

**STATE INSULATION CORPORATION
ASBESTOS PERSONAL INJURY TRUST
DISTRIBUTION PROCEDURES**

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STATE INSULATION CORPORATION

ASBESTOS PERSONAL INJURY TRUST DISTRIBUTION PROCEDURES

The State Insulation Corporation Asbestos Trust Distribution Procedures (the “**TDP**”) contained herein provide for resolving all “**Channeled Asbestos Claims**” as defined in the Initial Chapter 11 Plan of Reorganization for State Insulation Corporation, dated as of December 16, 2011 (as it may be amended or modified, the “**Plan**”),¹ as provided in and required by the Plan and the State Insulation Corporation Asbestos Personal Injury Trust Agreement (the “**Trust Agreement**”). The Plan and Trust Agreement establish the State Insulation Corporation Asbestos Personal Injury Trust (the “**Asbestos Personal Injury Trust**”). The Trustee of the Asbestos Trust (the “**Trustee**”) shall implement and administer the TDP in accordance with the Trust Agreement.

SECTION I

Introduction

1.1 Purpose. The TDP has been adopted pursuant to the Trust Agreement. It is designed to provide fair, equitable and substantially similar treatment for all Channeled Asbestos Claims that may presently exist or may arise in the future as required by 11 U.S.C. § 524(g).

1.2 Interpretation. Except as may otherwise be provided below, nothing in the TDP shall be deemed to create a substantive right for any claimant or any other party. The rights and benefits provided herein to holders of Channeled Asbestos Claims shall vest in such holders as of the Effective Date.

¹ Capitalized terms used herein and not otherwise defined shall have the meanings assigned to them in the Plan and the Trust Agreement.

SECTION II

Overview

2.1 Asbestos Personal Injury Trust Goals. The goal of the Asbestos Personal Injury Trust is to treat all claimants equitably. The TDP furthers that goal by setting forth procedures for processing and paying the Debtor's² several share of the unpaid portion of the Channeled 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 claims based on historical values for substantially similar claims in the tort system.³ To this end, the TDP establishes 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 both 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 5.3 and 5.4 below, have all been selected and derived with the intention of achieving a fair allocation of the Asbestos Personal Injury Trust funds as among claimants suffering from different disease processes in light of the best available information considering the settlement histories of the Debtor and the rights claimants would have in the tort system absent the bankruptcy.

2.2 Claims Liquidation Procedures. Channeled Asbestos Claims shall be processed based on their place in the FIFO Processing Queue to be established pursuant to

² "**Debtor**" means State Insulation Corporation.

³ As used in this 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.

Section 5.1(a) below. The Asbestos Personal Injury Trust shall take all reasonable steps to resolve Channeled Asbestos Claims as efficiently and expeditiously as possible at each stage of claims processing which steps may include, in the Asbestos 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 Trust shall also make every effort to resolve each year at least that number of Channeled Asbestos Claims required to exhaust the Maximum Annual Payment, as defined below.

The Asbestos Trust shall liquidate all Channeled Asbestos Claims except Foreign Claims (as defined 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. Claims involving Disease Levels I–V, VII and VIII that do not meet the presumptive Medical/Exposure Criteria for the relevant Disease Level and Foreign Claims may undergo the Asbestos Personal Injury 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 Asbestos Personal Injury Trust may 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.

Channeled Asbestos Claims involving Disease Levels IV–VIII tend to raise more complex valuation issues than the Channeled Asbestos Claims in Disease Levels I–III. Accordingly, in lieu of liquidating such claimant's claim under the Expedited Review Process, claimants holding claims involving these Disease Levels 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 IV, V, VII or VIII 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 VI (Lung Cancer 2) claims and all Foreign Claims may be liquidated⁴ only pursuant to the Asbestos Trust's Individual Review Process.

Based upon the Debtor'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 set forth in Section 5.3(b)(3) have been established for each of the five (5) more serious Disease Levels that are eligible for Individual Review of their liquidated values, with the expectation that over time 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.

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 that are to be established by the Asbestos Personal Injury Trust. Channeled Asbestos 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 as provided in Sections 5.11 and 7.6 below.

⁴ For purposes of this TDP, "liquidated" means approved and assigned a monetary value by the Trust, which may be \$0.00.

However, if and when a claimant obtains a judgment in the tort system, the judgment shall be payable (subject to the Payment Percentage, and Maximum Available Payment provisions set forth below) as provided in Section 7.7 below.

2.3 Application of the Payment Percentage. After the liquidated value of a Channeled Asbestos 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, arbitration, or litigation in the tort system, the claimant shall ultimately receive a pro-rata share of that value based on a Payment Percentage described in Section 4.2 below. The Payment Percentage shall also apply to all Pre-Petition Liquidated Claims as provided in Section 5.2 below and to all sequencing adjustments paid pursuant to Section 7.5 below.

The Initial Payment Percentage is estimated to be 1% and shall apply to all Trust Voting Claims accepted as valid by the Asbestos Trust and is subject to revision when the deadline for filing a claim, as defined in Section 5.1 below, passes. Thereafter, the Payment Percentage may be adjusted by the Asbestos Trust pursuant to the consent of the Trust Advisory Committee (the “TAC”) and the Legal Representative for Future Asbestos Claimants (the “**Legal Representative**”) (who are described in Section 3.1 below) 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 “**Trust Voting Claims**” includes (i) Pre-Petition Liquidated Claims as defined in Section 5.2(a) below and (ii) claims filed against a Debtor in the tort system prior to the applicable Petition Date; provided, however, that (1) the holder of a claim described in subsection (i) or (ii) above, or his or her authorized agent, 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 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 his or her Trust Voting Claim; and provided further that (2) the claim was subsequently filed with the Asbestos Trust pursuant to Section 6.1 below by the Initial Claims Filing Deadline defined in Section 5.1(a) below.

The Payment Percentage may thereafter be adjusted upwards or downwards from time to time by the Trustee with the consent of the TAC and the Legal Representative to reflect then-current estimates of the Asbestos Personal Injury Trust's assets and its liabilities, as well as 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 the TDP shall receive additional payments only as provided in Section 4.2 below. Because there is uncertainty in the prediction of both the number and severity of future Channeled Asbestos Claims, and the amount of the Asbestos Personal Injury Trust's assets, no guarantee can be made of any Payment Percentage of a Channeled Asbestos Claim's liquidated value.

2.4 Asbestos Personal Injury Trust's Determination of the Maximum Annual Payment and Maximum Available Payment. After calculating the Payment Percentage, the Asbestos Personal Injury Trust shall appropriately monitor and model the cash flow, principal and income year-by-year to be paid over its entire life in an effort to ensure that all present and future holders of Channeled Asbestos Claims are compensated at the Payment Percentage. In each year, based upon the model of cash flow, the Asbestos Trust shall be empowered to pay out

the portion of its funds payable for that year according to the model (the “**Maximum Annual Payment**”). The Asbestos Personal Injury 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 Asbestos Personal Injury 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 Asbestos Personal Injury Trust’s anticipated cash flow and a new calculation of the Maximum Annual Payment figures.

However, year-to-year variations in the Asbestos Personal Injury 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 Asbestos Personal Injury Trust’s long-term projections. If, in a given year, however, asset values, including earnings thereon, are below projections, the Asbestos Personal Injury 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 assets of the Asbestos Personal Injury Trust as measured on a specified date during the year is less than the present value of the assets of the Asbestos Personal Injury Trust projected for that date by the cash flow model described in the foregoing paragraph. The Asbestos Personal Injury 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 Personal Injury Trust determines that as of the date in question, the present value of the Asbestos Personal Injury

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 Personal Injury 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 Asbestos Personal Injury 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 Asbestos Trust's distribution to all claimants for the first nine 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 Asbestos Personal Injury Trust shall first allocate the amount in question to (a) outstanding Pre-Petition Liquidated Claims, (b) Channeled Asbestos Claims involving Disease Level I (Cash Discount Payment) which have been liquidated by the Asbestos Personal Injury Trust, (c) any Channeled Asbestos Claims (i) based on a diagnosis dated prior to the Effective Date and (ii) subsequently filed with the Asbestos Trust within one (1) year following the date the Asbestos Personal Injury Trust first accepts for processing the proof of claim forms and other materials required to file a claim with

the Asbestos Personal Injury Trust,⁵ which are liquidated by the Asbestos Trust (“**Existing Claims**”) and (d) Exigent Hardship Claims (as defined in Section 5.4(b) 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 group of such liquidated 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 their 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 Channeled Asbestos 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.

2.5 Indirect Asbestos Claims. As set forth in Section 5.6 below, any Indirect Asbestos Claim (an “**Indirect Asbestos Claim**”) shall be subject to the same categorization, evaluation, and payment provisions of this TDP as all other Channeled Asbestos Claims.

SECTION III

TDP Administration

3.1 Trust Advisory Committee and Legal Representative. Pursuant to the Plan

⁵ 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.

and the Trust Agreement, the Asbestos Personal Injury Trust and the TDP shall be administered by the Trustee in consultation with the TAC, which represents the interests of holders of present Channeled Asbestos Claims, and the Legal Representative, who represents the interests of holders of Channeled Asbestos Claims that shall be asserted in the future, i.e., 11 U.S.C. § 524(g) “demands”. The Trustee shall obtain the consent of the TAC and the Legal Representative on any amendments to this TDP pursuant to Section 8.1 below, and on such other matters as are otherwise required below and in Section 2.2(f) of the Trust Agreement. The Trustee shall also consult with the TAC and the Legal Representative on such matters as are provided below and in Section 2.2(e) of the Trust Agreement. The initial Trustee, the initial members of the TAC and the initial Legal Representative are identified in the Trust Agreement.

3.2 Consent and Consultation Procedures. In those circumstances in which consultation or consent is required, the Trustee shall provide written notice to the TAC and the Legal Representative of the specific amendment or other action that is proposed. The Trustee shall not implement such amendment nor take such action unless and until the parties have engaged in the Consultation Process described in Sections 5.7(a) and 6.6(a), or the Consent Process described in Sections 5.7(b) and 6.6(b), of the Trust Agreement, respectively.

SECTION IV

Payment Percentage; Periodic Estimates

4.1 Uncertainty of Debtor’s Personal Injury Asbestos Liabilities. As discussed above, there is inherent uncertainty regarding Debtor’s total asbestos-related tort liabilities, as well as the total value of the assets available to the Asbestos Personal Injury Trust to pay Channeled Asbestos Claims. Consequently, there is inherent uncertainty regarding the amounts that holders of Channeled Asbestos Claims shall receive. To seek to ensure substantially

equivalent treatment of all present and future Channeled Asbestos Claims, the Trustee must determine from time to time the percentage of full liquidated value that holders of present and future Channeled Asbestos Claims shall be likely to receive, *i.e.*, the “**Payment Percentage**” described in Section 2.3 above and Section 4.2 below.

4.2 Computation of Payment Percentage. As provided in Section 2.3 above, the estimated Initial Payment Percentage shall be 1% and is subject to revision when the deadline for filing a claim, as defined in Section 5.1 below, passes. The Initial Payment Percentage shall apply to all Trust Voting Claims as defined in Section 2.3 above. Thereafter, the Trustee, with the consent of the TAC and the Legal Representative may determine that the Initial Payment Percentage should be changed to assure that the Asbestos Personal Injury Trust shall be in a financial position to pay holders of unliquidated and/or unpaid Trust Voting Claims and other present and future Channeled Asbestos Claims in substantially the same manner pursuant to 11 U.S.C. § 524(g).

In making any such adjustment, the Trustee, the TAC and the Legal Representative shall take into account the fact that the holders of Trust Voting Claims voted on the Plan relying on the findings of experts that the Initial Payment Percentage represented a reasonably reliable estimate of the Asbestos Personal Injury Trust’s total assets and liabilities over its life based on the best information available at the time, and shall thus give due consideration to the expectations of Trust Voting Claimants that the Initial Payment Percentage would be applied to their Channeled Asbestos Claims.

Except with respect to Trust Voting Claims to which the Initial Payment Percentage applies, the Payment Percentage shall be subject to change pursuant to the terms of this TDP and the Trust Agreement if the Trustee with the consent of the TAC and Legal Representative

determines that an adjustment is required. No less frequently than once every three (3) years, measured from the first day of January occurring after the Effective Date, the 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 if necessary with the consent of the TAC and the Legal Representative. The Trustee shall also reconsider the then applicable Payment Percentage at shorter intervals if he or she deems such reconsideration to be appropriate or if requested to do so by the TAC or the Legal Representative. In any event, no less frequently than once every twelve (12) months, commencing on the Initial Claims Filing Deadline, the Trustee shall compare the liability forecast on which the then applicable Payment Percentage is based with the actual claims filing and payment experience of the Asbestos Personal Injury Trust to date. If the results of the comparison call into question the ability of the Asbestos Personal Injury Trust to continue to rely upon the current liability forecast, the Trustee shall undertake a reconsideration of the Payment Percentage.

The Trustee must base his or her determination of the Payment Percentage on current estimates of the number, types, and values of present and future Channeled Asbestos Claims, the value of the assets then available to the Asbestos Personal Injury 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 Channeled Asbestos Claims. When making these determinations, the Trustee shall exercise common sense and flexibly evaluate all relevant factors.

4.3 Applicability of the Payment Percentage. Except as set forth below in this Section 4.3 with respect to supplemental payments, no holder of a Trust Voting Claim, other than a Trust Voting Claim for Other Asbestos Disease (Disease Level I – Cash Discount Payment) as

defined in Section 5.3(a)(3) below, shall receive a payment that exceeds the Initial Payment Percentage times the liquidated value of the claim. Except as otherwise provided (a) in Section 5.1(c) below for Channeled Asbestos Claims involving deceased or incompetent claimants for which approval of the Asbestos Personal Injury 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 other Channeled Asbestos Claim, other than a Channeled Asbestos Claim for Other Asbestos Disease (Disease Level I – Cash Discount Payment), 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 Trustee, in his or her sole discretion, may cause the Asbestos Personal Injury Trust to pay a Channeled Asbestos Claim based on the Payment Percentage that was in effect prior to the reduction if such Channeled Asbestos Claim was filed and actionable with the Asbestos Personal Injury Trust ninety (90) days or more prior to the date the Trustee proposed the new Payment Percentage in writing to the TAC and the Future Claimants' 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. Channeled Asbestos 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, including as changed, if applicable.

If a redetermination of the Payment Percentage has been proposed in writing by the Trustee to the TAC and the Legal 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 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 Channeled Asbestos Claim was liquidated prior to the Proposal Date and who either (a) transmitted⁶ an executed release to the Asbestos Personal Injury 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 Asbestos Personal Injury Trust within thirty (30) days of the claimant's receipt of the release (the claims described in (a) and (b) are collectively referred to here in 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 Personal Injury Trust transmits a release electronically, the release shall be deemed to have been received on the date the Asbestos Personal Injury Trust transmits the offer notification, and (c) if the Asbestos Personal Injury 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

⁶ 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.

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 TAC and the Future Claimants' Representative a change in the Payment Percentage, the Trustee shall issue a written notice to claimants or claimants' counsel indicating that the Trustee is reconsidering such Payment Percentage. During the period of time when the Trustee is contemplating a change in the Payment Percentage, the Asbestos Personal Injury 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 Personal Injury Trust's future assets. There is also uncertainty surrounding the totality of the Channeled Asbestos Claims to be paid over time, as well as the extent to which changes in existing federal and state law could affect the Asbestos Personal Injury Trust's administration or liabilities under the TDP. If the value of the Asbestos Personal Injury Trust's future assets increases significantly and/or if the value or volume of Channeled Asbestos Claims actually filed with the Asbestos Personal Injury Trust is significantly lower than originally estimated, the Asbestos Personal Injury 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 Trustee, with the consent of the TAC and the Legal Representative, makes a determination to increase the Payment Percentage due to a material change in the estimates of the Asbestos Personal Injury Trust's future assets and/or liabilities, the Trustee shall also make supplemental payments to all claimants who previously liquidated their claims against the Asbestos Personal Injury 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 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 \$100.00, 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 Trustee's obligation shall resume and the Trustee shall pay any such aggregate supplemental payments due the claimant at such time that the total exceeds \$100.00.

SECTION V

Resolution of Channeled Asbestos Claims.

5.1 Ordering, Processing and Payment of Claims.

5.1(a) Ordering of Claims.

5.1(a)(1) Establishment of the FIFO Processing Queue. The Asbestos Personal Injury 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 twelve (12) months after the date that the Asbestos Personal Injury Trust first makes available the proof of claim forms and other claims materials required to file a claim with the Asbestos Personal Injury Trust (such twelve-month anniversary being referred to herein as the "**Initial Claims Filing Deadline**"), 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 that the specific claim was either filed against a Debtor in the tort system or was actually submitted to a Debtor 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 a Debtor; (iii) the date after the Petition Date but before the date that the Asbestos Personal Injury Trust first makes available the proof of claim forms and other claims materials required to file a claim with the Asbestos Personal Injury 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 a Debtor in the 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 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 shall be determined by the date the claim is filed with the Asbestos Personal Injury 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 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.

5.1(a)(2) Effect of Statutes of Limitation and Repose. All unliquidated Channeled Asbestos Claims must meet either (i) for claims first filed in the U.S. tort system against a Debtor prior to the Petition Date, the applicable federal or state statute of limitation or 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 Debtor in the U.S. tort system prior to the Petition Date, the applicable federal or state statute of limitation or repose that was in effect at the time of the filing with the Asbestos Personal Injury Trust. The running of the relevant statute of limitation

or repose, however, shall be tolled as of the earliest of (A) the actual filing of the claim against the Debtor prior to the Petition Date in the U.S. tort system; (B) the tolling of the claim against the Debtor prior to the Petition Date by an agreement or otherwise, provided such tolling was still in effect on the Petition Date; or (C) the Petition Date.

If a Channeled Asbestos Claim meets any of the tolling provisions described in the preceding sentence and the claim was not barred by the applicable federal or state statute of limitation or repose at the time of the tolling event, it shall be treated as timely filed if it is actually filed with the Asbestos Personal Injury Trust within three (3) years after the Initial Claims Filing Deadline. In addition, any Channeled Asbestos Claim first diagnosed after the Petition Date, irrespective of the application of any relevant federal or state statute of limitation or repose, may be filed with the Asbestos Personal Injury Trust within three (3) year after the date of diagnosis or within three (3) years after the Initial Claims Filing Date, whichever occurs later. However, the processing of any Channeled Asbestos Claim by the Asbestos Personal Injury Trust may be deferred at the election of the claimant pursuant to Section 6.3 below.

5.1(b) Processing of Claims. As a general practice, the Asbestos Personal Injury 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.

5.1(c) Payment of Claims. Channeled Asbestos 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 5.11 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

Available Payment, the Claims Payment Ratio, 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 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 Personal Injury 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 Personal Injury 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 Personal Injury 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 Personal Injury Trust based on the dates of the claimants' birth, with older claimants given priority over younger claimants.

5.2 Resolution of Pre-Petition Liquidated Claims.

5.2(a) Processing and Payment. As soon as practicable after the Effective Date, the Asbestos Personal Injury Trust shall pay, upon submission by the claimant of the appropriate

documentation, all Channeled Asbestos Claims that were liquidated by (i) a binding settlement agreement for the particular claim entered into prior to the Petition Date that is judicially enforceable by the claimant, (ii) a jury verdict or non-final judgment in the U.S. tort system obtained prior to the Petition Date, or (iii) a judgment in the U.S. tort system that became final and non-appealable prior to the Petition Date (collectively “**Pre-Petition Liquidated Claims**”). In order to receive payment from the Asbestos Personal Injury Trust, the holder of a Pre-Petition Liquidated Claim must submit all documentation necessary to demonstrate to the Asbestos Personal Injury 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 on the merits (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 shall 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, if any, 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 in Section 7.4 below, the liquidated value of a Pre-Petition Liquidated Claim shall not include any punitive or exemplary damages. In addition, the amounts payable with respect to such claims 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 Personal Injury Trust

over this issue shall be resolved pursuant to the same procedures in this TDP that are provided for resolving the validity and/or liquidated value of a Channeled Asbestos Claim (*i.e.*, arbitration and litigation in the tort system as set forth in Sections 5.10 and 5.11 below).

Pre-Petition Liquidated Claims shall be processed and paid 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. If any Pre-Petition Liquidated Claims were filed on the same date, the claimants' position in the FIFO queue for such claims shall be determined by the date on which the claim was liquidated. If any Pre-Petition Liquidated Claims were both filed and liquidated on the same dates, the position of the claimants in the FIFO queue shall be determined by the dates of the claimants' birth, with older claimants given priority over younger claimants.

5.2(b) Marshalling of Security. Holders of Pre-Petition Liquidated 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 Personal Injury Trust. Only in the event that such security or surety is insufficient to pay the Pre-Petition Liquidated Claim in full shall the deficiency be processed and paid as a Pre-Petition Liquidated Claim.

5.3 Resolution of Unliquidated Channeled Asbestos Claims. Within six (6) months after the establishment of the Asbestos Personal Injury Trust, the Trustee, with the consent of the TAC and the Legal Representative, shall adopt procedures for reviewing and liquidating all unliquidated Channeled Asbestos Claims, which shall include deadlines for processing such claims. Such procedures shall also require that claimants seeking resolution of unliquidated Channeled Asbestos 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 Personal Injury 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 Personal Injury 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 Personal Injury 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.

5.3(a) Expedited Review Process.

5.3(a)(1) In General. The Asbestos Personal Injury Trust's Expedited Review Process is designed primarily to provide an expeditious, efficient and inexpensive method for liquidating Channeled Asbestos 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 Asbestos Personal Injury Trust's Individual Review Process), where the claim

can easily be verified by the Asbestos Personal Injury Trust as meeting or not meeting the presumptive Medical/Exposure Criteria for the relevant Disease Level. Expedited Review thus provides claimants with a substantially less burdensome process for pursuing Channeled Asbestos 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, except for claims involving Other Asbestos Disease (Disease Level I), all claims liquidated by Expedited Review shall be subject to the applicable Payment Percentage and the Maximum Available Payment 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 must utilize the Asbestos Personal Injury Trust's Individual Review Process set forth in Section 5.3(b) below to pursue their claim.

Subject to the provisions of Section 5.8, the claimant's eligibility to receive the Scheduled Value for his or her Channeled Asbestos 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 and claim types eligible for Expedited Review.

5.3(a)(2) Claims Processing Under Expedited Review. All claimants seeking liquidation of their claims pursuant to Expedited Review shall complete and submit the Asbestos Personal Injury Trust's proof of Personal Injury claim form. As a proof of claim form is reached in the FIFO Processing Queue, the Asbestos Personal Injury 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 a Disease Level is determined and approved, the Asbestos Personal Injury 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 Personal Injury 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 Personal Injury Trust shall disburse payment subject to the limitations of the Maximum Annual Payment.

5.3(a)(3) Disease Levels, Scheduled Values and Medical/Exposure

Criteria. The eight Disease Levels covered by this TDP, 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 shall apply to all Trust Voting Claims filed with the Asbestos Personal Injury Trust (except Pre-Petition Liquidated Claims submitted as such) 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 Legal Representative, the Trustee 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 Expedited Review Medical/Exposure Criteria for any of the then current Disease Levels.

<u>Disease Level</u>	<u>Scheduled Value</u>	<u>Medical/Exposure Criteria</u>
Mesothelioma (Level VIII)	\$15,000	(1) Diagnosis ⁷ of mesothelioma; and (2) Debtor Exposure as defined in Section 5.7(b)(3).
Lung Cancer 1 (Level VII)	\$10,000	(1) Diagnosis of a primary lung cancer plus evidence of an underlying Bilateral Asbestos-Related Nonmalignant Disease ⁸ , (2) six months Debtor Exposure prior to December 31, 1982, (3) Significant Occupational Exposure ⁹ to asbestos, and (4) supporting medical documentation establishing asbestos exposure as a contributing factor in causing the lung cancer in question.

⁷ The requirements for a diagnosis of an asbestos-related disease that may be compensated under the provisions of this TDP are set forth in Section 5.7 below.

⁸ 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 the Debtor 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 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 this 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, who would qualify as an expert if the matter were tried in New Jersey whether in state or federal court) 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 provision shall not apply to otherwise qualified physicians whose X-ray and/or CT scan readings are submitted for deceased holders of Channeled Asbestos Claims.

⁹ The term “Significant Occupational Exposure” is defined in Section 5.7(b)(2) below.

Lung Cancer 2
(Level VI) \$5,000

(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 medical and/or exposure requirements of Lung Cancer 1 (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 \$5000, with such awards capped at \$10,000 unless the claim qualifies for Extraordinary Claim treatment.

Level VI 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.¹⁰ In any event, no presumption of validity shall be available for any claims in this category.

Other Cancer
(Level V) \$4,000

(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 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

¹⁰ 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 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 Asbestos Personal Injury 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 \$10,000 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.

		in question.
Severe Asbestosis (Level IV)	\$7,000	(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 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)	\$4,000	(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 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)	\$2,000	(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)	\$_____*	(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.

* Payment to holders of Allowed Category I Claims shall be fifty (50%) percent of the actual dollar amount payable on a Category II Claim at Scheduled Value (i.e. after application of the payment percentage).

5.3(b) Individual Review Process.

5.3(b)(1) In General. Subject to the provisions set forth below, a claimant may elect to have his or her Channeled Asbestos 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. 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 a claim involving Disease Levels IV, V, VII or VIII exceeds the Scheduled Value for the relevant Disease Level also set forth in said provision. However, until such time as the Asbestos Personal Injury 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 Personal Injury 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 TDP shall be established only under the Asbestos Trust's Individual Review process. Channeled Asbestos 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 a Channeled Asbestos Claim with respect to which the claimant's exposure to an asbestos-containing product or conduct for which the Debtor has legal responsibility occurred outside of the United States and its Territories and Possessions, and outside of the Provinces and Territories of Canada.

Under the TDP, the Asbestos Personal Injury Trust shall evaluate Foreign Claims under the relevant procedural and substantive legal rules to which the claims would be subject if brought in a state or federal court situate in New Jersey. The Asbestos Personal Injury Trust may take into account the valuation factors set forth in Section 5.3(b)(2) below.

For purposes of the Individual Review process for Foreign Claims, the Trustee, with the consent of the TAC and the Legal 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 Personal Injury Trust; provided however, that such criteria, standards or requirements shall not effectuate substantive changes to the claims eligibility requirements under this 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 Personal Injury Trust has sufficient historical settlement, verdict and other valuation data for claims from a particular foreign jurisdiction, the Trustee, with the consent of the TAC and the Legal Representative, may also establish a separate valuation matrix for any such Foreign Claims based on that data.

5.3(b)(1)(A) Review of Medical/Exposure Criteria. The Asbestos Personal Injury Trust's Individual Review Process provides a claimant with an opportunity for individual consideration and evaluation of a Channeled Asbestos Claim that fails to meet the presumptive Medical/Exposure Criteria for Disease Levels I–V, VII or VIII. In such a case, the Asbestos Personal Injury Trust shall 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 may offer the claimant a liquidated value amount up to the Scheduled Value for that Disease Level.

5.3(b)(1)(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 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 Channeled 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 a claim involving Disease Levels IV–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 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 Channeled Asbestos 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 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.

5.3(b)(2) Valuation Factors to Be Considered in Individual Review.

The Asbestos Personal Injury Trust shall liquidate the value of each Channeled Asbestos Claim that undergoes Individual Review based on the historic liquidated values of other similarly situated claims against the Debtor in the U. S. tort system for the same Disease Level. The

Asbestos Personal Injury Trust shall thus take into consideration all of the factors that affect the severity of damages and values within the U.S. 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 the Debtor 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) settlement 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 the jurisdiction in which the claim was filed (if at all) against the Debtor in the U.S. tort system prior to the Petition Date. If the claim was not filed against the Debtor in the U.S. tort system prior to the Petition Date, the claimant may elect as the Claimant's Jurisdiction either (i) the U.S. jurisdiction in which the claimant resides at the time of diagnosis or when the claim is filed with the Asbestos Trust; (ii) a U. S. jurisdiction in which the claimant experienced exposure to an asbestos-containing product or to conduct for which the Debtor has legal responsibility; or, (iii) New Jersey, the Debtor's domicile.

With respect to the "Claimant's Jurisdiction," in the event a personal representative or authorized agent makes a claim under this 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 for the purposes of the TDP 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 5.3(b)(2) is determined to be the Alabama Wrongful Death Statute, shall only govern the rights between the Asbestos Personal Injury Trust and the claimant, and, to the extent the Asbestos Personal Injury Trust seeks recovery from any entity that provided insurance coverage to a Debtor, the Alabama Wrongful Death Statute shall govern.

5.3(b)(3) Scheduled, Average and Maximum Values. The Scheduled,

Average and Maximum Values for claims involving Disease Levels I–VIII are the following:

<u>Scheduled Disease</u>	<u>Scheduled Value</u>	<u>Average Value</u>	<u>Maximum Value</u>
Mesothelioma (Level VIII)	\$15,000	\$20,000	\$50,000
Lung Cancer 1 (Level VII)	\$10,000	\$13,000	\$30,000
Lung Cancer 2 (Level VI)	None	\$5,000	\$10,000
Other Cancer (Level V)	\$4,000	\$4,600	\$8,000
Severe Asbestosis (Level IV)	\$7,000	\$10,000	\$25,000
Asbestosis/Pleural Disease (Level III)	\$4,000	None	None
Asbestosis/Pleural Disease (Level II)	\$2,000	None	None

<u>Scheduled Disease</u>	<u>Scheduled Value</u>	<u>Average Value</u>	<u>Maximum Value</u>
Other Asbestos Disease – Cash Discount Payment (Level I)	*	None	None

These Scheduled Values, Average Values and Maximum Values shall apply to all Trust Voting Claims other than Pre-Petition Liquidated Claims filed as such with the Asbestos Personal Injury Trust on or before the Initial Claims Filing Deadline as provided in Section 5.1 above. Thereafter, the Asbestos Personal Injury Trust, with the consent of the TAC and the Legal Representative pursuant to Sections 5.7(b) and 6.6(b) of the Trust Agreement, may change these valuation amounts for good cause and consistent with other restrictions on the amendment power.

5.4 Categorizing Claims as Extraordinary and/or Exigent Hardship.

5.4(a) Extraordinary Claims. “Extraordinary Claim” means a Channeled Asbestos 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 predominantly as a result of working in an operating facility of the Debtor during a period in which the Debtor was manufacturing asbestos-containing products at that facility, or (ii) was at least 75% the result of exposure to an asbestos-containing product or to conduct for which the Debtor has legal responsibility, and in either case 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 II–V, VII and VIII,

and five (5) times the Average Value for claims in Disease Level VI, 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 Asbestos Personal Injury Trust with the consent of the TAC and the Legal 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 FIFO Payment Queue ahead of all other Channeled Asbestos Claims, except Pre-Petition Liquidated Claims submitted as such, Disease Level I Claims, Existing Claims and Exigent Hardship Claims, based on its date of liquidation and shall be paid subject to the Maximum Available Payment described above.

5.4(b) Exigent Hardship Claims. At any time the Asbestos Personal Injury Trust may liquidate and pay Channeled Asbestos 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 TDP. An Exigent Hardship Claim, following its liquidation, shall be placed first in the FIFO Payment Queue ahead of all other liquidated Channeled Asbestos Claims except Pre-Petition Liquidated Claims submitted as such, Disease Level I 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.

A Channeled Asbestos 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 Asbestos Trust, in its sole discretion, determines (i) that the claimant needs financial assistance on an immediate basis

* Payment to holders of Allowed Category I Claims shall be fifty (50%) percent of the actual dollar amount payable on a

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 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 5.3(b) above. In such a case, the claimant must establish that the occupationally exposed person would have met the exposure requirements under this TDP 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 described in Section 5.3(a)(3) above or an asbestos-related disease otherwise compensable under this TDP, 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 or asbestos-containing products manufactured, produced or distributed by the Debtor or to conduct for which the Debtor has legal responsibility, and that such secondary exposure was a cause of the claimed disease. All other liquidation and payment rights and limitations under this TDP shall be applicable to such claims.

5.6 Indirect Asbestos Claims. Indirect Asbestos Claims asserted against the Asbestos Trust shall be treated as presumptively valid and paid by the Asbestos Personal Injury 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

Category II Claim at Scheduled Value (i.e. after application of the payment percentage).

Code, and, and (b) the holder of such claim (the “**Indirect Claimant**”) establishes to the satisfaction of the Trustee 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 Personal Injury Trust would otherwise have had a liability or obligation under this TDP (the “**Direct Claimant**”), (ii) the Direct Claimant and the Indirect Claimant have forever and fully released the Asbestos Personal Injury 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 Personal Injury Trust superior to the rights of the related Direct Claimant against the Asbestos Personal Injury Trust, including any rights with respect to the timing, amount or manner of payment. In addition, no Indirect Asbestos 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 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 Personal Injury Trust) or a Final Order (as defined in the Plan) provided that such claim is valid under otherwise applicable law. In any case where the Indirect Claimant has satisfied the claim of a Direct Claimant against the Asbestos Personal Injury Trust under applicable law by way of a settlement, the Indirect Claimant shall obtain for the benefit of the Asbestos Personal Injury Trust a release in form and substance satisfactory to the Trustee.

If an Indirect Claimant cannot meet the presumptive requirements set forth above, including the requirement that the Indirect Claimant provide the Asbestos Personal Injury Trust with a full release of the Direct Claimant’s claim, the Indirect Claimant may request that the

Asbestos Personal Injury Trust review the Indirect Asbestos Claim individually to determine whether the Indirect Claimant can establish under applicable law that the Indirect Claimant has paid all or a portion of a liability or obligation that the Asbestos Personal Injury 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 as well as all other applicable requirements for allowance and payment under the TDP, the Asbestos Personal Injury 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 Claim paid by the Asbestos Personal Injury Trust to an Indirect Claimant shall be treated as an offset to or reduction of the full liquidated value of any Channeled Asbestos Claim that might be subsequently asserted by the Direct Claimant against the Asbestos Personal Injury Trust.

Any dispute between the Asbestos Personal Injury 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 U.S. tort system pursuant to Sections 5.11 and 7.6 below.

The Trustee may develop and approve a separate proof of claim form for Indirect Asbestos Claims. Indirect Asbestos 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 Trustee 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 Personal Injury Trust would have afforded the holders of the underlying valid Channeled Asbestos Claims. Nothing in this TDP is intended to preclude a trust to which asbestos-related liabilities are channeled from asserting an Indirect Asbestos Claim against the Asbestos Personal Injury Trust subject to the requirements set forth herein.

5.7 Evidentiary Requirements.

5.7(a) Medical Evidence.

5.7(a)(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 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.

5.7(a)(1)(A) Disease Levels I–IV. Except for asbestos claims filed against the Debtor or any other defendant in the U.S. 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 3 above); (ii) for Disease Level

IV,¹¹ an ILO reading of 2/1 or greater or pathological evidence of asbestosis, and (iii) for Disease Levels III and IV, pulmonary function testing.¹²

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 3 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.

5.7(a)(1)(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

¹¹ All diagnoses of Asbestos/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 rebut such presumptions.

¹² “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 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 Trust, certifying that the PFT was conducted in material compliance with ATS standards.

by a pathology report prepared at or on behalf of a hospital accredited by the Joint Commission on Accreditation of Healthcare Organizations (“JCAHO”).

5.7(a)(1)(C) Exception to the Exception for Certain Pre-Petition Claims. If the holder of a Channeled Asbestos Claim that was filed against the Debtor or any other defendant in the U.S. 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 Sections 5.7(a)(1)(A), or if the holder has submitted 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 to 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 Personal Injury Trust notwithstanding the exception in Section 5.7(a)(1)(A).

5.7(a)(2) Credibility of Medical Evidence. Before making any payment to a claimant, the Asbestos Personal Injury Trust must achieve reasonable confidence that the medical evidence provided in support of the claim is credible and consistent with recognized medical standards. 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 U.S. 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 U.S. state or federal judge at trial, (ii) that is consistent with evidence submitted to the Debtor to settle for payment similar disease cases prior

to the Debtor'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 U.S. state or federal judge, is presumptively reliable, although the Asbestos Personal Injury Trust may seek to rebut the presumption. In addition, claimants who otherwise meet the requirements of the TDP for payment of a Channeled Asbestos Claim may be paid irrespective of the results in any litigation at any time between the claimant and any other defendant in the U.S. tort system. Any relevant evidence submitted in a proceeding in the U.S. 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 conducted pursuant to 5.3(b) or any Extraordinary Claim proceeding conducted pursuant to 5.4(a).

5.7(b) Exposure Evidence.

5.7(b)(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 an asbestos-containing product manufactured, produced or distributed by the Debtor or to conduct for which the Debtor has legal responsibility. Claims based on conspiracy theories that involve no exposure to an asbestos-containing product manufactured, produced or distributed by the Debtor or for which the Debtor otherwise has legal liability are not compensable under this 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, Debtor Exposure as defined in Section 5.7(b)(3) 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 Debtor 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 pursuant to Section 5.3(b) of his or her claim based on exposure to an asbestos-containing product or conduct for which a Debtor has legal responsibility.

5.7(b)(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).

5.7(b)(3) Debtor Exposure. The claimant must demonstrate (i) meaningful and credible exposure, which occurred prior to December 31, 1982, to asbestos or asbestos-containing products supplied, specified, manufactured, installed, maintained, distributed or repaired by the Debtor or, for which the Debtor has legal responsibility (“**Debtor 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 Personal Injury 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 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 Trust may also require submission of other or additional evidence of exposure when it deems such to be necessary.

Evidence submitted to establish proof of Debtor Exposure is for the sole benefit of the Asbestos Personal Injury Trust, not third parties or defendants in the tort system. The Asbestos Personal Injury Trust has no need for, and therefore claimants are not required to furnish the Asbestos Personal Injury Trust with evidence of, exposure to specific asbestos products other than those for which the Debtor has legal responsibility, except to the extent such evidence is required elsewhere in this TDP. Similarly, failure to identify Debtor product or exposure in the claimant's underlying tort action, or to other bankruptcy trusts, does not preclude the claimant from recovering from the Asbestos Personal Injury Trust, provided the claimant otherwise satisfies the medical and exposure requirements of this TDP.

5.8 Claims Audit Program. The Asbestos Personal Injury Trust, with the consent of the TAC and the Legal 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, including exposure to asbestos-containing products manufactured or distributed by the Debtor prior to December 31, 1982. In the event that the Asbestos Personal Injury Trust reasonably determines that any individual or entity has engaged in a pattern or practice of providing unreliable medical evidence to the Asbestos Personal Injury Trust, it may decline to accept additional evidence from such provider in the future. The Asbestos Personal Injury Trust may decline to accept evidence

from providers whose evidence is not accepted by any other 11 U.S.C. § 524(g) trust (or pre-524(g) asbestos trust such as but not limited to the Johns-Manville Trust, the UNR trust, the Celotex trust).

Further, in the event that an audit reveals that fraudulent information has been provided to the Asbestos Personal Injury Trust, the Asbestos Personal Injury Trust may penalize any claimant or claimant's attorney by rejecting the Channeled Asbestos 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' Channeled Asbestos 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.

5.9 Second Disease (Malignancy) Claims. The holder of a Channeled Asbestos Claim involving a non-malignant asbestos-related disease (Disease Levels I–IV) may assert a new Channeled Asbestos Claim against the Asbestos 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 by the time the claimant was paid with respect to the original claim involving the non-malignant disease.

5.10 Arbitration.

5.10(a) Establishment of ADR Procedures. The Asbestos Personal Injury Trust, with the consent of the TAC and the Legal Representative, shall institute binding and non-binding arbitration procedures in accordance with Alternative Dispute Resolution (“**ADR**”) Procedures to be established by the Trustee, with the consent of the TAC and the Legal Representative, for resolving disputes concerning: whether a pre-petition settlement agreement with the Debtor is binding and judicially enforceable in the absence of a Final Order of the Bankruptcy Court determining the issue; 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 this TDP for purposes of categorizing a claim involving Disease Levels I–VIII. Binding and non-binding arbitration shall also be available for resolving disputes over the liquidated value of a claim involving Disease Levels IV–VIII, as well as disputes over the Debtor’ share of the unpaid portion of a Pre-Petition Liquidated Claim described in Section 5.2 above and disputes over the validity of an Indirect Asbestos Claim.

In all arbitrations, 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 IV–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 with respect to such claims, the Asbestos Personal Injury Trust may from time to time develop a valuation model that enables the Asbestos 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 Personal Injury 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) business days prior to the arbitration proceeding. With respect to all claims eligible for arbitration, the claimant, but not the Asbestos Personal Injury Trust, may elect either non-binding or binding arbitration. The ADR Procedures may be modified by the Trustee with the consent of the TAC and the Legal Representative.

5.10(b) Claims Eligible for Arbitration. In order to be eligible for arbitration, the claimant must first complete the Individual Review Process with respect to the disputed issue 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 Personal Injury Trust, the Asbestos Personal Injury 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 Personal Injury Trust of the rejection in writing. Individual Review shall also be treated as completed if the Asbestos Personal Injury Trust has rejected the claim.

5.10(c) Limitations on and Payment of Arbitration Awards. In the case of a non-Extraordinary claim involving Disease Levels I–III, 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 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(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 Personal Injury Trust's original valuation of the claim.

5.11 Litigation. Claimants who elect non-binding arbitration and then reject their arbitral awards retain the right to institute a lawsuit in the U.S. tort system against the Asbestos Personal Injury 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 Personal Injury Trust's available cash only as provided in Section 7.7 below.

SECTION VI

Claims Materials

6.1 Claims Materials. The Asbestos Personal Injury Trust shall prepare suitable and efficient claims materials ("**Claims Materials**") for all Channeled Asbestos Claims, and shall provide such Claims Materials upon a written request for such materials to the Asbestos Personal Injury Trust. The proof of claim form to be submitted to the Asbestos Personal Injury 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 Personal Injury 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 Personal Injury Trust shall be developed by the Trustee and submitted to the TAC and the Legal Representatives for approval; it may be changed by the Trustee with the consent of the TAC and the Legal Representative.

6.2 Content of Claims Materials. The Claims Materials shall include a copy of this TDP, such instructions as the Trustee shall approve, and a proof of claim form. If feasible, the forms used by the Asbestos Personal Injury 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 Personal Injury Trust shall accept information provided electronically. The claimant may, but shall not be required to, provide the Asbestos Personal Injury Trust with evidence of recovery from other defendants and claims resolution organizations.

6.3 Withdrawal or Deferral of Claims. A claimant may withdraw a Channeled Asbestos Claim at any time upon written notice to the Asbestos Personal Injury 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 may also request that the processing of his or her Channeled Asbestos Claim by the Asbestos Personal Injury 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 Channeled Asbestos Claim as provided in Section 7.5 hereunder shall not accrue and payment thereof shall be deemed waived by the claimant. Except for Channeled Asbestos Claims held by representatives of deceased or incompetent claimants for which court or probate approval of the Asbestos Personal Injury Trust's offer is required, or a Channeled Asbestos 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 Trust's written offer of payment or rejection of the claim. Upon written request and good cause, the Asbestos Personal Injury Trust may extend the withdrawal or deferral period for an additional six (6) months.

6.4 Filing Requirements and Fees. The Trustee shall have the discretion to determine, with the consent of the TAC and the Legal Representative, whether a filing fee should be required for submission of any Unliquidated Channeled Asbestos Claims.

6.5 Confidentiality of Claimants' Submissions. All submissions to the Asbestos Personal Injury Trust by a holder of a Channeled Asbestos Claim or 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 Personal Injury 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 Personal Injury 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 Jersey State Court or the United States District Court for the District of New Jersey. Furthermore, the Asbestos Personal Injury Trust shall provide counsel for the holder a copy of any such subpoena immediately upon being served. The Asbestos Personal Injury 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 Jersey State Court or the United States District Court for the District of New Jersey and before those courts having appellate jurisdiction related thereto.

Notwithstanding anything in the foregoing to the contrary, with the consent of the TAC and the Legal Representative, the Asbestos Personal Injury Trust may, in specific limited circumstances, disclose information, documents or other materials reasonably necessary in the Asbestos Personal Injury 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 Personal Injury 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 Personal Injury 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 Personal Injury Trust shall be used solely by the receiving party for the limited 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 TDP, the Plan or the 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 Personal Injury Trust for the purpose of obtaining compensation for asbestos-related injuries from the Asbestos Personal Injury Trust.

SECTION VII

General Guidelines for Liquidating and Paying Claims

7.1 Showing Required. To establish a valid Channeled Asbestos Claim, a claimant must meet the requirements set forth in this TDP. The Asbestos Personal Injury 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 Channeled Asbestos 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 this TDP to the contrary, the Trustee shall always give appropriate consideration to the cost of investigating and uncovering invalid Channeled Asbestos Claims so that the payment of valid Channeled Asbestos Claims is not further impaired by such processes with respect to issues related to the validity of the medical evidence supporting a Channeled Asbestos Claim. The Trustee shall also have the latitude to make judgments regarding the amount of transaction costs to be expended by the Asbestos Personal Injury Trust so that valid Channeled Asbestos Claims are not unduly further impaired by the costs of additional investigation. Nothing herein shall prevent the Trustee, in appropriate circumstances, from contesting the validity of any claim against the Asbestos Personal Injury Trust whatever the costs, or declining to accept medical evidence from sources that the Trustee has determined to be unreliable pursuant to the Claims Audit Program described in Section 5.8 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 and Payment Queues, and the Maximum Annual Payment requirements set forth above, the Trustee shall proceed as quickly as possible to liquidate valid Channeled Asbestos Claims, and shall make payments to holders of such claims in accordance with this 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 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 Trustee shall use best efforts to treat similar claims in substantially the same manner, consistent with the Trustee's fiduciary duties, the purposes of the Asbestos Personal Injury Trust, and the practical limitations imposed by the inability to predict the future with precision.

In the event that the Asbestos Personal Injury Trust faces temporary periods of limited liquidity, the Trustee may, with the consent of the TAC and the Legal 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.

7.4 Punitive Damages. Except as provided below for claims asserted under the Alabama Wrongful Death Statute, in determining the value of any liquidated or unliquidated Channeled Asbestos 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 Personal Injury Trust in the tort system pursuant to Sections 5.11 above and 7.6 below. The only damages that may be compensated pursuant to this TDP to 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 Personal Injury 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 Personal Injury Trust seeks recovery from any entity that provided insurance to a Debtor, the Alabama Wrongful Death Statute shall govern.

7.5 Sequencing Adjustment.

7.5(a) In General. Except for any Channeled Asbestos Claim involving Other Asbestos Disease (Disease Level I – Cash Discount Payment) and subject to the limitations set forth above and below, a sequencing adjustment shall be paid on all Channeled Asbestos 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 five percent (5%) per annum for each of the first five (5) years after the Effective Date; thereafter, the Asbestos Personal Injury Trust shall have the discretion to change the sequencing adjustment factor with the consent of the TAC and the Legal Representative.

7.5(b) Unliquidated Channeled Asbestos Claims. A sequencing adjustment shall be payable on the Scheduled Value of any unliquidated Channeled Asbestos 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 5.11 above and Section 7.6 below. The sequencing adjustment on an

unliquidated Channeled Asbestos Claim that meets the requirements of Disease Level VI shall be based on the Average Value of such a claim. Sequencing adjustments on all such unliquidated claims shall 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 in the U.S. tort system against the Debtor prior to the Petition Date; (b) the claim was filed against another defendant in the U.S. 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 submitted to the Asbestos Trust after the Effective Date.

7.5(c) Liquidated Pre-Petition Claims. A sequencing adjustment shall also be payable on the liquidated value of all Pre-Petition Liquidated Claims described in Section 5.2(a) above and submitted as such . In the case of Pre-Petition Liquidated 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 Claim includes pre-petition interest. In the case of Pre-Petition Liquidated 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.

7.6 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 as provided in Section 5.10 above, the holder may file a lawsuit against the Asbestos Personal Injury 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 her own right and name and not as a member or representative of a class. All defenses (including, with respect to the Asbestos Personal Injury Trust, all defenses which could have been asserted by a Debtor) shall 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 form was filed with the Asbestos Personal Injury 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 Personal Injury Trust an initial payment (subject to the applicable Payment Percentage and the Maximum Available Payment provisions set forth above) of an amount equal to 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; 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 and the Maximum Available Payment provisions above in effect on the date of the payment of the subject installment).

In the case of non-Extraordinary claims involving Disease Levels I, II and III, 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(b)(3) above. In the case of claims involving a non-malignant asbestos-related disease that does not attain classification under Disease Levels I, II or III, 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 IV–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(a) above. Under no circumstances shall (a) a sequencing adjustment be paid pursuant to Section 7.5 or (b) interest be paid under any statute on any judgment obtained in the tort system hereunder.

7.8 Releases. The Trustee shall have the discretion to determine the form and substance of the releases to be provided to the Asbestos Personal Injury Trust. As a condition to making any payment to a claimant, the Asbestos Personal Injury 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 Asbestos Personal Injury Trust, constitute such a release.

7.9 Third-Party Services. Nothing in this TDP shall preclude the Asbestos Personal Injury Trust from contracting with another asbestos claims resolution organization to provide services to the Asbestos Personal Injury Trust so long as decisions about the categorization and liquidated value of Channeled Asbestos Claims are based on the relevant provisions of this TDP, including the Disease Levels, Scheduled Values, Average Values, Maximum Values, and Medical/Exposure Criteria set forth above.

7.10 Asbestos Personal Injury Trust Disclosure of Information. Periodically, but not less often than once a year, the Asbestos Personal Injury Trust shall make available to claimants and other interested parties, the number of claims by Disease Level that have been resolved both by the Expedited Review Process and the Individual Review Process including 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 Trustee may amend, modify, delete, or add to any provisions of the TDP (including, without limitation, amendments to conform this TDP to advances in scientific or medical knowledge or other changes in circumstances), provided he or she first obtains the consent of the TAC and the Legal Representative pursuant to the Consent Process set forth in Sections 5.7(b) and 6.6(b) of the Trust Agreement, except that the right to adjust the Payment Percentage is governed by Section 4.2 above. Nothing herein is intended to preclude the TAC or the Legal Representatives from proposing to the Trustee, in writing, amendments to this TDP. Any amendment proposed by the TAC or the Legal Representatives shall remain subject to Section 7.3 of the Trust Agreement.

8.2 Severability. Should any provision contained in this 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 the TDP. Should any provision contained in this TDP be determined to be inconsistent with or contrary to the Debtor's obligations to any insurance company providing insurance coverage to the Debtor in respect of claims for personal injury based on exposure to an asbestos-containing product or for conduct for which the Debtor has

legal responsibility, the Asbestos Personal Injury Trust with the consent of the TAC and the Legal Representative may amend this TDP and/or the Trust Agreement to make the provisions of either or both documents consistent with the duties and obligations of the Debtor to said covering insurance company.

8.3 Governing Law. Except for purposes of determining the liquidated value of any Channeled Asbestos Claim, administration of this TDP shall be governed by, and construed in accordance with, the laws of the State of New Jersey. The law governing the liquidation of Channeled Asbestos 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, or New Jersey law with respect to Foreign Claims.