I Holdings Inc., chapter 11 debtor in possession ("G-I" or the "Debtor"), dated January 8, 2001, the affidavit of Richard A. Weinberg, sworn to January 9, 2001, Plaintiff's Memorandum of Law in Support of its Motion for a Preliminary Injunction (the "Memorandum"), the Statutory Committee of Asbestos Claimants' (the "Committee") Memorandum of Law in Opposition to the Debtor's Motion for a Preliminary Injunction Enjoining Assertion of Asbestos Claims Against BMCA dated May 15, 2001 (the "Objection"), and G-I's response thereto; and a hearing having been held on June 8, 2001; and the Court having considered the Objections and G-I's reply; and after due consideration and sufficient cause appearing therefor and the Court having rendered its decision on the record on June 22, 2001; pursuant to Bankruptcy Code sections 105(a), 524(g) and 1129 and Bankruptcy Rule 7065,

IT IS on this 22nd day of February, 2002,

ORDERED that Defendants, their officers, agents, servants, employees and attorneys and those persons in active concert or participation with them who receive notice of this Order by personal service or otherwise[1] and all entities are enjoined, pursuant to 11 U.S.C. § 105(a), from further prosecuting (a) Pending Actions which are defined as those actions pending prior to the commencement of this adversary proceeding including, but not limited to, those actions identified on Exhibit A to the Complaint, that seek damages against the Debtor and BMCA for alleged personal injuries purportedly

[1] Any party who commences an action or engages in any act in violation of the preliminary injunction order who has not heretofore received notice of the preliminary injunction shall, upon receiving actual notice of the injunction, take all such actions necessary to comply with the preliminary injunction order, including the withdrawal of any action commenced against BMCA pertaining to its alleged asbestos liability.

arising out of exposure to asbestos or asbestos-containing products, and (b) Future Actions which are defined to include actions that may be brought by prospective plaintiffs against BMCA any time after the filing of the Complaint and during the pendency of G-I's chapter 11 case that seek damages for alleged personal injuries purportedly arising out of their or their decedent's exposure to asbestos or asbestos-containing products; and it is further

ORDERED that BMCA shall promptly serve the Committee with a copy of its press releases and filings with the Securities and Exchange Commission; and it is further

ORDERED that upon the Committee's entry into a Confidentiality Agreement with BMCA, in the form attached hereto, BMCA will promptly furnish to the Committee the information it is currently required to provide its lenders under its existing Credit Agreement dated as of December 4, 2000 and the Amended and Restated Credit Agreement dated as of December 4, 2000 (together, the "Credit Agreements");provided, however, that information furnished to lenders pursuant to the last clause of section 7.1 or the last clause of section 7.2 thereof, but not required to be furnished to lenders under other provisions of such agreements need not be furnished. The foregoing shall not limit the Committee's other rights under this Agreement; and it is further

ORDERED that upon the Committee's entry into the Confidentiality Agreement, BMCA will generally make itself available to the Committee; its co-counsel and retained professionals in G-I's chapter 11 case to answer questions about its operations and financing; provided, however, that as to projected pricing, marketing

information, business plans and other information deemed by the Debtor and BMCA to be sensitive with respect to BMCA's competitive position, the Debtor and BMCA may designate particular disclosures as being available only to the Committee's counsel, its other professionals, and the tort counsel representing members of the Committee who do not also represent any claimant then serving on the official committee of asbestos claimants in the pending chapter 11 case of Owens Corning, provided further that the Committee may challenge such designation and limitation by application to this Court; and it is further

ORDERED that on consent and agreement of BMCA, all statutes of limitations and statutes of repose that had not expired as of January 5, 2001, with respect to any and all claims against BMCA or any of its subsidiaries arising out of alleged exposure to asbestos or asbestos containing products of GAF Corporation or its predecessors or affiliates, including, without limitation, claims based on theories of successor liability, alter ego, fraudulent conveyance, or piercing the corporate veil are tolled until sixty days after the above captioned Adversary Proceeding and Adversary Proceeding No. 01-3066, sometimes referred to as the Declaratory Relief Action, have been disposed of by final, non-appealable judgments, orders or decrees; and it is further

ORDERED that the Debtor and BMCA shall be estopped to deny the tolling of statutes of limitation and statutes of repose as set forth above; and it is further

ORDERED that subject to the next decretal paragraph, without thirty (30) days' prior written notice to the Committee, BMCA shall not:

(a) refinance or replace the Credit Agreements or waive in any material respect any covenant or other provisions of the Credit Agreements;

(b) except as permitted under Articles 8 and 11 of the existing Credit Agreements refinance, replace or amend or waive in any material respect, any covenant or other provision of the receivables financing facility, notes, indentures, security agreements or related instruments or enter into any new notes, indentures, receivables financing facility, security agreements, or related instruments;

(c) make any pre-payments on senior notes or indentures, provided that interest payments, payments falling due under the existing terms of the senior notes or indentures or payments made in the ordinary course of business consistent with past practice, are not deemed pre-payments;

(d) make any transfer or incur any obligation to any affiliate or any other entity owned or controlled, directly or indirectly, by Samuel J. Heyman, other than (i) payments to G-I (ii) payments pursuant to BMCA's existing Amended and Restated Management Agreement, amended as of June 27, 2001, (iii) payments pursuant to the Amended and Restated Supply Agreement between ISP Mineral Products Inc. and BMCA, dated as of March 26, 2001, and (iv) other transfers and obligations permitted by the Credit Agreements, receivables financing facility, notes and indentures in effect on the date hereof;

(e) amend or replace the Amended and Restated Management Agreement or the Amended or Restated Supply Agreement referred to in subparagraph (d) above;

(f) make any transfer, or incur any new obligation to any insider except for payments made in the ordinary course of business for (i) directors fees, employee salaries, or employee benefits, (ii) reimbursement of business expenses incurred for the benefit of BMCA, (iii) hiring and relocation bonuses, (iv) employee severance payments, (v) payments made under the BMCA Long Term Incentive Plan, (vi) in any calendar year, make any payments in aggregate of over $3 million under the GAFMC Executive Compensation Plan, and (vii) other ordinary course employee payments of a like nature;

(g) in any calendar year, grant over 100,000 Incentive Units under the BMCA Long Term Incentive Plan;

(h) pay any claim, or permit any claim to be paid, out of the proceeds of any insurance that is or may be applicable for indemnity or defense costs with respect to asbestos-related personal injuries or asbestos-related property damages, whether or not G-I is a co-insured with respect to such insurance; and it is further

ORDERED that if BMCA needs to consummate one of the transactions encompassed in paragraphs (a) through (h) in less than thirty (30) days, it shall give the

maximum notice practicable under the circumstances and consent to a telephonic or in person hearing on four (4) hours' notice if the Committee requests a hearing; and it is further

ORDERED that BMCA shall, as soon as practicable under the circumstances, provide notice after the effective date of all non-material amendments or waivers to its Credit Agreements, notes, indentures, security agreements or related instruments not encompassed by paragraphs (a) through (h) above; and it is further

ORDERED that nothing in this Order shall detract from the Committee's rights to seek information from BMCA pursuant to Bankruptcy Rule 2004 or applicable discovery rules; and it is further

ORDERED that, if necessary, a hearing will be held before this Court on or around June 30, 2003 to determine if, following expiration of BMCA's existing Credit Agreements (which are set to expire on August 18, 2003), conditions in addition to those imposed under this Order are necessary for the continuance of the preliminary injunctive relief herein; and it is further

ORDERED that all notices and service of all documents and information to the Committee shall be directed to Elihu Inselbuch and Trevor Swett of Caplin & Drysdale, and to Kenneth Rosen and Jeffrey D. Proll of Lowenstein, Sandler at their respective addresses of record; and it is further

ORDERED that the Committee fully reserves its right to appeal from the granting of this preliminary injunction; and it is further

ORDERED that all references to "BMCA" in this Order and in the attached form of Confidentiality Agreement include BMCA Holdings Corporation, Building Materials Corporation of America, and all direct and indirect subsidiaries of Building Materials Corporation of America, whether or not its interest in a given subsidiary is carried on the balance sheet of Building Materials Corporation of America.

ORDERED that the terms affiliate, insider and transfer shall have the meanings ascribed to them under section 101 of the Bankruptcy Code.

Chief Judge Rosemary Gambardella

3121578.01

IT IS THE DIRECTION OF THIS COURT THAT THE SUCCESSFUL PARTY SERVE A FILED COPY OF THIS ORDER UPON ALL PARTIES TO THIS ACTION.