

COMBUSTION ENGINEERING 524(g) ASBESTOS PI TRUST

FIRST AMENDED AND RESTATED **ASBESTOS PI TRUST DISTRIBUTION PROCEDURES** **(effective September 16, 2009)**

The Combustion Engineering 524(g) Asbestos PI Trust Distribution Procedures (the “TDP”) provide for resolving all TDP Claims (as defined in Section 1.3), including all asbestos-related personal injury and death claims caused by exposure to an asbestos-containing product, or to conduct that exposed the claimant to an asbestos-containing product, for which Combustion Engineering, Inc. or any of its predecessors, successors and assigns (collectively, “CE”) has legal responsibility, as provided in and required by Combustion Engineering, Inc.’s Plan of Reorganization, as Modified Through August 19, 2005 (the “Plan”), and the Combustion Engineering 524(g) Asbestos PI Trust Agreement (the “Trust Agreement”). Capitalized terms used herein and not otherwise defined shall have the meanings assigned to them in the Glossary of Terms for the Plan Documents Pursuant to Combustion Engineering, Inc.’s Plan of Reorganization, as Modified Through August 19, 2005 (the “Glossary”), or in the Trust Agreement.

The Plan and the Trust Agreement establish the Combustion Engineering 524(g) Asbestos PI Trust (the “Asbestos PI Trust”). The Trustees of the Asbestos PI Trust 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 TDP Claims that may presently exist or may arise in the future.

1.2 Interpretation.

Nothing in the TDP shall be deemed to create a substantive right for any claimant.

1.3 Definitions.

In addition to the capitalized terms defined in the first two paragraphs of the TDP, the following capitalized terms used herein shall have the meanings set forth below:

“ADR Procedures” shall have the meaning set forth in Section 5.10(a).

“Average Value” means the average value for Disease Levels as set forth in Section 5.3(b)(3).

“Bankruptcy Code” shall have the meaning set forth in the Glossary.

“Category A Claims” means TDP Determined Claims involving severe asbestosis and malignancies (Disease Levels IV – VIII) and those settled as Disease Level I allocated to Category A as set forth below.

“Category B Claims” means TDP Determined Claims involving nonmalignant Asbestosis or Pleural Disease (Disease Levels II and III) and those settled as Disease Level I allocated to Category B as set forth below.

“CE Derivative Asbestos Personal Injury Claims” shall have the meaning set forth in the Glossary.

“CE Exposure” shall have the meaning set forth in Section 5.7(b)(3).

“Certified Unpaid Settlement Trust Claim” shall have the meaning set forth in the Glossary.

“Claimant’s Jurisdiction” shall have the meaning set forth in Section 5.3(b)(2).

“Claims Materials” means suitable and efficient claims materials prepared by the Asbestos PI Trust as described in Section VI.

“Claims Payment Ratio” means the claims payment ratio set forth in Section 2.5.

“Direct Claimant” shall have the meaning set forth in Section 5.6.

“Disease Levels” means the eight asbestos-related disease levels defined in Section 5.3(a)(3).

“Exigent Hardship Claim” means a claim that meets the criteria set forth in Section 5.4(b).

“Expedited Review” means a review pursuant to the Expedited Review Process.

“Expedited Review Process” means the expedited review process described in Section 5.3(a).

“Extraordinary Claim” shall have the meaning set forth in Section 5.4(a).

"FIFO" shall have the meaning set forth in Section 2.1.

“FIFO Payment Queue” shall have the meaning set forth in Section 5.1(c).

“FIFO Processing Queue” shall have the meaning set forth in Section 5.1(a)(1)

“Final Order” shall have the meaning set forth in the Glossary.

“Future Claimants’ Representative” shall have the meaning set forth in the Glossary.

“Identified Settlement Trust Claims” shall have the meaning set forth in the Glossary.

“Indirect Claimant” shall have the meaning set forth in Section 5.6.

“Individual Review Process” means the individual review process described in Section 5.3(b).

“Initial Claims Filing Date” means the date six months after the Asbestos PI Trust first distributes or otherwise makes available to claimants the proof of claim form and other claim materials required for filing TDP Claims with the Asbestos PI Trust.

“JCAHO” shall have the meaning set forth in Section 5.7(a)(1)(B).

“Master Settlement Agreement” shall have the meaning set forth in the Glossary.

“Maximum Annual Payment” shall have the meaning set forth in Section 2.4.

“Maximum Extraordinary Value” shall have the meaning set forth in Section 5.4(a).

“Maximum Value” means the maximum value for Disease Levels as set forth in Section 5.3(b)(3).

“Medical/Exposure Criteria” means the medical/exposure criteria for each Disease Level set forth in Section 5.3(a)(3).

“Non-Qualified Claim” shall have the meaning set forth in the Glossary.

“Non-Qualified Claimant” shall have the meaning set forth in the Glossary.

“Payment Percentage” shall have the meaning set forth in Section 4.1.

“Reduced Payment Option” shall have the meaning set forth in Section 2.5.

“Scheduled Value” means the scheduled value for each of the seven Disease Levels eligible for Expedited Review as set forth in Section 5.3(a)(3).

“Settlement Trust Claims” shall have the meaning as set forth in the Glossary.

“Significant Occupational Exposure” shall have the meaning set forth in Section 5.7(b)(2).

“TAC” shall have the meaning set forth in the Glossary.

“TDP Claims” means Asbestos PI Trust Claims, Certified Unpaid Settlement Trust Claims, Non-Qualified Claims and Subsequent Malignancy Claims. TDP Claims shall not include Settlement Trust Claims.

“TDP Determined Claims” means TDP Claims which qualify for distributions from the Asbestos PI Trust under the TDP.

“Trustee” shall mean a trustee of the Asbestos PI Trust.

SECTION II

Overview

2.1 Asbestos PI Trust Goals.

The goal of the Asbestos PI Trust is to treat all claimants equitably. The TDP furthers that goal by setting forth procedures for processing TDP Claims and paying generally on an impartial, first-in-first-out ("FIFO") basis, with the intention of paying all holders of TDP Determined Claims 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.¹ To this end, the TDP establishes a schedule of eight asbestos-related Disease Levels, all of which have Medical/Exposure Criteria set forth in Section 5.3(a)(3), seven of which have Scheduled Values set forth in Section 5.3(a)(3), and five of which have both anticipated Average Values and Maximum Values set forth in Section 5.3(b)(3). Maximum Extraordinary Values are set forth in Section 5.4(a). The Disease Levels, Medical/Exposure Criteria, Scheduled Values, Average Values, Maximum Values and Maximum Extraordinary Values have all been selected and derived with the intention of achieving a fair allocation of the Asbestos PI Trust's funds among claimants suffering from different disease processes in light of the best available information and considering the settlement history of CE and the rights claimants would have in the tort system absent CE's bankruptcy.

2.2 Claims Liquidation Procedures.

TDP Claims shall be processed based on their place in the FIFO Processing Queue to be established pursuant to Section 5.1(a). The Asbestos PI Trust shall take all reasonable steps to

¹ As used in the 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.

resolve TDP Claims as efficiently and expeditiously as possible at each stage of claims processing and arbitration, which steps may include, in the Asbestos PI Trust's sole discretion, conducting settlement discussions with claimants' representatives with respect to more than one claim at a time, provided that the claimants' respective positions in the FIFO Processing Queue are maintained and each claim is individually evaluated pursuant to the valuation factors set forth in Section 5.3(b)(2). The Asbestos PI Trust shall also make reasonable efforts to resolve each year at least that number of TDP Claims required to exhaust the Maximum Annual Payment for Category A Claims and Category B Claims.

The Asbestos PI Trust shall, except as provided below, liquidate all TDP Claims that meet the presumptive Medical/Exposure Criteria of Disease Levels I – V, VII or VIII efficiently and expeditiously under the Expedited Review Process described in Section 5.3(a). TDP Claims involving Disease Levels II – V, VII or VIII that do not meet the presumptive Medical/Exposure Criteria for the relevant Disease Level may undergo the Individual Review Process described in Section 5.3(b). In such a case, notwithstanding that the TDP Claim does not meet the presumptive Medical/Exposure Criteria for the relevant Disease Level, the Asbestos PI Trust can offer the claimant an amount up to the Scheduled Value of the relevant Disease Level if the Asbestos PI Trust is satisfied that the claimant has presented a claim that would be cognizable and valid in the tort system.

TDP Claims involving Disease Level VI (Lung Cancer 2) may be liquidated only pursuant to the Individual Review Process. Claimants holding TDP Claims involving Disease Levels IV, V, VII or VIII may alternatively seek to establish a liquidated value for the claim that is greater than its Scheduled Value by electing the Individual Review Process. However, the liquidated value of a claim that undergoes the Individual Review Process for valuation

purposes may be determined to be less than the Scheduled Value for the applicable Disease Level, and in any event shall not exceed the Maximum Value for the relevant Disease Level set forth in Section 5.3(b)(3), unless the TDP Determined Claim qualifies as an Extraordinary Claim, in which case its liquidated value shall not exceed the Maximum Extraordinary Value specified in Section 5.4(a).

Based upon CE's claims settlement history, applicable tort law and current projections of present and future TDP Claims, the Scheduled Values and Maximum Values set forth in Section 5.3(b)(3) have been established for each of the five Disease Levels that are eligible for Individual Review of their liquidated values, with the expectation that the combination of settlements at the Scheduled Values and those resulting from the Individual Review Process should result in the Average Values also set forth in that provision.

All unresolved disputes over a claimant's medical condition, exposure history and/or the liquidated value of a TDP Claim shall be subject to binding or non-binding arbitration, at the election of the claimant, as provided in Section 5.10. TDP Claims that are the subject of a dispute with the Asbestos PI Trust that cannot be resolved by non-binding arbitration may enter the tort system as provided in Sections 5.11 and 7.6. However, if and when a claimant obtains a judgment in the tort system, the judgment shall be payable (subject to the Payment Percentage, Maximum Annual Payment, and Claims Payment Ratio provisions set forth below) as provided in Section 7.7.

2.3 Application of the Payment Percentage.

After the liquidated value of a TDP Determined Claim other than a claim involving Other Asbestos Disease (Disease Level I – Cash Discount Payment) is determined pursuant to the procedures set forth herein for Expedited Review, Individual Review, mediation, arbitration, or

litigation in the tort system, the claimant will ultimately receive a pro-rata share of that liquidated value based on the Payment Percentage described in Section 4.1. The Payment Percentage shall also apply to all sequencing adjustments paid pursuant to Section 7.5.

The Payment Percentage may be adjusted upwards or downwards from time to time by the Asbestos PI Trust, with the consent of the TAC and the Future Claimants' Representative, to reflect then-current estimates of the Asbestos PI Trust's assets and its liabilities, as well as the then-estimated value of then-pending and future claims. Any adjustment to the Payment Percentage shall be made only pursuant to Section 4.2. 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 4.3. Because there is uncertainty in the prediction of both the number and severity of future TDP Determined Claims, and the amount of the Asbestos PI Trust's assets, no guarantee can be made of any Payment Percentage of a TDP Determined Claim's liquidated value.

2.4 Asbestos PI Trust's Determination of the Maximum Annual Payment.

The Asbestos PI Trust shall estimate or model the amount of cash flow anticipated to be necessary over its entire life to ensure that funds will be available to treat all present and future holders of TDP Claims as similarly as possible. In each year, the Asbestos PI Trust shall be empowered to pay out all of the income earned during the year (net of taxes payable with respect thereto), together with a portion of its principal, calculated, after reserves or other provision for Trust Expenses due in the related fiscal year have been established, so that the application of Asbestos PI Trust funds over its life shall correspond with the needs created by the estimated anticipated flow of claims (the "Maximum Annual Payment"), taking into account the Payment Percentage provisions set forth in Sections 2.3, 4.2 and 4.3. The Asbestos PI Trust's

distributions to all claimants for a year shall not exceed the Maximum Annual Payment determined for that year plus any rollover of excess funds as provided in Section 2.5. The Maximum Annual Payment is initially set at \$75,000,000.

In distributing the Maximum Annual Payment, the Asbestos PI Trust shall allocate such Maximum Annual Payment between Categories A and B in accordance with the Claims Payment Ratio. Thereafter, the amounts allocated to Categories A and B shall be used to satisfy all previously liquidated TDP Determined Claims (subject to a reduction of the Claim, if applicable, by the Payment Percentage as set forth in Section 2.5). In the event there are insufficient funds in any year to pay the total amount of TDP Determined Claims in Categories A or B, the available funds allocated to a Category of claims shall be paid to the maximum extent possible to claimants in the particular Category based on their place in the FIFO Payment Queue. Disease Level I claims and Exigent Hardship Claims allocated to either Category shall be paid prior to payment of any other claims allocated to said Category. Claims in each Category for which there are insufficient funds shall be carried over to the next year and shall remain at the head of the FIFO Payment Queue for their Category.

2.5 Claims Payment Ratio.

Based upon CE's claims settlement history and analysis of present and future claims, a Claims Payment Ratio has been determined which, as of the Effective Date, has been set at 87% for Category A Claims, which consist of TDP Determined Claims involving severe asbestosis and malignancies (Disease Levels IV – VIII) as well as allocated Disease Level I claims, and at 13% for Category B Claims, which consist of TDP Determined Claims involving nonmalignant Asbestosis or Pleural Disease (Disease Levels II and III) as well as allocated Disease Level I claims. Any TDP Determined Claims for Other Asbestos Disease (Disease Level I – Cash

Discount Payment) shall be allocated to either Categories A or B based on the highest Disease Level established by the medical evidence submitted for that claim. In each year, after the determination of the Maximum Annual Payment, by application of the Claims Payment Ratio, 87% (which percentage shall be modified to correspond with each change, if any, in the Claims Payment Ratio after the Effective Date) of the Maximum Annual Payment will be allocated to and available to pay liquidated Category A Claims, and 13% (which percentage shall be modified to correspond with each change, if any, in the Claims Payment Ratio after the Effective Date) will be allocated to and available to pay liquidated Category B Claims.

In the event there are insufficient funds in any year to pay the TDP Determined Claims in Category A and/or the TDP Determined Claims in Category B, the available funds allocated to the particular Category shall be paid to the maximum extent to claimants in that Category based on their place in the FIFO Payment Queue described in Section 5.1(c). Claims for which there are insufficient funds allocated to the relevant Category shall be carried to the next year where they shall retain their place at the head of the FIFO Payment Queue. If there are excess funds in either or both Categories, because there is an insufficient amount of liquidated claims to exhaust the respective Maximum Annual Payment amount for that Category, then the excess funds for either or both Categories will be rolled over and remain dedicated to the respective Category to which they were originally allocated.

The 87% / 13% Claims Payment Ratio and its rollover provision shall apply to all TDP Determined Claims and shall not be amended until the fifth anniversary of the Effective Date. Thereafter, both the Claims Payment Ratio and its rollover provision shall be continued absent circumstances, such as a significant change in law or medicine, necessitating amendment to avoid a manifest injustice. The accumulation, rollover and subsequent delay in the payment of

claims resulting from the application of the Claims Payment Ratio, shall not, in and of itself, constitute such circumstances. In addition, an increase in the numbers of Category B Claims beyond those predicted or expected shall not be considered as a factor in deciding whether to reduce the percentage allocated to Category A Claims.

In considering whether to make any amendments to the Claims Payment Ratio and/or its rollover provisions, the Trustees should consider the reasons for which the Claims Payment Ratio and its rollover provisions were adopted, the settlement history that gave rise to its calculation, and the foreseeability or lack of foreseeability of the reasons why there would be any need to make an amendment. In that regard, the Trustees should keep in mind the interplay between the Payment Percentage and the Claims Payment Ratio as it affects the net cash actually paid to claimants.

In any event, no amendment to the Claims Payment Ratio to reduce the percentage allocated to Category A Claims may be made without the unanimous consent of the TAC members and the consent of the Future Claimants' Representative, and the percentage allocated to Category A Claims may not be increased without the consent of the TAC and the Future Claimants' Representative. The consent process set forth in Sections 6.6 and 7.7 of the Trust Agreement shall apply in the event of any amendments to the Claims Payment Ratio. The Trustees, with the consent of the TAC and the Future Claimants' Representative, may offer the option of a reduced Payment Percentage to holders of claims in either Category A or Category B in return for prompter payment (the "Reduced Payment Option").

2.6 Indemnity and Contribution Claims.

As set forth in Section 5.6, CE Derivative Asbestos Personal Injury Claims, if any, shall be subject to the same categorization, evaluation and payment provisions of the TDP as all other TDP Claims.

SECTION III

TDP Administration

3.1 Trust Advisory Committee and Future Claimants' Representative.

Pursuant to the Plan and the Trust Agreement, the Asbestos PI Trust and the TDP shall be administered by the Trustees in consultation with the TAC (which represents the interests of holders of present TDP Claims), and the Future Claimants' Representative (who represents the interests of holders of TDP Claims that may be asserted in the future). The Trustees shall obtain the consent of the TAC and the Future Claimants' Representative on any amendments to the TDP pursuant to Section 8.1, and on such other matters as are otherwise required herein or in the Trust Agreement. The Trustees shall also consult with the TAC and the Future Claimants' Representative on such matters as are provided herein and in Section 3.2(e) of the Trust Agreement. The initial members of the TAC and the initial Future Claimants' Representative are identified on the signature pages to the Trust Agreement.

3.2 Consent and Consultation Procedures.

In those circumstances in which consultation or consent is required, the Trustees shall provide written notice to the TAC and the Future Claimants' Representative of the specific amendment or other action that is proposed. The Trustees shall not implement such amendment nor take such action unless and until the parties have engaged in the consent process described in Sections 6.6 and 7.7 of the Trust Agreement, respectively.

SECTION IV

Payment Percentage; Periodic Estimates

4.1 Uncertainty of CE's Personal Injury Asbestos Liabilities.

As discussed above, there is inherent uncertainty regarding CE's total asbestos-related tort liabilities, as well as the total value of the assets available to pay TDP Determined Claims. Consequently, there is inherent uncertainty regarding the amounts that holders of TDP Determined Claims shall receive. To seek to ensure substantially equivalent treatment of all present and future claims, the Trustees must determine from time to time the percentage of full liquidated value that holders of present and future TDP Determined Claims will receive (the "Payment Percentage").

4.2 Computation of Payment Percentage.

The initial Payment Percentage shall be determined by the Trustees, with the consent of the TAC and the Future Claimants' Representative, to assure that the Asbestos PI Trust shall be in a financial position to pay holders of present and future TDP Determined Claims in substantially the same manner. The initial Payment Percentage will be calculated on the assumption that the Average Values set forth in Section 5.3(b)(3) will be achieved with respect to existing present claims and projected future claims involving Disease Levels IV – VIII and the Scheduled Values for Disease Levels I-III.

The initial Payment Percentage, and any subsequently applicable Payment Percentage, shall be subject to change pursuant to the terms of the TDP and the Trust Agreement if the Trustees, with the consent of the TAC and the Future Claimants' Representative, determine that an adjustment is required. In making any such adjustment, the Trustees, the TAC and the Future Claimants' Representative shall take into account the best information available at the time. The Trustees shall reconsider the then-applicable Payment Percentage to assure that it is based on the

best available information and may, after such reconsideration, change the Payment Percentage if necessary with the consent of the TAC and the Future Claimants' Representative. Such reconsideration shall commence for the first time not later than January 1, 2010 and thereafter no less frequently than every three years. The Trustees shall also reconsider the then-applicable Payment Percentage at shorter intervals if they deem such reconsideration to be appropriate or if requested to do so by the TAC or the Future Claimants' Representative.

The Trustees must base their determination of the Payment Percentage on current estimates of the number, types, and values of present and future TDP Claims and TDP Determined Claims, the value and liquidity of the assets then available to the Asbestos PI Trust for their payment, all anticipated administrative and legal expenses, and any other material matters that are reasonably likely to affect the sufficiency of funds to pay a comparable percentage of full value to all holders of TDP Determined Claims. When making these determinations, the Trustees shall exercise common sense and flexibly evaluate all relevant factors. The Payment Percentage applicable to Category A Claims or Category B Claims may not be reduced to alleviate delays in payments of claims in the other Category; both Categories of claims shall receive the same Payment Percentage, but the payment may be deferred pursuant to Section 2.4, and a Reduced Payment Option may be instituted as described in Section 2.5.

4.3 Applicability of the Payment Percentage.

Except (i) as set forth below in this Section 4.3 with respect to supplemental payments and (ii) as otherwise provided in Section 5.1(c) for TDP Determined Claims involving deceased or incompetent claimants for which approval of the Asbestos PI Trust's offer by a court or through a probate process is required, no holder of a TDP Determined Claim, other than a TDP Determined Claim involving Other Asbestos Disease (Disease Level I – Cash Discount

Payment), shall receive a payment that exceeds the liquidated value of such TDP Determined Claim times the Payment Percentage in effect at the time of payment. TDP Determined 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).

If a redetermination of the Payment Percentage has been proposed in writing by the Trustees to the TAC and the Future Claimants' 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.

There is uncertainty surrounding the amount of the Asbestos PI Trust's future assets. There is also uncertainty surrounding the totality of the TDP Determined Claims to be paid over time, as well as the extent to which changes in existing federal and state law could affect the Asbestos PI Trust's liabilities under the TDP. If the value of the Asbestos PI Trust's future assets increases significantly and/or if the value or volume of TDP Claims actually filed with the Asbestos PI Trust is significantly lower than originally estimated, the Asbestos PI Trust shall use those proceeds and/or claims savings, as the case may be, first to maintain the Payment Percentage then in effect.

If the Trustees, with the consent of the TAC and the Future Claimants' Representative, make a determination to increase the Payment Percentage due to a material change in the

estimates of the Asbestos PI Trust's future assets and/or liabilities, the Trustees shall also make supplemental payments to all claimants who previously liquidated their claims against the Asbestos PI Trust and received payments based on a lower Payment Percentage. The amount of any such supplemental payment shall be the liquidated value of the claim in question times the 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).

The Trustees' obligation to make a supplemental payment to a claimant shall be suspended in the event the payment in question would be less than \$100.00, and the amount of the suspended payment shall be added to the amount of any prior supplemental payment/payments that was/were also suspended because it/they would have been less than \$100.00. However, the Trustees' obligation shall resume and the Trustees shall pay any such aggregate supplemental payments due the claimant at such time that the total exceeds \$100.00.

SECTION V

Resolution of TDP Claims.

5.1 Ordering, Processing and Payment of Claims.

5.1(a) Ordering of TDP Claims.

5.1(a)(1) Establishment of the FIFO Processing Queue. The Asbestos PI Trust shall order TDP 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 TDP Claims filed on or before the Initial Claims Filing Date, a claimant's position in the FIFO Processing Queue shall be determined as of the first to occur of (i) the date prior to the Petition Date that the specific TDP Claim was either filed against CE in the tort system or was

actually submitted to CE pursuant to an administrative settlement agreement; (ii) the date before the Initial Claims Filing Date that a TDP Claim was filed against another defendant in the tort system if at the time the claim was subject to a tolling agreement with CE; (iii) the date after the Petition Date but before the Initial Claims Filing Date that the TDP Claim was filed against another defendant in the tort system; or (iv) the date after the Effective Date but on or before the Initial Claims Filing Date that the TDP Claim was filed with the Asbestos PI Trust. For Certified Unpaid Settlement Trust Claims, the claimant's position in the FIFO Processing Queue shall be determined by the date upon which the Certified Unpaid Settlement Trust Claim is filed with the Asbestos PI Trust.

Following the Initial Claims Filing Date, the claimant's position in the FIFO Processing Queue shall be determined by the date the claim was filed with the Asbestos PI Trust. If any claims are filed on the same date, the claimant's position in the FIFO Processing Queue shall be determined by the date of the diagnosis of the 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 Limitations and Repose. Except as otherwise provided in this Section 5.1(a)(2), all TDP Claims must meet either (i) for claims first filed in the tort system against CE prior to the Petition Date, the applicable statute of limitations and repose that was in effect at the time of the filing of the claim in the tort system, or (ii) for claims not filed against CE in the tort system prior to the Petition Date, the applicable statute of limitations that was in effect at the time of the filing with the Asbestos PI Trust. However, the running of the relevant statute of limitations shall be tolled as of the earliest of (A) the actual

filing of the claim against CE prior to the Petition Date, whether in the tort system or by submission of the claim to CE pursuant to an administrative settlement agreement; (B) the filing of the claim against another defendant in the tort system prior to the Petition Date if the claim was tolled against CE at the time by an agreement or otherwise; (C) the filing of a claim after the Petition Date but prior to the Initial Claims Filing Date against another defendant in the tort system; (D) the filing of a proof of claim in the Chapter 11 Case prior to the Effective Date; or (E) the filing of a proof of claim with the requisite supporting documentation with the Asbestos PI Trust within three years following the Effective Date. If a claim meets any of the tolling provisions described in the preceding sentence and is not barred by the applicable statute of limitations at the time of the tolling event, the claim shall be treated as timely filed if it is actually filed with the Asbestos PI Trust within three (3) years after the Initial Claims Filing Date. In addition, if a claim is for an injury first diagnosed after the Petition Date and is barred by the applicable statute of limitations, the claim shall be treated as timely filed if it is actually filed with the Asbestos PI Trust within three (3) years after the date of diagnosis or within three (3) years after the Initial Claims Filing Date, whichever occurs later. However, the processing of any TDP Claim by the Asbestos PI Trust may be deferred at the election of the claimant pursuant to Section 6.3.

5.1(b) Processing of TDP Claims. As a general practice, the Asbestos PI Trust will 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 TDP Determined Claims. TDP Claims that have been liquidated by the Expedited Review Process as provided in Section 5.3(a), by the Individual Review Process as provided in Section 5.3(b), by arbitration or mediation as provided in Section

5.10, or by litigation in the tort system as provided in Sections 5.11 and 7.6, shall be paid in FIFO order based on the date their liquidation became final (the “FIFO Payment Queue”), all such payments being subject to the applicable Payment Percentage, the Maximum Annual Payment, the Claims Payment Ratio, and any sequencing adjustment provided for in Section 7.5, except as otherwise provided herein. The Payment Percentage shall not apply to claims involving Other Asbestos Disease (Disease Level I – Cash Discount Payment).

Where the claimant is deceased or incompetent, and the settlement and payment of his or her TDP Determined Claim must be approved by a court of competent jurisdiction or through a probate process prior to acceptance of an offer by the claimant’s representative, an offer made by the Asbestos PI Trust on the claim shall remain open so long as proceedings before that court or in the probate process remain pending, provided that the Asbestos PI Trust has been furnished with evidence that the settlement offer has been submitted to such court or in the probate process for approval. If the offer is ultimately approved by the court and accepted by the claimant’s representative, the Asbestos PI Trust shall pay the claim in the amount so offered, multiplied by the Payment Percentage in effect at the time the offer was first made.

If any claims are liquidated on the same date, the claimant’s position in the FIFO Payment Queue shall be determined by the date of the diagnosis of such claimant’s asbestos-related disease, with earlier diagnosis dates given priority over later diagnosis dates. 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 dates of the claimants’ birth, with older claimants given priority over younger claimants.

5.2 Participating Claims.

5.2(a) Notwithstanding anything to the contrary, no payment shall be made on any Settlement Trust Claim.

5.2(b) As to Certified Unpaid Settlement Trust Claims, the Trustees are to give no weight to the prior approval of said claim, liquidated value, proof of exposure or medical criteria accepted by the CE Settlement Trust. All Certified Unpaid Settlement Trust Claims are subject to the same criteria and proof as set forth in the TDP. Upon approval by the Asbestos PI Trust, the claimant shall be placed in the FIFO Payment Queue in accordance with the provisions as set forth in Section 5.1(c).

5.2(c) A holder of a nonmalignant Settlement Trust Claim may, on or after the Effective Date, assert a claim (a “Subsequent Malignancy Claim”) against the Asbestos PI Trust for a malignant disease described in Disease Levels V through VIII of the TDP. Any Subsequent Malignancy Claim so submitted to the Asbestos PI Trust shall be required to satisfy the conditions for approval set forth in the TDP both as to validity of the claim and as to liquidated amount, and shall be evaluated, determined and paid (if and to the extent entitled to payment) by the Asbestos PI Trust pursuant to the Trust Agreement and the TDP.

5.2(d) Provisions Applicable to Non-Qualified Claims.

5.2(d)(1) Time Limit for Filing. Each Non-Qualified Claimant who wishes to submit his or her Non-Qualified Claim to the Asbestos PI Trust must file such claim within 90 days after the Asbestos PI Trust first distributes or otherwise makes available to claimants the proof of claim form and other claim materials required for filing TDP Claims with the Asbestos PI Trust. Any Non-Qualified Claimant who does not file his or her Non-Qualified Claim within such time period shall be forever barred from receiving any distribution from the Asbestos PI Trust in respect of such claim.

5.2(d)(2) Fee for Filing. Each Non-Qualified Claimant submitting his or her Non-Qualified Claim to the Asbestos PI Trust shall pay a filing fee \$75.00 at the time such claim is submitted. In the event that a Non-Qualified Claimant fails to pay the filing fee, such claimant's Non-Qualified Claim shall neither be processed nor approved for payment by the Asbestos PI Trust. Following the expiration of the 90 day time period set forth in Section 5.2(d)(1), all Non-Qualified Claims in respect of which no filing fee was paid shall be deemed rejected by the Asbestos PI Trust without further action. The Asbestos PI Trust shall refund the filing fee paid by a Non-Qualified Claimant if such claimant's Non-Qualified Claim is determined to meet the criteria for payment under the TDP.

5.3 Resolution of TDP Claims.

Within six months after the establishment of the Asbestos PI Trust, the Trustees, with the consent of the TAC and the Future Claimants' Representative, shall adopt procedures for reviewing and liquidating all TDP Claims, which shall include deadlines for processing such claims. The procedures shall also require that claimants seeking resolution of TDP 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. It is anticipated that the Asbestos PI Trust shall provide an initial response to the claimant within six 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).

5.3(a) Expedited Review Process.

5.3(a)(1) In General. The Asbestos PI Trust's Expedited Review Process is designed primarily to provide an expeditious, efficient and inexpensive method for liquidating all TDP Claims (except those involving Lung Cancer 2 - Disease Level VI, which shall only be liquidated pursuant to the Asbestos PI Trust's Individual Review Process) where the claim can easily be verified by the Asbestos PI Trust as meeting the presumptive Medical/Exposure Criteria for the relevant Disease Level. Expedited Review thus provides claimants with a substantially less burdensome process for pursuing TDP Claims than does the Individual Review Process described in Section 5.3(b). Expedited Review is also intended to provide qualifying claimants a fixed and certain claim payment.

Thus, claims that undergo Expedited Review and meet the presumptive Medical/Exposure Criteria for the relevant Disease Level shall be assigned the Scheduled Value for such Disease Level set forth in Section 5.3(a)(3). All claims liquidated by Expedited Review shall be subject to the Maximum Annual Payment and the Claims Payment Ratio. All claims liquidated by Expedited Review, except for claims involving Other Asbestos Disease (Disease Level I – Cash Discount Payment), shall be subject to the Payment Percentage. Claimants holding claims, other than those asserted as Disease Level I – Other Asbestos Disease, that cannot be liquidated by Expedited Review because they do not meet the presumptive

Medical/Exposure Criteria for the relevant Disease Level may elect the Asbestos PI Trust's Individual Review Process set forth in Section 5.3(b).

Subject to the provisions of Section 5.8, the claimant's eligibility to receive the Scheduled Value for his or her TDP Claim pursuant to the Expedited Review Process shall be determined solely by reference to the Medical/Exposure Criteria set forth below for each of the Disease Levels eligible for Expedited Review.

5.3(a)(2) Claims Processing under Expedited Review. All claimants seeking liquidation of their claims pursuant to Expedited Review shall file the Asbestos PI Trust's proof of claim form described in Section 6.1. As a proof of claim form is reached in the FIFO Processing Queue, the Asbestos PI Trust shall determine whether the claim described therein meets the Medical/Exposure Criteria for one of the seven Disease Levels eligible for Expedited Review, and shall advise the claimant of its determination. If a Disease Level is determined, the Asbestos PI Trust shall tender to the claimant an offer of payment of the Scheduled Value for the relevant Disease Level multiplied by the applicable Payment Percentage together with a form of release approved by the Asbestos PI Trust. If the claimant accepts the Scheduled Value and returns the properly executed release, the claim shall be placed in the FIFO Payment Queue, following which the Asbestos PI Trust shall disburse payment subject to the limitations of the Maximum Annual Payment, Payment Percentage and Claims Payment Ratio, if any.

5.3(a)(3) Disease Levels, Scheduled Values and Medical/Exposure Criteria. The eight disease levels covered by the TDP set forth below (each, a "Disease Level"), together with the medical/exposure criteria for each such Disease Level (as applicable, the

“Medical/Exposure Criteria”) and the Scheduled Values for the seven Disease Levels eligible for Expedited Review (as applicable, the “Scheduled Value”), are set forth below:

<u>Disease Level</u>	<u>Scheduled Value</u>	<u>Medical/Exposure Criteria</u>
Mesothelioma (Level VIII)	\$ 75,000	(1) Diagnosis ² of mesothelioma; and (2) CE Exposure. ³
Lung Cancer 1 (Level VII)	\$ 25,000	(1) Diagnosis of a primary lung cancer plus evidence of an underlying Bilateral Asbestos-Related Nonmalignant Disease ⁴ , (2) six months CE Exposure, (3)

² The requirements for a diagnosis of an asbestos-related disease that may be compensated under the provisions of the TDP are set forth in Section 5.7.

³ The term “CE Exposure” is defined in Section 5.7(b)(3).

⁴ 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) other diagnostic imaging 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 CE 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 other diagnostic imaging 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 the TDP, a “Qualified Physician” is a physician who is board-certified 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 other diagnostic imaging readings are submitted for deceased holders of TDP Claims.

Significant Occupational Exposure⁵ to asbestos, and (4) supporting medical documentation establishing asbestos exposure as a substantial contributing factor in causing the lung cancer in question.

Lung Cancer 2 (Level VI) None

(1) Diagnosis of a primary lung cancer; (2) CE Exposure, and (3) supporting medical documentation establishing asbestos exposure as a substantial contributing factor in causing the lung cancer in question.

Lung Cancer 2 (Level VI) claims are claims that do not meet the more stringent medical and/or exposure requirements of Lung Cancer 1 (Level VII) claims. All claims in this Disease Level will be individually evaluated. The estimated likely average of the individual evaluation awards for this category is \$15,000.00, with such awards capped at \$50,000.00 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.⁶ In any event, no

⁵ The term "Significant Occupational Exposure" is defined in Section 5.7(b)(2).

⁶ There is no distinction between Non-Smokers and Smokers for either Lung Cancer 1 (Level VII) or Lung Cancer 2 (Level VI), although a claimant who meets the more stringent requirements of Lung Cancer 1 (Level VII) (evidence of an underlying Bilateral Asbestos-Related Nonmalignant Disease plus Significant Occupational Exposure), and who is also a Non-

presumption of validity shall be available for any claims in this category.

Other Cancer (Level V) \$ 6,000

(1) Diagnosis of a primary colorectal, laryngeal, esophageal, pharyngeal, or stomach cancer, plus evidence of an underlying Bilateral Asbestos-Related Nonmalignant Disease, (2) six months CE Exposure, (3) Significant Occupational Exposure to asbestos, and (4) supporting medical documentation establishing asbestos exposure as a substantial contributing factor in causing the other cancer in question.

Severe Asbestosis (Level IV) \$ 25,000

(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 CE Exposure, (3) Significant Occupational Exposure to asbestos, and (4) supporting medical documentation establishing asbestos exposure as a substantial contributing factor in causing the pulmonary impairment in question.

Asbestosis/
Pleural Disease (Level III) \$ 4,800

(1) Diagnosis of asbestosis with ILO of 1/0 or greater or asbestosis determined by pathology, or Bilateral Asbestos-Related Nonmalignant Disease of B2 or greater, plus (a) TLC less than 80%, or (b) FVC less than 80% and

Smoker, may wish to have his or her claim individually evaluated by the Asbestos PI Trust. In such a case, absent circumstances that would otherwise reduce the value of the claim, it is anticipated that the liquidated value of the claim might well exceed the Scheduled Value for Lung Cancer 1(Level 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.

FEV1/FVC ratio greater than or equal to 65%, and (2) six months CE Exposure, (3) Significant Occupational Exposure to asbestos, and (4) supporting medical documentation establishing asbestos exposure as a substantial contributing factor in causing the pulmonary impairment in question.

Asbestosis/ Pleural Disease (Level II)	\$1,800.00	(1) Diagnosis of Bilateral Asbestos-Related Nonmalignant Disease, and (2) six months CE Exposure, and (3) five years cumulative occupational exposure to asbestos
Other Asbestos Disease (Level I -Cash Discount Payment)	\$250.00 Not subject to the Payment Percentage	(1) Diagnosis of Bilateral Asbestos-Related Nonmalignant Disease or an asbestos-related malignancy other than mesothelioma, and (2) CE Exposure.

These Disease Levels, Scheduled Values, and Medical/Exposure Criteria shall apply to all TDP Claims filed with the Asbestos PI Trust on or before the Initial Claims Filing Date for which the claimant elects the Expedited Review Process. Thereafter, for purposes of administering the Expedited Review Process and with the consent of the TAC and the Future Claimants' Representative, the Trustees may add to, change, or eliminate Disease Levels, Scheduled Values, or Medical/Exposure Criteria; develop subcategories of Disease Levels, Scheduled Values or Medical/Exposure Criteria; or determine that a novel or exceptional asbestos personal injury claim is compensable even though it does not meet the Medical/Exposure Criteria for any of the then-current Disease Levels.

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 TDP 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). 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 set forth in said provision. However, until such time as the Asbestos PI Trust has made an offer on a claim pursuant to Individual Review, the claimant may change his or her Individual Review election and have the claim liquidated pursuant to the Asbestos PI Trust's Expedited Review Process. In the event of such a change in the processing election, the claimant shall nevertheless retain his or her place in the FIFO Processing Queue.

5.3(b)(1)(A) Review of Medical/Exposure Criteria. The Asbestos PI Trust's Individual Review Process provides a claimant with an opportunity for individual consideration and evaluation of a TDP Claim that fails to meet the presumptive Medical/Exposure Criteria for Disease Levels II–V, VII or VIII. In such a case, the Asbestos PI Trust shall either deny the claim, or, if the Asbestos PI Trust is satisfied that the claimant has presented a claim that would be cognizable and valid in the tort system, the Asbestos PI Trust can offer the claimant a liquidated value amount up to the Scheduled Value for that Disease Level, unless the claim qualifies as an Extraordinary Claim as defined in Section 5.4(a), in which case the Asbestos PI Trust can offer the claimant more than the Scheduled Value for that Disease Level but such offer of liquidated value shall not exceed the Maximum Extraordinary Value for such claim.

5.3(b)(1)(B) Review of Liquidated Value. Claimants holding claims in Disease Levels IV, V, VII or VIII shall also be eligible to seek, and claimants holding

claims in Disease Level VI shall be required to undergo, Individual Review of the liquidated value of their claims, as well as of their medical/exposure evidence. The Individual Review Process is intended to result in payments equal to the full liquidated value for each claim multiplied by the Payment Percentage; however, the liquidated value of any TDP 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), unless the claim meets the requirements of an Extraordinary Claim described in Section 5.4(a), in which case its liquidated value cannot exceed the Maximum Extraordinary Value 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 TDP Claims later than would have been the case had the claimant elected the Expedited Review Process. Subject to the provisions of Section 5.8, the Asbestos PI Trust shall devote reasonable resources to the review of all claims to ensure that there is a reasonable balance maintained in reviewing all classes of claims.

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

The Asbestos PI Trust shall liquidate the value of each TDP Claim that undergoes Individual Review based on the historic liquidated values of other similarly situated claims in the tort system for the same Disease Level. The Asbestos PI Trust shall thus take into consideration all of the factors that affect the severity of damages and values within the tort system including, but not limited to, credible evidence of (i) the degree to which the characteristics of a claim differ from the presumptive Medical/Exposure Criteria for the Disease Level in question; (ii) factors

such as the claimant's age, disability, employment status, disruption of household, family or recreational activities, dependencies, special damages, and pain and suffering; (iii) whether the claimant's damages were (or were not) caused by asbestos exposure, including exposure to an asbestos-containing product, or to conduct that exposed the claimant to an asbestos-containing product, for which CE 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 CE in the tort system prior to the Petition Date. If the claim was not filed against CE in the tort system prior to the Petition Date, the claimant may elect as the Claimant's Jurisdiction either (i) the jurisdiction in which the claimant resides at the time of diagnosis or when the claim is filed with the Asbestos PI Trust; or (ii) a jurisdiction in which the claimant experienced exposure to an asbestos-containing product, or to conduct that exposed the claimant to an asbestos-containing product, for which CE has legal responsibility.

With respect to the "Claimant's Jurisdiction" in the event a personal representative or authorized agent makes a claim under the TDP for wrongful death with respect to which the governing law of the Claimant's Jurisdiction could only be the Alabama Wrongful Death Statute, the Claimant's Jurisdiction for such claim shall be the Commonwealth of Pennsylvania, and such claimant's damages shall be determined pursuant to the statutory and common laws of the Commonwealth of Pennsylvania without regard to its choice of law principles. The choice of law provision in Section 7.4 applicable to any claim with respect to which, but for this choice of

law provision, the applicable law of the Claimant’s Jurisdiction pursuant to Section 5.3(b)(2) is determined to be the Alabama Wrongful Death Statute, shall only govern the rights between the Asbestos PI Trust and the claimant, and, to the extent the Asbestos PI Trust seeks recovery from any entity that provided insurance coverage to CE, 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)	\$ 75,000	\$ 95,000	\$400,000
Lung Cancer 1 (Level VII)	\$ 25,000	\$ 35,000	\$150,000
Lung Cancer 2 (Level VI)	Subject to Individual Review	\$15,000	\$50,000
Other Cancer (Level V)	\$ 6,000	\$ 9,000	\$75,000
Severe Asbestosis (Level IV)	\$ 25,000	\$40,000	\$150,000
Asbestosis (Level III)	\$ 4800	\$ Scheduled Value	\$ Scheduled Value
Asbestosis/ Pleural Disease (Level II)	\$ 1800	\$ Scheduled Value	\$ Scheduled Value
Other Asbestos Disease (Cash Discount Payment) (Level I)	\$ 250	none	none

These Scheduled Values, Average Values and Maximum Values shall apply to all TDP Determined Claims filed with the Asbestos PI Trust on or before the Initial Claims Filing Date as provided in Section 5.1. Thereafter, the Asbestos PI Trust, with the consent of the TAC and the Future Claimants’ Representative pursuant to Sections 6.6 and 7.7 of the Trust Agreement, may change these valuation amounts for good cause and consistent with any 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 TDP 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 a facility of CE during a period in which CE was selling, distributing, supplying, producing, maintaining, processing, manufacturing, installing, repairing or otherwise handling asbestos-containing products at that facility, or (ii) was at least 75% the result of exposure to an asbestos-containing product, or to conduct that exposed the claimant to an asbestos-containing product, for which CE 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 (in each case, the “Maximum Extraordinary Value”), 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 PI Trust with the consent of the TAC and the Future Claimants’ 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 TDP Determined Claims except Disease Level I Claims and Exigent Hardship Claims, which shall be paid first in that order in said Queue, based on its date of liquidation, subject to the Maximum Annual Payment and Claims Payment Ratio described above.

5.4(b) Exigent Hardship Claims. At any time the Asbestos PI Trust may liquidate and pay certain TDP 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 the TDP. An Exigent Hardship Claim, following its liquidation, shall be placed first in the FIFO Payment Queue ahead of all other liquidated TDP Determined Claims except Disease Level I Claims and shall be subject to the Maximum Annual Payment and Claims Payment Ratio described above. A TDP Determined 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 PI Trust, in its sole discretion, determines (a) that the claimant needs financial assistance on an immediate basis based on the claimant’s expenses and all sources of available income, and (b) that there is a causal connection between the claimant’s dire financial condition and the claimant’s asbestos-related disease.

5.5 Secondary Exposure Claims.

If a claimant alleges an asbestos-related disease resulting solely from exposure to an occupationally exposed person, such as a family member, the claimant may seek Individual Review of his or her claim pursuant to Section 5.3(b). In such a case, the claimant must establish that the occupationally exposed person would have met the exposure requirements under the TDP that would have been applicable had that person filed a direct claim against the Asbestos PI Trust. In addition, the claimant with secondary exposure must establish that he or she is suffering from one of the eight Disease Levels described in Section 5.3(b)(3) or an asbestos-related disease otherwise compensable under the 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 an asbestos-containing product, or to conduct that exposed the claimant to an asbestos-containing product, for which CE has legal responsibility, and that such secondary exposure was a cause of the claimed disease. All liquidation and payment rights and limitations under the TDP shall be applicable to such claims.

5.6 CE Derivative Asbestos Personal Injury Claims For Contribution/Indemnification.

CE Derivative Asbestos Personal Injury Claims that are asserted against the Asbestos PI Trust shall be treated as presumptively valid and paid by the Asbestos PI Trust, subject to the Maximum Annual Payment, Claims Payment Ratio and applicable Payment Percentage if (a) such claim satisfied the requirements of the Bar Date established by the Bankruptcy Court for CE Derivative Asbestos Personal Injury Claims, if any, and is not otherwise disallowed under Section 502(e) of the Bankruptcy Code, or subordinated by Section 509(c) of the Bankruptcy Code, and (b) the holder of such claim (the “Indirect Claimant”) establishes to the satisfaction of the Trustees that (i) the Indirect Claimant has paid in full the liability and obligation of the Asbestos PI Trust to the individual claimant to whom the Asbestos PI Trust would otherwise have had a liability or obligation under the TDP (the “Direct Claimant”), (ii) the Direct Claimant and the Indirect Claimant have forever and fully released the Asbestos PI Trust from all liability to the Direct Claimant, and (iii) the claim is not otherwise barred by a statute of limitations or repose or by other applicable law. In no event shall any Indirect Claimant have any rights against the Asbestos PI Trust superior to the rights of the related Direct Claimant against the Asbestos PI Trust, including any rights with respect to the timing, amount or manner of payment. In addition, no CE Derivative Asbestos Personal Injury Claim may be liquidated and paid in an

amount that exceeds what the Indirect Claimant has actually paid the related Direct Claimant in respect of such Direct Claimant's claim against the Asbestos PI Trust.

To establish a presumptively valid CE Derivative Asbestos Personal Injury Claim, the Indirect Claimant's aggregate liability for the Direct Claimant's claim must also have been fixed, liquidated and paid fully by the Indirect Claimant by settlement (with an appropriate full release in favor of the Asbestos PI Trust) or a Final Order provided that such claim is valid under the applicable state law. In any case where the Indirect Claimant has satisfied the claim of a Direct Claimant against the Asbestos PI Trust under applicable law by way of a settlement, the Indirect Claimant shall obtain for the benefit of the Asbestos PI Trust a release in form and substance satisfactory to the Trustees. The Trustees may develop and approve a separate proof of claim form for such claims as provided in Section 6.1.

If an Indirect Claimant cannot meet the presumptive requirements set forth above, including the requirement that the Indirect Claimant provide the Asbestos PI Trust with a full release of the Direct Claimant's claim, the Indirect Claimant may request that the Asbestos PI Trust review the CE Derivative Asbestos Personal Injury Claim individually to determine whether the Indirect Claimant can establish under applicable state law that the Indirect Claimant has paid all or a portion of a liability or obligation that the Asbestos PI Trust had to the Direct Claimant as of the Effective Date of the TDP. If the Indirect Claimant can show that it has paid all or a portion of such a liability or obligation, the Asbestos PI Trust shall reimburse the Indirect Claimant the amount of the liability or obligation so paid, times the then applicable Payment Percentage. However, in no event shall such reimbursement to the Indirect Claimant be greater than the amount to which the Direct Claimant would have otherwise been entitled. Further, the liquidated value of any CE Derivative Asbestos Personal Injury Claim paid by the Asbestos PI

Trust to an Indirect Claimant shall be treated as an offset to or reduction of the full liquidated amount of any TDP Claim that might be subsequently asserted by the Direct Claimant against the Asbestos PI Trust.

Any dispute between the Asbestos PI Trust and an Indirect Claimant over whether the Indirect Claimant has a right to reimbursement for any amount paid to a Direct Claimant shall be subject to the ADR Procedures adopted by the Asbestos PI Trust as provided in Section 5.10. If such dispute is not resolved by said ADR Procedures, the Indirect Claimant may litigate the dispute in the tort system pursuant to Sections 5.11 and 7.6.

The Trustees may develop and approve a separate proof of claim form for such CE Derivative Asbestos Personal Injury Claims. CE Derivative Asbestos Personal Injury Claims that have not been disallowed, discharged, or otherwise resolved by prior order of the Bankruptcy Court shall be processed in accordance with procedures to be developed and implemented by the Trustees consistent with the provisions of this Section 5.6, which procedures (a) shall determine the validity, acceptability and enforceability of such claims; and (b) shall otherwise provide the same liquidation and payment procedures and rights to the holders of such claims as the Asbestos PI Trust would have afforded the holders of the underlying valid TDP Claims. Nothing in the TDP is intended to preclude a trust to which asbestos-related liabilities are channeled from asserting a CE Derivative Asbestos Personal Injury Claim against the Asbestos PI 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 an asbestos-related disease in a particular Disease Level shall be accompanied by either (i) a statement by the physician

providing the diagnosis that at least 10 years have elapsed between the date of first exposure to asbestos or asbestos-containing products and the diagnosis, or (ii) a history of the claimant's exposure sufficient to establish a 10-year latency period. A finding by a physician after the Effective Date that a claimant's disease is "consistent with" or "compatible with" asbestosis shall not alone be treated by the Asbestos PI Trust as a diagnosis.

5.7(a)(1)(A) Disease Levels I - IV. Except for asbestos claims filed against CE or any other defendant in the tort system prior to the Petition Date, all diagnoses of a nonmalignant 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 4); (ii) for Disease Level IV,⁷ an ILO reading of 2/1 or greater or pathological evidence of asbestosis; and (iii) for Disease Levels III and IV, pulmonary function testing.⁸

⁷ 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 PI Trust may rebut such presumptions.

⁸ "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 PI Trust, certifying that the PFT was conducted in material

In the case of a claimant who was deceased at the time the claim was filed, all diagnoses of a nonmalignant 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 nonmalignant asbestos-related disease; or (iii) in the case of Disease Levels I–III, evidence of Bilateral Asbestos-Related Nonmalignant Disease (as defined in Footnote 4), and for Disease Level IV, either an ILO reading of 2/1 or greater or pathological evidence of asbestosis; or (iv) for either Disease Level III or IV, pulmonary function testing.

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

Section 5.7(a)(1)(C) Exception to the Exception for Certain Pre-Petition Claims. If the holder of a TDP Claim that was filed against CE or any other defendant in the tort system prior to the Petition Date has available a report of a diagnosing physician engaged by the holder or his or her law firm who conducted a physical examination of the holder as described in Section 5.7(a)(1)(A), or if the holder has filed such medical evidence and/or a diagnosis of the asbestos-related disease by a physician not engaged by the holder or his or her law firm who conducted a physical examination of the holder with another asbestos-related personal injury settlement trust that requires such evidence, without regard to whether the

compliance with ATS standards.

claimant or the law firm engaged the diagnosing physician, the holder shall provide such medical evidence to the Asbestos PI Trust notwithstanding the exception in Section 5.7(a)(1)(A).

5.7(a)(2) Credibility of Medical Evidence. Before making any payment to a claimant, the Asbestos PI Trust must have reasonable confidence that the medical evidence provided in support of the claim is credible and consistent with recognized medical standards. The Asbestos PI Trust may require the submission of x-rays, other diagnostic imaging, detailed results of pulmonary function tests, laboratory tests, tissue samples, results of medical examination or reviews of other medical evidence, and may require that medical evidence submitted comply with recognized medical standards regarding equipment, testing methods and procedures to assure that such evidence is reliable. In addition, claimants who otherwise meet the requirements of the TDP for payment of TDP Determined Claims shall be paid irrespective of the results in any litigation at any time between the claimant and any other defendant in the tort system. However, any relevant evidence submitted in a proceeding in the tort system, other than any findings of fact, a verdict, or a judgment, involving another defendant may be introduced by either the claimant or the Asbestos PI Trust in any Individual Review proceeding conducted pursuant to Section 5.3(b) or any Extraordinary Claim proceeding conducted pursuant to Section 5.4(a).

5.7(b) Exposure Evidence

5.7(b)(1) In General. As set forth in Section 5.3(a)(3), to qualify for any Disease Level, the claimant must demonstrate a minimum exposure to asbestos-containing products, or to conduct that exposed the claimant to an asbestos-containing product, for which CE has legal responsibility. Claims based on conspiracy theories that involve no exposure to an asbestos-containing product sold, distributed, marketed, supplied, specified, produced, selected,

maintained, handled, processed, installed, repaired or manufactured by CE are not compensable under the TDP. To meet the presumptive exposure requirements of Expedited Review set forth in Section 5.3(a)(3), the claimant must show (i) for all Disease Levels, CE Exposure as defined in Section 5.7(b)(3) prior to December 31, 1982; (ii) for Asbestos/Pleural Disease Level II, six months CE Exposure prior to December 31, 1982, plus five years cumulative occupational asbestos exposure; and (iii) for Asbestosis/Pleural Disease (Disease Level III), Severe Asbestosis (Disease Level IV), Other Cancer (Disease Level V) or Lung Cancer 1 (Disease Level VII), the claimant must show six months CE Exposure prior to December 31, 1982, plus Significant Occupational Exposure to asbestos as defined in Section 5.7(b)(2). 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 to conduct that exposed the claimant to an asbestos-containing product, for which CE has legal responsibility.

5.7(b)(2) Significant Occupational Exposure. "Significant Occupational Exposure" means employment for a cumulative period of at least five years 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 raw 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) CE Exposure. The claimant must demonstrate meaningful and credible exposure, which occurred prior to December 31, 1982, (a) to an asbestos-containing product sold, distributed, marketed, supplied, specified, produced, selected, maintained, handled, processed, installed, repaired or manufactured by CE or for which CE otherwise has legal responsibility or (b) to conduct for which CE has legal responsibility that exposed the claimant to an asbestos-containing product (“CE Exposure”). That meaningful and credible exposure evidence may be established by an affidavit or sworn statement of the claimant, an affidavit or sworn statement of a co-worker or an affidavit or sworn statement of a family member in the case of a deceased claimant (providing the Asbestos PI Trust finds such evidence reasonably reliable), invoices, employment, construction or similar records, or other credible evidence. The specific exposure information required by the Asbestos PI Trust to process a claim under either Expedited Review or Individual Review shall be set forth on the proof of claim form established by the Asbestos PI Trust pursuant to Section 6.1 for use by claimants in making a claim against the Asbestos PI Trust. The Asbestos PI Trust can also require submission of other or additional evidence of exposure when it deems such to be necessary.

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

5.8 Claims Audit Program.

The Asbestos PI Trust, with the consent of the TAC and the Future Claimants' Representative, may develop methods for auditing the reliability of medical evidence, including additional reading of x-rays and other diagnostic imaging and verification of pulmonary function tests, as well as the reliability of evidence of CE Exposure. In the event that the Asbestos PI Trust reasonably determines that any individual or entity has engaged in a pattern or practice of providing unreliable medical evidence to the Asbestos PI Trust, it may decline to accept additional evidence from such provider in the future.

Further, in the event that an audit reveals that fraudulent information has been provided to the Asbestos PI Trust, the Asbestos PI Trust may penalize any claimant or claimant's attorney by rejecting the TDP 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' TDP 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 TDP Claim involving a nonmalignant asbestos-related disease (Disease Levels I through IV) may assert a new TDP Claim against the Asbestos PI 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 nonmalignant 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 nonmalignant disease.

5.10 Arbitration.

5.10(a) Establishment of Arbitration Procedures. The Asbestos PI Trust, with the consent of the TAC and the Future Claimants' Representative, shall develop and adopt Alternative Dispute Resolution Procedures (the "ADR Procedures") which shall provide for mediation and binding or non-binding arbitration to resolve disputes concerning whether the Asbestos PI Trust's outright rejection or denial of a claim was proper or whether the claimant's medical condition or exposure history meets the requirements of the TDP for purposes of categorizing a claim involving Disease Levels I – VIII. Proceedings under the ADR Procedures shall also be available for resolving disputes over the liquidated value of a claim involving Disease Levels IV – VIII, as well as disputes over the validity of a CE Derivative Asbestos Personal Injury Claim.

In all arbitrations, the arbitrator shall consider the same medical and exposure evidentiary requirements that are set forth in Section 5.7. 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).

With respect to all claims eligible for arbitration, the claimant, but not the Asbestos PI Trust, may elect either non-binding or binding arbitration. The ADR Procedures may be modified by the Asbestos PI Trust with the consent of the TAC and the Future Claimants' 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. Individual Review will be treated as completed for these purposes when a TDP Claim has been

individually reviewed by the Asbestos PI Trust, the Asbestos PI Trust has made an offer on the claim, the claimant has rejected the liquidated value resulting from the Individual Review, and the claimant has notified the Asbestos PI Trust of the rejection in writing. Individual Review will also be treated as completed if the Asbestos PI 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). In the case of an Extraordinary Claim, 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). A claimant who submits to arbitration and who accepts the arbitral award will receive payments in the same manner as one who accepts the Asbestos PI 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 seek relief in the tort system pursuant to Section 7.6. However, a claimant shall be eligible for payment of a judgment for monetary damages obtained in the tort system from the Asbestos PI Trust only as provided in Section 7.7.

SECTION VI

Claims Materials

6.1 Claims Materials.

The Asbestos PI Trust shall prepare suitable and efficient claims materials (“Claims Materials”) for all TDP Claims, and shall provide such Claims Materials upon a written request

for such materials to the Asbestos PI Trust. The proof of claim form to be submitted to the Asbestos PI Trust shall require the claimant to assert the highest Disease Level for which the claim qualifies at the time of filing. The proof of claim form shall also include a certification by the claimant or his or her attorney sufficient to meet the requirements of Rule 11(b) of the Federal Rules of Civil Procedure. In developing its claim filing procedures, the Asbestos PI Trust shall make every effort to provide claimants with the opportunity to utilize currently available technology at their discretion, including filing claims and supporting documentation over the internet and electronically by disk or CD-rom. The proof of claim form to be used by the Asbestos PI Trust shall be developed by the Asbestos PI Trust and submitted to the TAC and the Future Claimants' Representative for approval; it may be changed by the Asbestos PI Trust with the consent of the TAC and the Future Claimants' Representative.

6.2 Content of Claims Materials.

The Claims Materials shall include a copy of the TDP, such instructions as the Trustees shall approve, and a detailed proof of claim form. If feasible, the forms used by the Asbestos PI Trust to obtain claims information shall be the same or substantially similar to those used by other asbestos claims resolution organizations. If requested by the claimant, the Asbestos PI Trust shall accept information provided electronically. The claimant may, but will not be required to, provide the Asbestos PI Trust with evidence of recovery from other defendants and claims resolution organizations.

6.3 Withdrawal or Deferral of Claims.

A claimant can withdraw a TDP Claim at any time upon written notice to the Asbestos PI Trust and file another claim subsequently without affecting the status of the claim for statute of limitations purposes, but any such claim filed after withdrawal shall be given a place in the FIFO

Processing Queue based on the date of such subsequent filing. A claimant may also request that the processing of his or her TDP Claim by the Asbestos PI Trust be deferred for a period not to exceed three 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 TDP Claim as provided in Section 7.5 hereunder shall not accrue and payment thereof shall be deemed waived by the claimant. Except for TDP Claims held by representatives of deceased or incompetent claimants for which court or probate approval of the Asbestos PI Trust's offer is required, or a TDP 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 months of the Asbestos PI Trust's written offer of payment or rejection of the claim. Upon written request and good cause, the Asbestos PI Trust may extend the withdrawal or deferral period for up to an additional six months.

6.4 Filing Requirements and Fees.

The Trustees shall have the discretion to determine, with the consent of the TAC and the Future Claimants' Representative, (a) whether a claimant must have previously filed an asbestos-related personal injury claim in the tort system to be eligible to file the claim with the Asbestos PI Trust and (b) other than as set forth in Section 5.2(d)(2) with respect to Non-Qualified Claims, whether to require (and, if required, the amount of) any filing fee for any TDP Claims.

6.5 Confidentiality of Claimants' Submissions.

All submissions to the Asbestos PI Trust by a holder of a TDP Claim, including the proof of claim form and materials related thereto, shall be treated as made in the course of settlement discussions between the holder and the Asbestos PI Trust and intended by the parties to be

confidential and to be protected by all applicable state and federal privileges, including, but not limited to, those directly applicable to settlement discussions. The Asbestos PI Trust shall preserve the confidentiality of such claimant submissions, and shall disclose the contents thereof only, with the permission of the holder, to another trust established for the benefit of asbestos personal injury claimants pursuant to Section 524(g) 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. Furthermore, the Asbestos PI Trust shall provide counsel for the holder a copy of any such subpoena as soon as practicable after being served. The Asbestos PI Trust shall on its own initiative or upon request of the claimant in question take all necessary and appropriate steps to preserve any and all privileges. Notwithstanding anything in the foregoing to the contrary, with the consent of the TAC and the Future Claimants' Representative, the Asbestos PI Trust may, in specific limited circumstances, disclose information, documents or other materials reasonably necessary in the Asbestos PI Trust's judgment to preserve, litigate, resolve or settle coverage, or to comply with an applicable obligation under an insurance policy or settlement agreement within the Subject Insurance Policies, the Subject Insurance Settlement Agreements or the Asbestos Insurance Settlement Agreements; provided, however, that the Asbestos PI Trust shall take any and all steps reasonably feasible in its judgment to preserve the further confidentiality of such information, documents and materials, and prior to the disclosure of such information, documents or materials to a third party, the Asbestos PI Trust shall receive from such third party a written agreement of confidentiality that (a) ensures that the information, documents and materials provided by the Asbestos PI Trust shall be used solely by the receiving party for the purpose stated in the agreement and (b) prohibits any other use or further dissemination of the information, documents and materials by the third party.

SECTION VII

General Guidelines for Liquidating and Paying Claims

7.1 Showing Required.

To establish a valid TDP Claim, a claimant must meet the requirements set forth in the TDP. The Asbestos PI Trust may require the submission of x-rays, other diagnostic imaging, laboratory tests, medical examinations or reviews, other medical evidence, or any other evidence to support or verify the TDP 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 the TDP to the contrary, the Trustees shall always give appropriate consideration to the cost of investigating and uncovering invalid TDP Claims so that the payment of valid TDP Claims is not further impaired by such processes with respect to issues related to the validity of the medical evidence supporting a TDP Claim. The Trustees shall also have the latitude to make judgments regarding the amount of transaction costs to be expended by the Asbestos PI Trust so that valid TDP Claims are not unduly further impaired by the costs of additional investigation. Nothing herein shall prevent the Trustees, in appropriate circumstances, from contesting the validity of any claim against the Asbestos PI Trust whatever the costs, or declining to accept medical evidence from sources that the Trustees have determined to be unreliable pursuant to the Claims Audit Program described in Section 5.8.

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, the Maximum Annual Payment, the Payment Percentage, and the Claims Payment Ratio requirements set forth herein, the Trustees shall proceed as quickly as practicable to liquidate TDP Determined Claims, and shall make payments to holders of TDP Determined Claims in accordance with the TDP promptly as funds become available (and as claims are liquidated), while maintaining sufficient resources to pay future TDP Determined Claims in substantially the same manner.

Because the Asbestos PI Trust's income over time remains uncertain, and decisions about payments must be based on estimates that cannot be done precisely, they may have to be revised in light of experiences over time, and there can be no guarantee of any specific level of payment to claimants. However, the Trustees shall use their best efforts to treat similar claims in substantially the same manner, consistent with their duties as Trustees, the purposes of the Asbestos PI Trust, the established allocation of funds to Category A Claims and Category B Claims, and the practical limitations imposed by the inability to predict the future with precision.

In the event that the Asbestos PI Trust faces temporary periods of limited liquidity, the Trustees may, with the consent of the TAC and the Future Claimants' Representative, suspend the normal order of payment and may temporarily limit or suspend payments altogether, and may offer a Reduced Payment Option as described in Section 2.5.

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 TDP Claim, punitive or exemplary damages, *i.e.*, damages other than compensatory damages, shall not be considered or

paid, notwithstanding their availability in the tort system. Similarly, no punitive or exemplary damages shall be payable with respect to any claim litigated against the Asbestos PI Trust in the tort system pursuant to Sections 5.11 and 7.6.

The only damages that may be awarded pursuant to the TDP to Alabama Claimants who are deceased and whose personal representatives pursue their claims only under the Alabama Wrongful Death Statute shall be compensatory damages determined pursuant to the statutory and common law of the Commonwealth of Pennsylvania, without regard to its choice of law principles. The choice of law provision in Section 7.4 herein applicable to any claim with respect to which, but for this choice of law provision, the applicable law of the Claimant's Jurisdiction pursuant to Section 5.3(b)(2) is determined to be the Alabama Wrongful Death Statute, shall only govern the rights between the Asbestos PI Trust and the claimant including, but not limited to, suits in the tort system pursuant to Section 7.6, and to the extent the Asbestos PI Trust seeks recovery from any entity that provided insurance to CE, the Alabama Wrongful Death Statute shall govern.

7.5 Sequencing Adjustment.

7.5(a) In General. Except for a TDP Determined Claim involving Other Asbestos Disease (Disease Level I – Cash Discount Payment) which is not entitled to a sequencing adjustment under any circumstances, a sequencing adjustment shall not accrue and be paid on TDP Determined Claims unless and until the Claim has been filed with the Asbestos PI Trust and remains unpaid for a period of at least two years. Notwithstanding the foregoing, no claimant shall receive a sequencing adjustment unless and until the Trustees make a recommendation that sequencing adjustments be paid on TDP Determined Claims and the recommendation is approved by the TAC and Future Claimants' Representative. In the event

that payment of sequencing adjustments is approved, no claimant shall be paid a sequencing adjustment for a period in excess of seven (7) years. The sequencing adjustment factor for TDP Determined Claims shall be set by the Trustees, with the consent of the TAC and Future Claimants' Representative.

7.5(b) Sequencing Adjustment on TDP Determined Claims. Should the payment of sequencing adjustments be approved as provided by Section 7.5(a), the sequencing adjustment shall accrue on the Scheduled Value (and for purposes of distribution, shall be added to such Scheduled Value) of any TDP Determined Claim that meets the requirements of Disease Levels II – V, VII and VIII if and only if such claim is liquidated under Expedited Review, Individual Review, or the ADR Procedures. The sequencing adjustment on a TDP Determined Claim that meets the requirements of Disease Level VI shall be based on the Average Value of such claim. A particular TDP Determined Claim that has not been paid within two years after the date the TDP Claim was filed with the Asbestos PI Trust shall be eligible to receive a sequencing adjustment, but a sequencing adjustment may not be paid on the claim unless authorized by the Trustees, with the consent of the TAC and Future Claimants' Representative. Notwithstanding the foregoing, a sequencing adjustment shall cease to accrue on a TDP Determined Claim at the time the Asbestos PI Trust makes a good faith offer to settle such TDP Determined Claim; provided that if such TDP Determined Claim is, pursuant to Section 5.10 of the TDP, awarded a higher amount through arbitration than the offer made by the Asbestos PI Trust, a sequencing adjustment on that TDP Determined Claim will be calculated on the full amount of that award during the entire period for which a sequencing adjustment would have been payable but for the operation of this provision.

7.6 Suits in the Tort System.

If the holder of a disputed claim disagrees with the Asbestos PI Trust's determination regarding the Disease Level of the claim, the claimant's exposure history or the liquidated value of the claim, and if the holder has first submitted the claim to non-binding arbitration as provided in Section 5.10, the holder may file a lawsuit against the Asbestos PI Trust in the Claimant's Jurisdiction. Any such lawsuit must be filed by the claimant in his or her own right and name and not as a member or representative of a class, and no such lawsuit may be consolidated with any other lawsuit. All defenses (including, with respect to the Asbestos PI Trust, all defenses which could have been asserted by CE) shall be available to both sides at trial; however, the Asbestos PI Trust may waive any defense and/or concede any issue of fact or law. If the claimant was alive at the time the initial pre-petition complaint was filed or on the date the proof of claim was filed with the Asbestos PI Trust, the case shall be treated as a personal injury case with all personal injury damages to be considered, even if the claimant has died during the pendency of the claim.

7.7 Payment of Judgments for Money Damages.

If and when a claimant obtains a judgment in the tort system, the claim shall be placed in the FIFO Payment Queue based on the date on which the judgment becomes final. Thereafter, the claimant shall receive from the Asbestos PI Trust an initial payment (subject to the applicable Payment Percentage, the Maximum Annual Payment, and the Claims Payment Ratio provisions set forth above) of an amount equal to the greater of (i) the Asbestos PI Trust's last offer to the claimant or (ii) the award that the claimant declined in non-binding arbitration; provided, however, that in no event shall the 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 equal installments in years six (6) through ten (10) following the year of the initial payment (also subject to the

applicable Payment Percentage, the Maximum Annual Payment and the Claims Payment Ratio provisions above in effect on the date of payment of the subject installment).

In the case of a claim involving Disease Level I, II or III, the total amounts paid with respect to such claims shall not exceed the relevant Scheduled Value for such Disease Level as set forth in Section 5.3(b)(3). In the case of non-Extraordinary Claims involving 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). Under no circumstances shall (a) sequencing adjustments be paid pursuant to Section 7.5 or (b) interest be paid under any statute on any judgments obtained in the tort system.

7.8 Third-Party Services.

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

7.9 Asbestos PI Trust Disclosure of Information.

Periodically, but not less often than once a year, the Asbestos PI Trust shall make available to claimants and other interested parties, the number of claims by Disease Levels that have been resolved both by the Individual Review Process and under the ADR Procedures as well as by litigation in the tort system indicating the amounts of the awards and the averages of the awards by jurisdiction.

7.10 Releases.

The Trustees shall have the discretion to determine the form and substance of the releases to be provided to the Asbestos PI Trust in order to maximize recovery for claimants against other tortfeasors without increasing the risk or amount of claims for indemnification or contribution from the Asbestos PI Trust. As a condition to making any payment to a claimant, the Asbestos PI Trust shall obtain a general, partial, or limited release as appropriate in accordance with the applicable state or other law. If allowed by state law, the endorsing of a check or draft for payment by or on behalf of a claimant may, in the discretion of the Asbestos PI Trust, constitute such a release.

SECTION VIII

Miscellaneous

8.1 Amendments.

Except as otherwise provided herein, the Trustees may amend, modify, delete, or add to any provisions of the TDP (including, without limitation, amendments to conform the TDP to advances in scientific or medical knowledge or other changes in circumstances), provided they first obtain the consent of the TAC and the Future Claimants' Representative pursuant to the consent process set forth in Sections 6.6 and 7.7 of the Trust Agreement, except that the right to amend the Claims Payment Ratio is governed by the restrictions in Section 2.5, and the right to adjust the Payment Percentage is governed by Section 4.2. Nothing herein is intended to preclude the TAC or the Future Claimants' Representative from proposing to the Trustees, in writing, amendments to the TDP. Any amendment proposed by the TAC or the Future Claimants' Representative shall remain subject to Section 8.3 of the Trust Agreement.

8.2 Severability.

Should any provision contained in the 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 the TDP be determined to be inconsistent with or contrary to CE's obligations to any insurance company providing insurance coverage to CE in respect of claims for personal injury based on exposure to an asbestos-containing product, or to conduct that exposed the claimant to an asbestos-containing product, for which CE has legal responsibility, the Asbestos PI Trust, with the consent of the TAC and the Future Claimants' Representative, may amend the TDP and/or the Trust Agreement to make the provisions of either or both documents consistent with the duties and obligations of CE to said insurance company.

8.3 Governing Law.

Except for purposes of determining the liquidated value of any TDP Claim, administration of the TDP shall be governed by, and construed in accordance with, the laws of the State of Delaware. The law governing the liquidation of TDP 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). Any reference to the tort system herein shall refer to the United States tort system.