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Bankruptcy Counsel for the Thorpe Insulation Company Asbestos Settlement Trust

UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA
LOS ANGELES DIVISION

In re	Chapter 11
THORPE INSULATION COMPANY,[1]	Case No. LA 07-19271-BB
Debtor.	Jointly Administered with Case No. 2:07-20016-BB
	THIRD ANNUAL REPORT AND ACCOUNTING, AUDITED FINANCIAL STATEMENTS, AND CLAIM REPORT
	Hearing:
	Hearing Date: June 5, 2013 Hearing Time: 10:00 a.m. Place: Courtroom 1475 255 E. Temple St., 14th Floor Los Angeles, CA 90012

[1] The Debtors are Thorpe Insulation Company, a California corporation, 5608 Bayshore Walk, Long Beach, CA 90803, Fed. Tax I.D. No. 95-1559386 (Main Debtor) and Pacific Insulation Corporation, 2741 South Yates Ave., Los Angeles, CA 90040, Fed Tax I.D. No. 95-4812741.

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TO THE HONORABLE UNITED STATES BANKRUPTCY JUDGE AND OTHER PARTIES IN INTEREST:

The Trustees of the Thorpe Insulation Company Asbestos Settlement Trust by and through their counsel, Stutman, Treister & Glatt, hereby file the Third Annual Report and Accounting, Audited Financial Statements, and Claim Report.

DATED: April 30, 2013

Respectfully submitted,

/s/ *Gabriel I. Glazer*
EVE H. KARASIK, and
GABRIEL I. GLAZER, Members of
STUTMAN, TREISTER & GLATT
PROFESSIONAL CORPORATION

Bankruptcy Counsel for the Thorpe Insulation Company Asbestos Settlement Trust

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THIRD ANNUAL REPORT AND ACCOUNTING OF THORPE INSULATION COMPANY ASBESTOS SETTLEMENT TRUST

The Trustees of the Thorpe Insulation Company Asbestos Settlement Trust ("Trust") hereby submit this Third Annual Report and Accounting (the "Annual Report") covering Trust activities that occurred during the period from January 1, 2012 to and including December 31, 2012 (the "Accounting Period") and cover certain activities of the Trust that took place outside the Accounting Period. This Annual Report is submitted to the United States Bankruptcy Court for the Central District of California, Los Angeles Division, *In re Thorpe Insulation Company, In re Pacific Insulation Company, Debtors*, Case Nos. 2:07-19271-BB and 2:07-20016-BB (jointly administered under Case No. 2:07-20016-BB) in accordance with the Fifth Amended Joint Plan of Reorganization of Thorpe Insulation Company and Pacific Insulation Company (the "Plan"); Order Confirming Fifth Amended Joint Plan of Reorganization of Thorpe Insulation Company and Pacific Insulation Company dated February 1, 2010 ("Confirmation Order"); this Court's *Order Approving Continued Operation of the Thorpe Insulation Company Asbestos Settlement Trust in the Ordinary Course of Business Pending Further Instruction* entered on February 28, 2012 (the "First Continued Operations Order") and *Order Approving Post-Remand Report, Recommendation and Petition for Instructions Regarding the Thorpe Insulation Company Asbestos Settlement Trust* entered on July 11, 2012 (the "Second Continued Operations Order" and collectively, the "Post-Remand Operation Orders"); the Trust Agreement, Bylaws, Trust Distribution Procedures, and Case Valuation Matrix, as amended from time to time, established pursuant to the Plan,[2] and pursuant to the laws of the State of Nevada, where the Trust is organized and where it resides. The factual statements in this Annual Report are supported by the Declaration of Sara Beth Brown, Executive Director, in Support of Motion to Approve and Settle Thorpe Insulation Settlement Trust's Annual Report and Accounting, Audited

[2] The Appendix includes the Plan; Confirmation Order; Post-Remand Operations Orders; Sixth Amendment to and Complete Restatement of Thorpe Insulation Company Asbestos Settlement Trust Agreement ("Trust Agreement"); First Amendment to and Complete Restatement of Thorpe Insulation Company Asbestos Settlement Trust Bylaws ("Trust Bylaws"); Second Amendment to and Complete Restatement of Thorpe Insulation Company Asbestos Settlement Trust Case Valuation Matrix ("Matrix"); Third Amendment to and Complete Restatement of Thorpe Insulation Company Asbestos Personal Injury Settlement Trust Distribution Procedures ("TDP"); other controlling documents approved by this Court; and other documents as indicated.

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Financial Statements, and Claim Report as described in paragraphs 6, 7, and 8 *infra*. Capitalized terms not defined herein are as defined in Article 1 of the Plan.

1. Effective Date: As stated above, on February 1, 2010, this Court entered the Confirmation Order. On February 16, 2010, certain of Thorpe's non-settling insurers filed appeals from the Confirmation Order. Following the denial of requests to stay the Confirmation Order by each of the United States District Court for the Central District of California (the "District Court"), the United States Court of Appeals for the Ninth Circuit (the "Ninth Circuit"), and Supreme Court Justice Anthony M. Kennedy, the Plan became effective and the Trust was established. On January 24, 2012, the Ninth Circuit issued an Opinion in the Plan Appeal (as amended following the petition for rehearing described below, the "Opinion"). The Opinion: (a) affirmed this Court's rulings on a number of issues, (b) concluded that, "[a]lthough the plan has proceeded to a point where it may be inequitable to toss it out entirely, we also conclude that there are likely viable remedies available to Appellants, short of entirely tossing the plan out, within the broad remedial discretion of the bankruptcy court, if it determines that Appellants' claims (discussed in footnote one) have merit;" and (c) "reverse[d] the judgment of the district court, and remand[ed] [the matter] to the district court with instructions that it remand to the bankruptcy court to permit Appellants to submit their proof on all issues they previously preserved."

On February 7, 2012, Thorpe, the Official Committee of Unsecured Creditors appointed in Thorpe's bankruptcy case and the Futures Representative filed a petition for rehearing in the Plan Appeal. That petition was denied on April 3, 2012, and the Ninth Circuit issued its mandate to the District Court on April 12, 2012, with instructions that it remand the matter to this Court. The Opinion became final on July 2, 2012.

After issuance of the Opinion, on February 28, 2012 and July 11, 2012, this Court entered the Post-Remand Operations Orders which authorized the Trust to continue paying claims during the post-remand period. The First Continued Operations Order provided that the Trust could pay up to $5,000,000 in claims. The Trust implemented a program to make partial payments to as many claimants as possible while conserving Trust resources consistent with the Continued Operations Order. The Second Continued Operations Order removed the $5,000,000 cap on claims

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payments during the post-remand period, subject to future order of this Court.

On December 14, 2012, Thorpe and certain related entities entered in to a global settlement with Century Indemnity Company, Century National Insurance Company of Omaha, and Motor Vehicle Casualty Company (collectively, the "Century Insurers"). Soon after, on February 13, 2013, Thorpe and certain related entities entered into global settlement agreements with the two remaining non-settling insurers: (i) The Continental Insurance Company and National Fire Insurance of Hartford ("CNA"), and (ii) Middlesex Insurance Company ("Middlesex").

Having reached these settlements, Thorpe commenced the process to confirm its "Sixth Amended Joint Plan of Reorganization of Thorpe Insulation Company and Pacific Insulation Company (Following Remand)," which would also effectuate the settlements (the "Sixth Amended Plan"). Thorpe filed the Sixth Amended Plan (See Docket No. 3397) and various related documents on March 20, 2013. The confirmation hearing on the Sixth Amended Plan is scheduled for May 1, 2013.

2. Appointment of Trustees: In the Confirmation Order, this Court approved the appointment of Mr. John F. Luikart and Dr. Sandra R. Hernandez as the Trustees of the Trust, who have acted in that capacity since the Effective Date of the Trust.

Pursuant to Section 4.1 of the Trust Agreement, the number of Trustees was increased to three (3) on January 11, 2011, and on February 17, 2011, Mr. Stephen M. Snyder was appointed to serve as the third Trustee. Mr. Snyder has acted as a Trustee of the Trust since February 17, 2011. Further, on April 21, 2011, in accordance with Section 4.1 of the Trust Agreement, Mr. Snyder was designated by the other two Trustees as Managing Trustee, with the consent of the Trust Advisory Committee and Futures Representative.

3. Appointment of Trust Advisory Committee ("TAC"): Pursuant to Section 6.1 of the Trust Agreement, Alan R. Brayton, Ron C. Eddins, David McClaim, Jerry Neil Paul, and David A. Rosen were designated as the initial members of the TAC. Mr. Brayton was elected Chair of the TAC by its members on October 25, 2010, and has served in that capacity since that time. Messrs. McClain, Paul and Rosen continued to serve as members of the TAC during the Accounting Period. In early January 2012, Mr. Eddins passed away. Pursuant to Section 6.4 of the Trust

Agreement, Peter A. Kraus was selected by a majority vote of the Trustees to succeed the late Mr. Eddins as a member of the TAC. The selection of Mr. Kraus to replace the late Mr. Eddins as a member of the TAC was approved by this Court on July 11, 2012.

4. Appointment and Continuation of Futures Representative: The Honorable Charles B. Renfrew was appointed as the Futures Representative in the Bankruptcy Case on December 20, 2007 and has continued to act in that capacity since the Effective Date of the Trust.

5. Fiscal Year and Tax Obligations: The Trust is required by the Internal Revenue Code to account for and report on its activities for tax purposes on a calendar-year basis. Therefore, the Trust's fiscal year is the calendar year. Section 2.2(b) of the Trust Agreement requires the Trustees to file income tax and other returns and statements in a timely manner, and comply with all withholding obligations as legally required, including fulfilling requirements to maintain the Trust's status as a Qualified Settlement Fund. The federal tax return for 2012 will be filed on or before September 16, 2013. The Trust resides in Nevada, and Nevada has no state income tax. Although the Trust is not subject to tax in California, the Trustees file a tax return in California, attaching a copy of the Trust's federal tax return but showing no California taxable income or state tax liability.

6. Annual Report: Section 2.2(c)(i) of the Trust Agreement provides in pertinent part:

> The Trustees shall cause to be prepared and filed with the Bankruptcy Court . . . an annual report containing financial statements of the Trust (including, without limitation, a statement of the net claimants' equity of the Trust as of the end of such fiscal year and a statement of changes in net claimants' equity for such fiscal year) audited by a firm of independent certified public accountants selected by the Trustees and accompanied by an opinion of such firm as to the fairness of the financial statements' presentation of the equity presently available to current and future claimants and as to the conformity of the financial statements with accounting principals generally accepted in the United States, except for the special-purpose accounting methods . . . .

The Trust's financial statements are prepared using special-purpose accounting methods that depart from Generally Accepted Accounting Principles (GAAP) in certain instances in order to better disclose the amount and changes in net claimant's equity.

7. Financial Report: In accordance with the requirements of Section 2.2(c)(i) of

the Trust Agreement, the Trust has caused its accounts to be audited by independent certified public accountants, Grant Thornton, LLP. The Trust's audited financial statements ("Audited Financial Statements") are attached hereto as Exhibit "A". These include a Statement of Net Claimants' Equity, a Statement of Changes in Net Claimants' Equity, a Statement of Cash Flows and explanatory Notes. The Statement of Net Claimants' Equity, which is the equivalent of a corporate balance sheet, reflects total assets of the Trust at market value and on the other comprehensive basis of accounting utilized by the Trust. These Audited Financial Statements show, among other things, that as of December 31, 2012, total Trust assets were $153,010,305, total liabilities were $6,385,068, and Net Claimants' Equity was $146,625,237.

8. Claim Report: Section 2.2(c)(ii) of the Trust Agreement provides that along with the Audited Financial Statements, the Trustees shall file with the Court a report containing a summary regarding the number and type of claims disposed of during the period covered by the financial statements. The Thorpe Insulation Settlement Trust Claim Report As Of December 31, 2012 ("Claim Report") is attached hereto as Exhibit "B". During the Accounting Period, the Trust received 1,397 claims, paid 404 claims, and made settlement offers on 525 claims. Since the Trust received its first Trust Claim,[3] the Trust has received 2,575 Trust Claims, paid 912 Trust Claims, and 153 Trust Claims have been withdrawn.[4]

Section 5.4 of the TDP provides that, "As soon as practicable after the Effective Date, the Trust shall pay all Trust Claims that were liquidated by (i) a settlement agreement entered into prior to the Petition Date for the particular claim, or (ii) a judgment of any kind entered on or before October 15, 2007 (collectively, the "Pre-Petition Liquidated Claims")." As described in the Trust's First Annual Report and Accounting, all Pre-Petition Liquidated Claims were paid by the end of January 2011 in trust to the representative law firms for disbursement to the claimants upon the Trust's receipt and approval of a properly executed release.

During the Trustees' meeting on February 8, 2013, it was decided that the Trust shall

[3] "Trust Claims" are any claims submitted to the Trust after the Effective Date.

[4] "Withdrawn Claims" include claims which are not qualified and/or claims with deficiencies that have not been cured beyond a certain time period, and/or claims that have remained on hold beyond a certain time period.

be authorized to set aside 250% of the face value of the Term Sheet Settlements, which are the subject of three separate lawsuits styled as follows: (1) *Abma, et al. v. Thorpe Insulation Company*, San Francisco Superior Court Case No. CGC-05-446216; (2) *Boen, et al. v. Thorpe Insulation Company*, San Francisco Superior Court Case No. CGC-06-452029; and (3) *Benjamin, et al. v. Thorpe Insulation Company*, San Francisco Superior Court Case No. CGC-06-453165 (the "Term Sheet Settlements"), less payments made by the Trust, upon receipt of settlement funds from certain insurers pending final resolution of the Term Sheet Settlements, and the Trust shall also be authorized to enter into an agreement to this effect. At such time as the Trust receives the settlement funds referred to in the agreement, the Trust shall set aside the funds.

9. Public Inspection: In compliance with Section 2.2(c)(iii) of the Trust Agreement, the Annual Report, including the Audited Financial Statements and Claim Report, has been provided to the TAC and Futures Representative, filed with the Office of the United States Trustee with responsibility for the Central District of California, Los Angeles Division, and made available for inspection by the public.

10. Trustees' Meetings: Article II, Section 4 of the Trust Bylaws provides that the Trustees shall meet in Nevada, or a state other than California, at least four times a year, as close as practicable on a quarterly basis. The Trustees held four meetings during the Accounting Period (February 16, 2012, April 19-20, 2012, September 20-21, 2012, and November 28, 2012). All meetings were held in Reno, Nevada.

11. Arbitrations: During the accounting period, no arbitrations were held pursuant to Section 5.9 of the Trust Distribution Procedures.

12. Funds Received Ratio: Section 4.2 of the TDP provides for the Trustees to reconsider the Funds Received Ratio on the first day of January after the Plan has been confirmed. As described in the Trust's First Annual Report and Accounting, on November 17, 2010, based upon the analysis and advice of the Trust's expert economist, the Trust, with the consent of the TAC and Futures Representative, set the Initial Funds Received Ratio at 17.5%. The Initial Funds Received Ratio has not changed since that time.

13. Maximum Annual Payment: Section 2.4 of the TDP requires that the Trust

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calculate a maximum annual payment for claims based upon a model of the amount of cash flow anticipated to be necessary over the entire life of the Trust to ensure that funds will be available to treat all present and future claimants as similarly as possible. At the November 28, 2012 meeting, the Maximum Annual Payment for 2013 was set at $7,600,000, plus the amount of $47,533,527.33 of excess funds carried over from prior years, which Section 2.5 of the TDP requires to be rolled over and remain dedicated to the respective Disease Category in the Jurisdiction to which they were originally located.

14. Inflation Adjustment: Section 5.3(d) of the TDP requires that all claims payments be adjusted for inflation annually beginning with the calendar year after the Effective Date of the Trust. Beginning in 2011, all claims payments made during a calendar year include a cost of living adjustment based upon the Federal Bureau of Labor Statistics' *Consumer Price Index for Urban Wage Earners and Clerical Workers* (CPI-W) announced in January each year. Thus as of January 1, 2011, all claims payments made during the calendar year were increased by 4.95% to account for inflation.

At the November 28, 2012 meeting, the CPI-W to be published in January 2013 was approved for use by the Trust in making the 2013 cost of living adjustment for claims payments. The CPI-W of 1.7% was issued on January 16, 2013. Consequently, all claims payments made during the 2013 calendar year will have a compounded inflation rate of 6.74% added to the payment amount.

15. Budget and Cash Flow Projection: Section 2.2(d) of the Trust Agreement requires the Trust to prepare a budget and cash flow projections prior to the commencement of each fiscal year covering such fiscal year and the succeeding four fiscal years. The Trustees approved the 2013 budget and the required four-year budget and cash flow projections on November 28, 2012. Pursuant to the Trust Agreement, these were provided to the Approving Entities. The budget for operating expenses in 2013 totals $1,803,000.[5]

16. Trust Facilities and Services Sharing Agreement with Western Asbestos

[5] This figure is net of claimant payments which are budgeted for $7,600,000 and net of extraordinary legal fees that are budgeted for $3,150,000.

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Settlement Trust: As described in the Trust's First Annual Report and Accounting, the Trust and Western Asbestos Settlement Trust ("Western Trust") entered into a Trust Facilities and Services Sharing Agreement in 2010 and amendments to that agreement were approved on April 21, 2011, with the consent of the Futures Representatives and TAC. The Trust agreed to pay a negotiated monthly amount. Such arrangement was approved by this Court in the order approving the Trust's First Annual Report. The annual reconciliation presented on February 16, 2012 set the Advance Payments at $35,000 per month for 2012. The annual reconciliation for 2012 was presented on February 7, 2013 and set the Advance Payment at $29,000 per month for 2013.

17. Settlement Fund: The Settlement Fund was established at Wells Fargo Bank, N.A. to pay valid claims.

18. Operating Fund: The Operating Fund was established at Wells Fargo Bank, N.A., to pay anticipated operating expenses of the Trust as described in the Trust's Annual Reports. During the Accounting Period, transfers were made from the Settlement Fund to the Operating Fund to pay anticipated operating expenses of the Trust.

19. Indemnity Fund (Self-Insured Retention): Section 4.6 of the Trust Agreement provides that the Trust shall indemnify the Trustees, the Trust's officers and employees, the Futures Representative, the TAC and each of their respective agents. The Trustees, the Futures Representative, the TAC and their respective agents have a first priority lien upon the Trust's assets to secure the payment of any amounts payable to them pursuant to Section 4.6.

In November of 2010, the Trust established an indemnity fund at Wells Fargo Bank, N.A., in the amount of $5,000,000, as described in the Trust's First Annual Report and Accounting. All interest earned by the fund is returned to the Trust quarterly. During the Accounting Period, no claims were made against the fund and nothing was paid from the fund.

20. Legal Disputes:

a. *Thorpe Insulation Co. v. Argonaut Insurance Co., et al.*, Superior Court of the State of California, County of Los Angeles (the "Superior Court"), Case No CGC 05-46682: This case involves an insurance coverage action against Thorpe's insurers. Thorpe has recently concluded settlements with all of the remaining insurers in this action. Accordingly, at the request of the

remaining parties, the Court vacated all trial and pre-trial dates, pending final dismissals with prejudice, which are anticipated to be filed upon conclusion of the bankruptcy proceedings described above. Additionally, the arbitration between Thorpe and the Trust, on the one hand, and California Union Insurance Company ("Cal Union"), on the other hand, has been withdrawn in light of the settlement reached with Cal Union.

b. *Continental Insurance Company v. Thorpe Insulation Company (In re Thorpe Insulation Company)*, United States Court of Appeals for the Ninth Circuit, Case No. 10-55744: On July 21, 2009, this Court entered an order disallowing a claim filed in the Bankruptcy Case by Continental Insurance Company ("Continental") and denying a motion by Continental that sought to compel Thorpe to arbitrate the dispute over the validity of that claim. Those orders were appealed to the District Court, which affirmed this Court's orders by order entered May 4, 2010, and to the Ninth Circuit. On January 30, 2012, the Ninth Circuit issued its opinion affirming the disallowance of Continental's claim and this Court's denial of Continental's motion to compel arbitration. That matter became final on April 30, 2012. Continental timely filed a Petition for Certiorari in the United States Supreme Court, but the petition was denied on October 1, 2012.

Thorpe filed a motion in the Ninth Circuit Court of Appeals for its prevailing attorneys' fees relating to the appeals of the arbitration denials and claim disallowance. Continental opposed that motion. On July 3, 2012, the Ninth Circuit granted in part and denied in part Thorpe's motion, and referred the determination of an appropriate amount of attorneys' fees on appeal to the court's special master.

c. *Non-Settling Insurers' Appeals of Orders Related to First and Second Annual Report and Second Continued Operations Orders (Case Nos. CV 12-6098 DSF; CV 12-6184DSF; CV 12-6441 DSF; and CV 12-6442 DSF):* In June 2012, this Court entered its orders approving the Trust's 2011 annual report and the order approving the Trust's 2010 annual report, as that order had never been entered. The non-settling insurers appealed the orders approving the Trust's 2010 and 2011 annual reports (as well as the Bankruptcy Court's order denying reconsideration of its order approving the Trust's 2010 report) primarily on the grounds that given the Ninth Circuit's reversal of the confirmation order and remand of the case, this Court no longer had jurisdiction to enter such

orders.

In addition, post-remand, this Court entered the Post-Remand Operations Orders granting, for the most part, the relief requested by the Trust in the two petitions for instructions governing Trust operations during the post-remand period. The non-settling insurers appealed Second Continued Operations Order.

All of these appeals have been resolved in connection with the global settlements with the three remaining non-settling insurers. The Trust anticipates that these appeals will be dismissed after the Sixth Amended Plan confirmation process is completed.

d. *Settlement Motions Filed in Bankruptcy Court With Respect to the Remaining Non-Settling Insurers*: On January 9, 2013, Thorpe filed its "Motion for Order Approving: (I) Settlement with Century Insurers; (II) Sale of Insurance Policies Free and Clear of Claims and Interests; and (III) Modification of Fifth Amended Joint Plan of Reorganization; Post-Remand Petition for Instructions Regarding the Thorpe Insulation Company Asbestos Settlement Trust [Docket No. 3368] (the "Century Settlement Motion"). In the Century Settlement Motion, Thorpe sought approval of a Settlement Agreement that provided for (i) payment to the Trust of $36 million; (ii) mutual releases and covenants between Thorpe and related entities and Century Insurers; and (iii) the purchase by the Century Insurers of certain Insurance Rights (as such term is defined in the Plan) free and clear of all rights, liens, claims, and interests. Additionally, Thorpe requested approval to modify the Plan to designate the Century Insurers as "Settling Asbestos Insurers" and to effectuate the terms of the Settlement Agreement. On February 6, 2013, this Court entered its order approving the Continental Settlement Motion.

On February 13, 2013, Thorpe filed its "Motion for Order Approving: (I) Settlement with Continental Insurers; (II) Sale of Insurance Policies Free and Clear of Claims and Interests; and (III) Modification of Fifth Amended Joint Plan of Reorganization; Post-Remand Petition for Instructions Regarding the Thorpe Insulation Company Asbestos Settlement Trust [Docket No. 3368] (the "Continental Settlement Motion"). In the Continental Settlement Motion, Thorpe sought approval of a Settlement Agreement that provided for (i) payment to the Trust of $45 million; (ii) mutual releases and covenants between Thorpe and related entities, and the CNA; and (iii) the

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purchase by the CNA of certain Insurance Rights (as such term is defined in the Plan) free and clear of all rights, liens, claims, and interests. Additionally, Thorpe requested approval to modify the Plan to designate the CNA as "Settling Asbestos Insurers" and to effectuate the terms of the Settlement Agreement. On March 12, 2013, this Court entered its order approving the Continental Settlement Motion.

Additionally, on February 13, 2013, Thorpe filed a motion seeking similar relief with respect to Middlesex Insurance Company (the "Middlesex Settlement Motion"). In the Middlesex Settlement Motion, Thorpe sought approval of a settlement agreement (the "Middlesex Settlement Agreement") providing for (i) payment to the Trust of $12 million; (ii) mutual releases and covenants between Thorpe and related entities and Middlesex, and (iii) the purchase by Middlesex of certain Insurance Rights (as such term is defined in the Plan) free and clear of all rights, liens, claims, and interests. In addition, Thorpe requested approval to modify the Plan to designate Middlesex as a "Settling Asbestos Insurer" and to effectuate the terms of the Middlesex Settlement Agreement. On March 12, 2013, this Court entered its order approving the Middlesex Settlement Motion.

e. *Thorpe Insulation Company Asbestos Settlement Trust v. Michael J. Mandelbrot and Mandelbrot Law* Firm, Case No. 12-02183-BB. During the Accounting Period, the Trust (along with Western Asbestos Settlement Trust (the "Western Trust") and the J.T. Thorpe Settlement Trust (the " J.T. Thorpe Trust"), collectively, the ("Trusts")) continued their audit and investigation (the "Investigation") into matters concerning evidentiary support for certain claims submitted by Michael Mandelbrot and the Mandelbrot Law firm ("Mandelbrot") with the Trusts. The Trusts were concerned that Mandelbrot had engaged in a pattern of submitting unreliable evidence in support of claims provided to the Trust as set forth in section 5.7(a) of the Trust Distribution Procedures. The Bankruptcy Court entered an order on March 14, 2012 granting the J.T. Thorpe Trust's Application for Examination Pursuant to Bankruptcy Rule 2004, pursuant to which the J.T. Thorpe Trust sought authority to conduct the examinations of eight (8) claimants in furtherance of the Investigation. Mandelbrot appealed the order, which appeal was later dismissed by the parties, and has largely refused to voluntarily cooperate with the Trusts in the Investigation. To

date, the Trusts have taken only one claimant examination.

Thereafter, pursuant to Bankruptcy Court order granted over the objection of Mandelbrot, the Trusts conducted the examination of John Lynch, a former employee of the Western Trust, and Mandelbrot.

Notwithstanding the Bankruptcy Court's orders, Mandelbrot demanded the Investigation cease and threatened to directly sue the Trusts, the Trusts' fiduciaries and Trusts' representatives on the grounds that the Investigation was improper or frivolous. Accordingly, on September 19, 2012, the Trust filed its "Complaint for Declaratory Judgment" and on October 24, 2012, its "First Amended Complaint for (I) Declaratory Judgment and (II) Equitable Relief" (the "Amended Complaint") in the Bankruptcy Court (Adversary Case No. 2:12-ap-02183-BB) against the Defendants (the "Adversary Proceeding"). The Amended Complaint (i) requests a declaratory judgment from the Bankruptcy Court "confirming that the Investigation to determine whether the Defendants have engaged in a pattern or practice of submitting unreliable information to the Thorpe Insulation Trust is authorized and appropriate under the circumstances," and (ii) seeks related equitable relief.

The Adversary Proceeding has been procedurally consolidated with a nearly identical adversary proceeding brought by the J.T. Thorpe Trust in this Court. In addition, the Western Trust commenced a similar adversary proceeding against the Defendants in its bankruptcy case pending in the United States Bankruptcy Court for the Northern District of California. The Trusts and the Western Trust are supervised by the same Trustees and the same Futures Representative, and all three trusts evaluate and process claims through the same facility and processing staff.

This Court has ruled on three substantive motions filed by the parties in the Adversary Proceeding. See 2:12-ap-02183-BB Docket Nos. 65 (*Order Granting in Part Motions for Approval of Continued Claim Payment by the Thorpe Trusts in Accordance with Additional Evaluation Criteria*); 67 (*Order Denying Defendants' Motion to Transfer Venue of Adversary Proceedings*); and 73 (*Order Denying Defendants' Motion to Dismiss Second Claim for Relief*). The Bankruptcy Court has held two status conferences in the Adversary Proceeding and the next status conference is set for April 30, 2013. The Bankruptcy Court has set an August 31, 2013 discovery

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deadline. The parties are presently engaged in discovery efforts.

On March 19, 2013, the Futures Representative filed a motion to intervene in the adversary proceedings. See Docket No. 83 (*The Futures Representative's Notice of Motion and Motion to Intervene; Memorandum of Points and Authorities*). Defendants opposed the motion and a hearing was held on April 9, 2013. On April 10, 2013, the Bankruptcy Court entered its order approving the Honorable Charles B. Renfrew's motion to intervene. See Docket No. 96 (*Order Granting the Futures Representative's Motion to Intervene*). The Futures Representative then filed his *Complaint in Intervention* (Docket No. 97) on April 10, 2013.

21. Amendments to the Trust Documents: During the Accounting Period, there were no amendments to the Trust Documents. However, on February 7, 2013, Section 4.1 of the Trust Agreement was amended to reflect that if the Trustees cannot agree by a majority vote, that the dispute shall be resolved by the Bankruptcy Court. A copy of the *Seventh Amendment to and Complete Restatement of Thorpe Insulation Company Asbestos Settlement Trust Agreement* is included in the Appendix filed herewith.

22. Notifications to Beneficiaries: During the Accounting Period and, additionally, from January 1, 2013 to and including April 15, 2013, the following notifications were placed on the Trust's web site:

a. Notice regarding actions by Thorpe Insulation Settlement Trust in light of Opinion (posted February 28, 2012);

b. Notice regarding hearing on Trust's Second Annual Report and Accounting (posted April 27, 2012); and

c. Notice of modification to the TIST Site List (posted October 17, 2012).

23. Filing Fee: Pursuant to Section 6.4 of the TDP, the filing fee was reviewed at the September 20, 2012 meeting and there were no recommended changes to the existing $250.00 fee during the Accounting period or as of the date hereof.

24. Trustees' Compensation: Section 4.5(c) of the Trust Agreement requires the Trusts to report the amounts paid to the Trustees for compensation and expenses. During the

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Accounting Period, the Trustees each received per annum compensation in the amount of $40,000 paid in quarterly installments. The total paid to all Trustees for hourly compensation was $283,519 and $13,272 was the total amount of expenses incurred by all Trustees.

25. Significant Vendors:

Although the Trust has many vendors, those who were paid more than $100,000 during the Accounting Period are listed alphabetically below:

a. Clark & Trevithick: Counsel to the Reorganized Debtor.

b. Fergus, a Law Office: Counsel to the Honorable Charles Renfrew, Futures Representative.

c. Jones Day: Co-counsel to the TAC.

d. Klee, Tuchin, Bogdanoff & Stern LLP: Counsel to the Debtors and now counsel to the Trust in the pending appeals as described in paragraph 20, *supra*.

e. Morgan Lewis & Bockius LLP: Counsel to Debtors and now counsel to the Trust in the pending insurance coverage litigation and the Mandelbrot Litigation, as described in paragraph 20, *supra*.

f. Pachulski Stang Ziehl & Jones LLP: Counsel to the Debtors.

g. Snyder Miller & Orton, LLP: Counsel to the Debtors and former counsel to the Trust in the pending insurance coverage litigation as described in paragraph 20, *supra*.

h. Stutman, Treister & Glatt P.C.: Bankruptcy counsel to the Trust.

i. Western Asbestos Settlement Trust for shared services pursuant to the Trust Facilities and Services Sharing Agreement, as described in paragraph 16, *supra*.

26. Trust Investment Management: Article 3 of the Trust Agreement authorizes the Trust to administer the investment of funds in the manner in which individuals of ordinary prudence, discretion and judgment would act in the management of their own affairs, subject to certain limitations. The Trust closely monitors any market volatility with its investment advisors and continues to be in compliance with its Investment Policy Statement. Callan Associates, Inc. continued to assist the Trust during the Accounting Period as its manager of investment managers.

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BlackRock Financial Management, Inc., Eagle Capital Management, LLC, Harding Loevner, LP, and State Street Global Advisors have continued to act as the Trust's investment managers. On February 16, 2012, it was determined that the Trust would engage Westwood Management Corporation as an additional investment manager for the Trust and on September 1, 2012, Segall Bryant & Hammill replaced Dwight Asset Management Company as the Trust's taxable fixed income manager.

The Trust's Investment Policy Statement was amended on February 16, 2012 and November 28, 2012, copies of which are included in the Appendix filed herewith.

In addition, pursuant to the Trust's Investment Policy Statement at page 3, a formal asset allocation study was prepared by Callan Associates and presented to the Trustees and Executive Director on March 25, 2013.

***

The Trustees submit that the Annual Report and attached exhibits demonstrate that the Trust acted prudently and expeditiously in executing its legal obligations during the Accounting Period and up to and including the date hereof. The Trust conscientiously worked to execute equitable claims procedures and process Trust Claims with due diligence during the Accounting Period and up to and including the date hereof. Moreover, the Trust worked with its accountants and financial advisors to preserve and grow Trust assets in order to fulfill the purpose of the Trust-paying valid asbestos claims. In so doing, the Trust carefully complied with all Plan Documents and the mandates of this Court.

EXHIBIT A

568838v.2



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Financial Statements and Report of Independent Certified Public Accountants

Thorpe Insulation Settlement Trust

December 31, 2012 and 2011

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Report of Independent Certified Public Accountants

Trustees
Thorpe Insulation Settlement Trust

We have audited the accompanying financial statements of Thorpe Insulation Settlement Trust ("the Trust"), organized in the State of Nevada, which comprise the statements of net claimants' equity as of December 31, 2012 and 2011, and the related statements changes in net claimants' equity, and cash flows for the years then ended, and the related notes to the financial statements.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Trust's other basis of accounting; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Trust's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Grant Thornton

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets and liabilities of Thorpe Insulation Settlement Trust as of December 31, 2012 and 2011, and the changes in net claimants' equity and cash flows for the years then ended in accordance with the Trust's other basis of accounting.

Basis of accounting

We draw attention to Note A.2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the Trust's other basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Supplementary information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Operating Expense for the years ended December 31, 2012 and 2011 is presented for purposes of additional analysis and is not a required part of the financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures. These additional procedures included comparing and reconciling the information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Restriction on use

Our report is intended solely for the information and use of the management of the Trust and Trustees, the beneficiaries of the Trust, the Futures Representative, the Futures Counsel, the members of the Trust Advisory Committee, and the United States Bankruptcy Court for the Central District of California, Los Angeles Division and is not intended to be and should not be used by anyone other than these specified parties.

Grant Thornton LLP

Reno, Nevada
April 15, 2013

Thorpe Insulation Settlement Trust

STATEMENTS OF NET CLAIMANTS' EQUITY

December 31,

	2012	2011
ASSETS		
Cash and cash equivalents and investments available-for-sale		
Restricted	$ 5,000,000	$ 5,000,000
Unrestricted	134,353,197	142,059,732
Total cash and cash equivalents and investments	139,353,197	147,059,732
Accrued interest and dividend receivables	727,108	13,971
Deferred tax asset	11,002,000	10,038,000
Total assets	$ 151,082,305	$ 157,111,703
LIABILITIES		
Accrued expenses	$ 935,185	$ 916,710
Claim processing deposits	465,250	234,000
Unpaid claims (Note D)		
Outstanding offers	4,636,633	3,455,127
Facility and staff sharing agreement payable	348,000	420,000
Total liabilities	$ 6,385,068	$ 5,025,837
NET CLAIMANTS' EQUITY	$ 144,697,237	$ 152,085,866

The accompanying notes are an integral part of these statements.

Thorpe Insulation Settlement Trust

STATEMENTS OF CHANGES IN NET CLAIMANTS' EQUITY

For the years ended December 31,

	2012	2011
Net claimants' equity, beginning of year	$ 152,085,866	$ 84,998,600
Additions to net claimants' equity		
Initial funding	4,500,000	83,000,000
Investment income	1,739,384	-
Provision for income taxes, deferred	964,000	1,292,000
Net decrease in facilities and staff sharing agreement	72,000	-
Net realized/unrealized gains on available-for sale securities	4,902,521	-
Total additions	12,177,905	84,292,000
Deductions from net claimants' equity		
Operating expenses	4,924,672	4,003,183
Court ordered bankruptcy fees	-	383,756
Claims settled	13,460,356	10,744,411
Investment fees	-	2,220
Net increase in outstanding claim offers	1,181,506	2,023,164
Net increase in facility and staff sharing agreement	-	48,000
Total deductions	19,566,534	17,204,734
Net claimants' equity, end of year	$ 144,697,237	$ 152,085,866

The accompanying notes are an integral part of these statements.

Thorpe Insulation Settlement Trust

STATEMENTS OF CASH FLOWS

For the years ended December 31,

	2012	2011
Cash inflows:		
Initial funding	$ 4,500,000	$ 83,000,000
Investment income receipts	1,026,247	-
Increase in claim processing deposits	231,250	52,750
Net realized gains on available-for-sale securities	32,551	-
Total cash inflows	5,790,048	83,052,750
Cash outflows:		
Claim payments made	13,460,356	12,071,356
Investment fees	-	3,513
Disbursements for Trust operating expenses	4,822,947	15,101,839
Disbursements for Court ordered bankruptcy fees	83,250	1,514,274
Total cash outflows	18,366,553	28,690,982
Net cash outflows	(12,576,505)	54,361,768
Non-cash changes:		
Net unrealized gains on available-for-sale securities	4,869,970	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(7,706,535)	54,361,768
Cash, cash equivalents, and investments available-for-sale, beginning of year	147,059,732	92,697,964
Cash, cash equivalents, and investments available-for-sale, end of year	$ 139,353,197	$ 147,059,732

The accompanying notes are an integral part of these statements.

Thorpe Insulation Settlement Trust

NOTES TO FINANCIAL STATEMENTS

December 31, 2012 and 2011

NOTE A - SUMMARY OF ACCOUNTING POLICIES

1. Description of Trust

The Thorpe Insulation Settlement Trust (the Trust), organized pursuant to the laws of the state of Nevada with its office in Reno, Nevada, was established pursuant to the Pacific Insulation Company and Thorpe Insulation Company (collectively the "Debtors") Fifth Amended Joint Plan of Reorganization, dated December 17, 2009. The Trust was formed to assume the Debtors' liabilities resulting from pending and potential litigation involving individuals exposed to asbestos who have manifested asbestos-related diseases or conditions, for which the Debtors have legal responsibility; liquidate, resolve, pay and satisfy all valid asbestos-related claims in accordance with the Plan, preserve, hold, manage and maximize the Trust assets for use in paying and satisfying allowed asbestos-related claims, prosecute, settle and manage the disposition of the asbestos in-place insurance coverage, and prosecute, settle and manage asbestos insurance coverage actions. Upon the effective date of the Plan, the Trust assumed liability for existing and future asbestos-related claims against the Debtors. The Trust became effective on October 22, 2010.

The Trust was initially funded with cash, notes receivable and insurance settlement proceeds. The Trust's funding is dedicated solely to the settlement of asbestos-related claims and the related costs thereto, as defined in the Plan.

The Trust processes and pays all asbestos-related claims in accordance with the Thorpe Insulation Settlement Trust Agreement, as amended and restated, the Case Valuation Matrix, as amended and restated, (Matrix) and Trust Distribution Procedures, as amended and restated, (TDP) (collectively, the Trust Documents).

2. Special-Purpose Accounting Methods

The Trust's financial statements are prepared using special-purpose accounting methods that differ from accounting principles generally accepted in the United States. The special-purpose accounting methods were adopted in order to present the amount of equity available for payment of current and future claims. These special-purpose accounting methods are as follows:

- The financial statements are prepared using the accrual basis of accounting, as modified below.
- The funding received from Thorpe Insulation Company, Pacific Insulation Company, Farwest Insulation Contracting and their liability insurers is recorded directly to net claimants' equity. These funds do not represent income of the Trust. Offers for asbestos-related claims are reported as deductions from net claimants' equity and do not represent expenses of the Trust.
- Costs of non-income producing assets, which will be exhausted during the life of the Trust and are not available for satisfying claims, are expensed when incurred. These costs include acquisition costs of computer hardware, software and software development.
- Future fixed liabilities and contractual obligations entered into by the Trust are recorded directly against net claimants' equity. Accordingly, the future minimum commitments outstanding at period end for non-cancelable obligations have been recorded as deductions from net claimants' equity.

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Thorpe Insulation Settlement Trust

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2012 and 2011

NOTE A - SUMMARY OF ACCOUNTING POLICIES - Continued

2. **Special-Purpose Accounting Methods** - Continued

- The liability for unpaid claims reflected in the statement of net claimants' equity represents settled but unpaid claims and outstanding offers. A claims liability is recorded once an offer is made to the claimant at the amount equal to the expected pro rata payment. No liability is recorded for future claim filings and filed claims on which no offer has been made. Net claimants' equity represents funding available to pay present and future claims on which no fixed liability has been recorded.
- All interest income is recorded net of investment expenses on the statement of changes in net claimants' equity.
- Available-for-sale securities are recorded at fair value. All interest and dividend income on available-for-sale securities, net of investment expenses, is included in investment income on the statements of changes in net claimants' equity. Realized and unrealized gains and losses on available-for-sale securities are recorded as separate components on the statements of changes in net claimants' equity
- Realized gains/losses on available-for-sale securities are recorded based on the security's amortized cost. At the time a security is sold, all previously recorded unrealized gains/losses are reversed and recorded net, as a component of other unrealized gains/losses in the statement of changes in net claimants' equity

3. **Cash and Cash Equivalents**

Cash and cash equivalents include demand deposit accounts and cash invested in money market funds.

4. **Investments**

Fair value measurements are determined through the use of an independent, nationally recognized pricing service. For securities that have quoted prices in active markets, market quotations are provided. For securities that do not trade on a daily basis, the pricing service provides fair value estimates using a variety of inputs including, but not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, bids, offers, reference data, prepayment spreads and measures of volatility. The Trust reviews on an ongoing basis the reasonableness of the methodologies used by the pricing service, as well as determines the aggregate portfolio price performance and reviews it against applicable indices.

5. **Deposits**

Claims processing deposits represent filing fees collected for each unliquidated claim, which fees are refunded by the Trust if the claim is paid.

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Thorpe Insulation Settlement Trust

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2012 and 2011

NOTE A - SUMMARY OF ACCOUNTING POLICIES - Continued

6. Use of Estimates

The preparation of financial statements in conformity with the special-purpose accounting methods described above requires the Trust to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of additions and deductions to net claimants' equity during the reporting period. Actual results could differ from those estimates.

7. Concentration of Risk

Financial instruments that potentially subject the Trust to concentrations of risk consist of cash and cash equivalents. Cash equivalents consist of money market accounts. Cash equivalents and demand deposits are in excess of Federal Deposit Insurance Corporation limits.

The Trust utilizes risk controls to meet investment objectives authorized by its Trustees. Such risk controls include the use of outside investment advisors meeting predetermined criteria, and third-party quantitative and qualitative risk measurement evaluation tools. The Trust believes its risk control practices are appropriate to meet investment objectives.

Investment securities, in general, are exposed to various risks, such as interest rates, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the financial statements.

8. Income Taxes

The Trust's policy is to recognize interest and penalties accrued on any unrecognized tax benefits as a component of income tax expense. As of December 31, 2012, the Trust did not have any accrued interest or penalties associated with any unrecognized tax benefits, nor did it incur any interest and penalties expense with any unrecognized tax benefits for the year then ended. The Trust is unaware of information concerning any tax positions for which a material change in the unrecognized tax benefit or liability is reasonably possible within the next twelve months. The Trust files income tax returns in the United States. Although the Trust owes no tax to the State of California, it files an annual tax return in California reporting no taxable income or tax owed.

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Thorpe Insulation Settlement Trust

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2012 and 2011

NOTE B - CASH, CASH EQUIVALENTS AND INVESTMENTS

The Trust has classified its investments as available-for-sale, and recorded the securities at estimated fair value, as follows:

	December 31, 2012	
	Cost	Fair Value
Restricted		
Cash equivalents	$ 94,431	$ 94,431
U.S. Government obligations	2,270,323	2,270,707
Municipal bonds	139,249	138,360
Mortgage backed securities	79,183	79,656
Corporate and other debt	2,429,483	2,416,846
	$ 5,012,669	$ 5,000,000
Unrestricted		
Cash demand deposits	$ 732,606	$ 732,606
Cash equivalents	17,942,286	17,942,286
Equity securities	46,420,660	50,912,336
U.S. Government obligations	10,307,038	10,319,952
Municipal bonds	43,136,147	43,524,190
Mortgage backed securities	296,897	298,696
Corporate and other debt	10,634,925	10,623,131
	$129,470,559	$134,353,197

	December 31, 2011	
	Cost	Fair Value
Restricted		
Cash equivalents	$ 5,000,000	$ 5,000,000
Unrestricted		
Cash demand deposits	$ 519,342	$ 519,342
Cash equivalents	141,540,390	141,540,390
Equity securities	-	-
U.S. Government obligations	-	-
Municipal bonds	-	-
Mortgage backed securities	-	-
Corporate and other debt	-	-
	$142,059,732	$142,059,732

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Thorpe Insulation Settlement Trust

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2012 and 2011

NOTE B - CASH, CASH EQUIVALENTS AND INVESTMENTS - Continued

The Trust accounts for investments according to a fair value hierarchy that distinguishes between assumptions based on market data (observable inputs) and the Trust's assumptions (unobservable inputs). The hierarchy consists of three broad levels as follows:

Level 1 - Quoted market prices in active markets for identical assets or liabilities.

Level 2 - Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; or valuations based on models where significant inputs are observable or can be corroborated by observable market data.

Level 3 - Valuations based on models where significant inputs are not observable, and for which the determination of fair value requires significant management judgment or estimation.

Assets and liabilities measured at fair value on a recurring basis, including financial instruments for which the Trust accounts, were as follows at:

	December 31, 2012		
	Level 1	Level 2	Level 3
Assets			
Cash demand deposits	$ 732,606	$ -	$ -
Cash equivalents	18,036,717	-	-
Equity securities	50,912,336	-	-
U.S. Government obligations	1,732,597	10,858,062	-
Municipal bonds	-	43,662,550	-
Asset-backed securities	-	378,352	-
Corporate debt	13,039,977	-	-
	$84,454,233	$54,898,964	$ -0-

	December 31, 2011		
	Level 1	Level 2	Level 3
Assets			
Cash demand deposits	$ 519,342	$ -	$ -
Cash equivalents	146,540,390	-	-
Equity securities	-	-	-
U.S. Government obligations	-	-	-
Municipal bonds	-	-	-
Asset-backed securities	-	-	-
Corporate debt	-	-	-
	$147,059,732	$ -0-	$ -0-

The Trust's policy is to recognize transfers in and out of levels within the fair value hierarchy at the actual date the event or change in circumstance caused the transfer. Between the measurement dates of December 31, 2011 and December 31, 2012, no securities were transferred between Level 1 and Level 2.

Thorpe Insulation Settlement Trust

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2012 and 2011

NOTE B - CASH, CASH EQUIVALENTS AND INVESTMENTS - Continued

The maturities of the Trust's available-for-sale securities at market value (excluding cash equivalents) are as follows as of December 31, 2012:

	Less than 1 Year	After 1 Year Through 5 Years	After 5 Years Through 10 Years	After 10 Years
U.S. Government obligations	$ 150,864	$ 4,201,235	$ 2,257,546	$ 5,981,014
Municipal bonds	-	21,663,480	16,446,407	5,552,663
Mortgage backed securities	-	140,102	238,250	-
Corporate and other debt	1,990,138	4,336,533	6,365,485	347,821
	$2,141,002	$30,341,350	$25,307,688	$11,881,498

NOTE C - FIXED ASSETS

The cost of non-income producing assets that will be exhausted during the life of the Trust and are not available for satisfying claims are expensed as incurred. Since inception, the cost of fixed assets expensed, net of disposals, include:

Acquisition of computer equipment	$11,241
Acquisition of computer software	44,629
	$55,870

These items have not been recorded as assets, but rather as operating expenses and direct deductions from net claimants' equity in the accompanying financial statements. The cost of fixed assets that were expensed during the years ended December 31, 2012 and 2011 was $1,382 and $54,488, respectively. Total depreciation expense related to asset acquisition using accounting principles generally accepted in the United States would have been approximately $17,270 and $16,818 for the years ended December 31, 2012 and 2011, respectively.

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Thorpe Insulation Settlement Trust

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2012 and 2011

NOTE D - CLAIM LIABILITIES

Pursuant to the Trust Documents, the Trust distinguishes between claims that were liquidated prior to the establishment of the Trust (Pre-Petition Liquidated Claims) and claims processed after the creation of the Trust (Trust Claims). The Pre-Petition Liquidated Claims are grouped into two categories: settlement and judgment claims.

The cases underlying the Pre-Petition Liquidated Claims were stayed by the court until the Plan became effective. The Trust reviewed, processed and paid each Pre-Petition Liquidated Claim at the approved Funds Received Ratio. The Pre-Petition Liquidated Claims were paid in trust to the representative law firms for disbursement to the claimants upon the Trust's receipt and approval of a properly executed release.

For all Trust claims, a liability for unpaid claims is recorded at the time the offer is extended. Funds are mailed after the approved release is signed, received, and approved by the Trust. Unpaid claims liabilities remain on the Trust's books until the offer is accepted, rejected, withdrawn or expires after six months. Offers may be extended an additional six months upon written request and good cause. As of the years ended December 31, 2012 and 2011, there were no expired offers.

All claimants are entitled to the full liquidated value of their claim. Under the TDP, claimants receive an initial pro rata payment equal to the approved Funds Received Ratio of the claim's liquidated value. The remaining obligation for the unpaid portion of the liquidated amount is not recorded and is not a liability of the Trust, unless the Funds Received Ratio is increased. In that instance, the Trust would be obligated to retroactively pay the increased percentage to all previously paid claimants (see Note G).

In the interest of treating all claimants equitably in accordance with the Plan and pursuant to the TDP, all payments made during each calendar year ended December 31, 2010 through December 31, 2012 and future years shall include a Cost of Living Adjustment for inflation based upon the Federal Bureau of Labor Statistics' *Consumer Price Index for Urban Wage Earners and Clerical Workers* (CPI-W). Claims liabilities at year end are adjusted for any approved Inflation Adjustments. Inflation Adjustments are cumulative. Cumulative Inflation Adjustments of 6.74% and 4.95% are included in outstanding claims liabilities as of December 31, 2012 and 2011, respectively.

The Trust processed and approved approximately $14,641,661 and $12,766,926 of Trust Claims during the years ended December 31, 2012 and 2011, respectively.

NOTE E - LEGAL FEES - COVERAGE LITIGATION

For the year ended December 31, 2012 and the period from inception (October 22, 2010) through December 31, 2011, the Trust incurred a total of $-0- and $840,275, respectively, of contingent and hourly fees for coverage litigation. Of this amount, $400,687 and $165,275 were paid, and $337,500 and $675,000 are represented in accrued expenses on the accompanying Statement of Net Claimants' Equity.

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Thorpe Insulation Settlement Trust

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2012 and 2011

NOTE F - FACILITY AND STAFF SHARING AGREEMENT

The Trust has entered into a facilities and staff sharing agreement with the Western Asbestos Settlement Trust, (the Western Trust). The two trusts are related through common trustees. Under the agreement, and in exchange for advance monthly payments, the Western Trust provides use of its facilities and services relating to administration and claims processing. The agreement automatically renews for additional one-year periods unless either party provides written notice. The amounts of advance monthly payments are agreed upon between the trusts from time to time. As of December 31, 2012, the equitable amount agreed upon is based on the required written calendar year reconciliation of annual services that is performed by the Western Trust. The reconciliation is performed and recorded in the period subsequent to the reconciliation period. The reconciliation performed for the year ended December 31, 2012 resulted in an additional payment to the Western Trust of approximately $50,000. The reconciliation performed for the fourteen months ended December 31, 2011 resulted in an additional payment to the Western Trust of approximately $21,000. The next reconciliation period will be the twelve-month period ending December 31, 2013. Any excess of cost over payments or payments over cost is required to be repaid by the benefited party with interest. The future payments under this agreement have been recorded as a liability on the accompanying statement of net claimants' equity.

NOTE G - NET CLAIMANTS' EQUITY

The Trust was created pursuant to the Plan confirmed by the United States Bankruptcy Court for the Central District of California, Los Angeles Division. The TDP was adopted pursuant to the Plan and concurrently with the Trust Agreement. It is designed to provide fair and equitable treatment for all Trust claims that may presently exist or may arise in the future. The TDP prescribes certain procedures for distributing the Trust's limited assets, including pro rata payments and initial determination of claim value based on scheduled disease values, and individual factual information concerning each claimant as set forth in the Trust Documents.

Under the TDP, the Trust forecasts its anticipated annual sources and uses of cash until the last projected future claim has been paid. A pro rata Funds Received Ratio is calculated such that the Trust will have no remaining assets or liabilities after the last future claimant receives his/her pro rata share.

The Trustees, with the consent of the Trust Advisory Committee ("TAC") and Futures Representative, set the Initial Funds Received Ratio at 17.5%, based upon the analysis and advice of the Trust's expert economist. The TDP requires the Trustees, with the consent of the TAC and the Futures Representative, to periodically review the Funds Received Ratio and, if appropriate, propose additional changes in the pro rata Funds Received Ratio based on updated assumptions regarding the Trust's future assets and liabilities.

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Thorpe Insulation Settlement Trust

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2012 and 2011

NOTE H - RESTRICTED CASH, CASH EQUIVALENTS AND INVESTMENTS

To avoid the high costs of director and officer liability insurance, and pursuant to the Trust Agreement, the Trust has elected to be self-insured and has established a segregated security fund of $5,000,000. These funds are devoted exclusively to securing the obligations of the Trust to indemnify the current Trustees and officers, employees, agents and representatives of the Trust. The funds are held in a separate Trust bank account; and interest income accrues to the benefit of the Trust. As of December 31, 2012 and 2011, cash, cash equivalents and investments of $5,000,000 were restricted for these purposes.

NOTE I - INCOME TAXES

For federal income tax purposes, the Trust is taxed as a Qualified Settlement Fund (QSF). Income and expenses associated with the Trust are taxed in accordance with Section 468B of the Internal Revenue Code. The statutory income tax rate for the Trust is 35% for the years ending December 31, 2012 and 2011 and 39.6% for subsequent periods, which caused the deferred tax asset discussed below to increase by $1,277,000.

The Trust records deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the book and tax basis of assets and liabilities.

The Trust has recorded a deferred tax asset of approximately $11 million reflecting the benefit of approximately $33 million in loss carryforwards, which expire in varying amounts between 2030 and 2032. Realization is dependent on generating sufficient taxable income prior to expiration of the loss carryforwards. Although realization is not assured, the Trust believes it is more likely than not that all of the deferred tax asset will be realized. The amount of the deferred tax asset considered realizable, however, could be reduced if estimates of future taxable income during the carryforward period are reduced.

The provision for income taxes consists of the following for the years ended December 31, 2012 and 2011:

	2012	2011
Federal income tax – current	$ -	$ -
Deferred income tax benefit	964,000	1,292,000
	$964,000	$1,292,000

The components of the deferred income tax asset, as presented in the statements of net claimants' equity consisted of the following at December 31, 2012 and 2011:

	2012	2011
Deferred tax asset		
Depreciation and amortization	$ 41,000	$ 44,000
Facility-sharing obligation	-	-
Unrealized appreciation	(1,928,000)	-
Loss carryforward	12,887,000	9,991,000
Other	2,000	3,000
	$11,002,000	$10,038,000

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Thorpe Insulation Settlement Trust

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2012 and 2011

NOTE J - SUBSEQUENT EVENTS

The Trust evaluated subsequent events through April 15, 2013, the date the financial statements were available to be issued. There were no material subsequent events that required recognition or disclosure, except that discussed below.

In 2010 several non-settling insurers ("Appellants") appealed the confirmation order from which the Trust was created, to the United States Court of Appeals for the Ninth Circuit ("Ninth Circuit"). In 2012, the Ninth Circuit issued an opinion which upheld several significant matters on appeal and reversed and remanded the plan confirmation in order to allow the Appellants to be fully and fairly heard on issues related to insurance neutrality. The Trust received an order from the Bankruptcy Court which stated that it could continue the operation of the Trust in the ordinary course of business pending written instructions. On March 13, 2013, the Bankruptcy Court issued a scheduling order for the confirmation of the sixth amended joint plan of reorganization after receiving oral approval for the settlements from the remaining non-settling insurers. The confirmation hearing will be held on May 1, 2013. The Trust is certain that the outcome of the hearing will not impact its ability to continue operating.

SUPPLEMENTAL INFORMATION

Thorpe Insulation Settlement Trust

SCHEDULE OF OPERATING EXPENSES

For the years ended December 31,

	2012	2011
Accounting	$ 33,837	$ 39,609
Claims processing/claims system development	60,294	117,744
Computer equipment	1,382	174
Futures representative	567,751	366,704
Information technology support	12,311	11,632
Legal fees	3,249,421	1,863,831
Legal fees - Court ordered	-	840,275
Trust Advisory Committee	142,275	153,270
Trust facility and staff sharing expense	440,610	372,000
Trustee fees	416,791	236,966
Trustees professional	-	978
	$ 4,924,672	$ 4,003,183

EXHIBIT B

EXHIBIT "B"

Thorpe Insulation Settlement Trust
Claim Report
As of December 31, 2012

This report is submitted pursuant to Section 2.2 (c)(ii) of the Sixth Amendment to and Complete Restatement of Thorpe Insulation Company Asbestos Settlement Trust Agreement, which requires the Trust to file with the Bankruptcy Court a summary of the number and type of claims disposed of during the time period covered by the financial statements ("Accounting Period"). This report summarizes the Trust's processing of claims liquidated by settlement agreement or judgment on or before October 15, 2007, the Petition Date, ("Pre-Petition Liquidated Claims") and unliquidated Trust Claims.

Pre-Petition Liquidated Claims

On October 27, 2010 and November 17, 2010, the Trust implemented procedures to pay the Pre-Petition Liquidated Claims in accordance with the Plan, the Confirmation Order and Section 5.4 of the Trust Distribution Procedures. The Trust was authorized to approve for payment all settlements and judgments listed on the Schedule F filed in the bankruptcy case, as well as settlements and judgments which the Trust was able to verify as unpaid.

By the end of January 2011, the Trust reviewed, processed and paid all 326 Pre-Petition Liquidated Claims in the total amount of $9,822,489.50, which amount was paid in trust to the representative law firms for disbursement to the claimants upon the Trust's receipt and approval of a properly executed release. All Pre-Petition Liquidated Claims were paid at the approved Funds Received Ratio of 17.5% and the Pre-Petition Liquidated Claims that were paid in 2011, included 1.7% to account for inflation based upon the Federal Bureau of Labor Statistics' Consumer Price Index for Urban Wage Earners and Clerical Workers ("CPI-W").

Unliquidated Trust Claims

Unliquidated Trust Claims reviewed by the Trust from January 1, 2012, through December 31, 2012, in accordance with the Second Amendment to and Complete Restatement of Thorpe Insulation Company Asbestos Settlement Trust Case Valuation Matrix ("Matrix") and Third Amendment to and Complete Restatement of Thorpe Insulation Company Asbestos Personal Injury Settlement Trust Distribution Procedures ("TDP") are as set forth below.

The value of each compensable disease is determined by the Matrix and TDP. Claim compensation is adjusted for individual claimants based upon jurisdiction and tort related individual characteristics including, but not limited to: age, marital status, dependents, medical specials, economic loss, and whether living at the time of commencement of litigation or filing the claim with the Trust. Each valid claim is awarded a total liquidated value. All unliquidated Trust Claims were paid at the

approved Funds Received Ratio of 17.5%. Payments made on Trust Claims in 2012 included an additional 4.95% to account for inflation based upon the CPI-W.

During the Accounting Period, 1,397 unliquidated Trust Claims were received, 404 unliquidated Trust Claims were paid, and 525 unliquidated Trust Claims received offers.

Below is a summary of the number and type of claims disposed of (paid) in 2012.

Compensable Disease	Number of Claims
Grade II Non-Malignant	92
Grade I Non-Malignant	43
Grade I Non-Malignant Enhanced Asbestosis	16
Grade I Non-Malignant Serious Asbestosis	13
Colo-Rectal	8
Esophageal	4
Kidney	3
Laryngeal	2
Non-Hodgkin's Lymphoma	0
Other Cancer	1
Lung Cancer	79
Mesothelioma	143
Total	404

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APPENDIX TO THIRD ANNUAL REPORT AND ACCOUNTING OF THORPE INSULATION SETTLEMENT TRUST

	Documents Appended	Document Reference
1.	Seventh Amendment to and Complete Restatement of Thorpe Insulation Company Asbestos Settlement Trust Agreement, February 7, 2013	Annual Report
2.	Investment Policy Statement, November 28, 2012	Annual Report
3.	Order Approving Post-Remand Report, Recommendation and Petition for Instructions Regarding the Thorpe Insulation Company Asbestos Settlement Trust, July 11, 2012	Annual Report; Motion to Approve
4.	Order Approving Continued Operation of the Thorpe Insulation Company Asbestos Settlement Trust in the Ordinary Course of Business Pending Further Instruction, February 28, 2012	Annual Report; Motion to Approve
5.	Investment Policy Statement, February 16, 2012	Annual Report
6.	Sixth Amendment to and Complete Restatement of Thorpe Insulation Company Asbestos Settlement Trust Agreement, November 18, 2011	Annual Report; Claim Report; Motion to Approve; Declaration

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	Documents Appended	Document Reference
7.	Third Amendment to and Complete Restatement of Thorpe Insulation Company Asbestos Personal Injury Settlement Trust Distribution Procedures, September 16, 2011	Annual Report; Claim Report
8.	Second Amendment to and Complete Restatement of Thorpe Insulation Company Asbestos Settlement Trust Case Valuation Matrix, February 17, 2011	Annual Report; Claim Report
9.	First Amendment to and Complete Restatement of Thorpe Insulation Company Asbestos Settlement Trust Bylaws, October 27, 2010	Annual Report
10.	Order Confirming Fifth Amended Joint Plan of Reorganization of Thorpe Insulation Company and Pacific Insulation Company, February 1, 2010	Annual Report; Claim Report; Motion to Approve
11.	Fifth Amended Joint Plan of Reorganization of Thorpe Insulation Company and Pacific Insulation Company, December 17, 2009	Annual Report; Claim Report

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EXHIBIT 1

SEVENTH AMENDMENT TO AND COMPLETE RESTATEMENT OF THORPE INSULATION COMPANY ASBESTOS SETTLEMENT TRUST AGREEMENT

This Thorpe Insulation Company Asbestos Settlement Trust Agreement (this "Trust Agreement"), dated and effective as of the Effective Date of October 22, 2010, as amended October 27, 2010, February 17, 2011, April 21, 2011, November 18, 2011, and February 7, 2013, is among the Reorganized Pacific Insulation Company ("Reorganized Debtor") which, was created by the merger of Pacific Insulation Company into Thorpe Insulation Company (sometimes referred to as the "Debtors"), which were the debtors and debtors-in-possession in the Chapter 11 Cases, the Futures Representative, the Trust Advisory Committee and the individual trustees identified on the signature page hereof and appointed at Confirmation pursuant to the Plan.[1]

WHEREAS, at the time of the entry of the orders for relief in the Chapter 11 Cases, each of the Debtors was named as a defendant in personal injury and wrongful death actions seeking recovery for damages allegedly caused by the presence of, or exposure to, asbestos or asbestos-containing products; and

WHEREAS, the Debtors have reorganized under the provisions of Chapter 11 of the Bankruptcy Code in a case pending in the United States Bankruptcy Court for the Central District of California (the "Bankruptcy Court"), styled as *In re Thorpe Insulation Company, In re Pacific Insulation Company, Debtors,* Chapter 11 Case Nos. LA 07-19271-BB and 2:07-20016-BB (jointly administered under Case No. LA 07-19271-BB); and

WHEREAS, the Plan, filed by the Debtors, the Futures Representative and the Committee, as Plan Proponents, has been confirmed by the District Court; and

WHEREAS, the Plan provides, *inter alia,* for the creation of the Thorpe Insulation Company Asbestos Settlement Trust; and

WHEREAS, pursuant to the Plan, the Trust is to use the Trust Assets to pay the Asbestos Related Claims; and

WHEREAS, pursuant to the Plan, the Trust is intended to qualify as a "qualified settlement fund" within the meaning of section 1.468B-1, *et seq.,* of the Treasury Regulations promulgated under section 468B of the IRC; and

WHEREAS, it is the intent of the Reorganized Debtor, the Trustees, the Futures Representative and the other parties that the Trust be administered, maintained, and operated at all times as a qualified settlement fund through mechanisms that provide reasonable assurance that the Trust will value, and be in a financial position to pay, all Asbestos Related Claims and Asbestos Injury Demands that involve similar claims in substantially the same manner, in strict compliance with the terms of this Trust Agreement; and

WHEREAS, the Plan provides, among other things, for the complete treatment of all liabilities and obligations of the Debtors with respect to Asbestos Related Claims; and

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[1] This Trust Agreement is being entered into pursuant to the terms of the Joint Plan of Reorganization of Thorpe Insulation Company and Pacific Insulation Company filed in the United States Bankruptcy Court for the Central District of California , Case No. 07-19271, jointly administered (the "Plan"). Capitalized terms used in this Trust Agreement that are not otherwise defined in this Trust Agreement are used as defined in the Plan.

WHEREAS, the District Court has determined that the Trust and the Plan satisfy all the prerequisites for the Injunctions, including the injunctions pursuant to section 524(g) of the Bankruptcy Code, and such Injunctions have been entered in connection with the Confirmation Order; and

WHEREAS, pursuant to Section 2.2(f)(iii) and Section 7.3 of the Trust Agreement, the Trustees, subject to the consent of the TAC and the Futures Representative, may amend the Trust Agreement.

NOW, THEREFORE, it is hereby agreed as follows:

ARTICLE 1

AGREEMENT OF TRUST

1.1 Creation and Name. The Debtors hereby create a trust known as the "Thorpe Insulation Company Asbestos Settlement Trust," which is the Trust provided for and referred to in the Plan. The Trustees of the Trust may transact the business and affairs of the Trust in the name "Thorpe Insulation Settlement Trust."

1.2 Purpose. The purpose of the Trust is to assume the liabilities of each Debtor, arising from or relating to Asbestos Related Claims and to use the Trust's assets and income to pay holders of Asbestos Related Claims in accordance with the Trust Agreement and in such a way that all holders of similar Asbestos Related Claims are treated in a substantially equivalent manner and to otherwise comply in all respects with the requirements of a trust set forth in section 524(g)(2)(B)(i) of the Bankruptcy Code. The Trust shall, at all times, remain qualified as a "qualified settlement fund" under the QSF Law.

1.3 Transfer of Assets. Pursuant to the Plan, the Debtors have transferred and assigned the Trust Assets to the Trust, free and clear of any liens or other interests of the Debtors or any creditor, shareholder or other entity. The Reorganized Debtor shall transfer to the Trust any Trust Assets that may, subsequent to the Effective Date, be received by the Reorganized Debtor. The Debtors shall execute and deliver such documents as the Trustees reasonably request to transfer and assign any such Trust Assets.

1.4 Acceptance of Assets and Assumption of Liabilities.

a) In furtherance of the purposes of the Trust, the Trustees, on behalf of the Trust, hereby expressly accept the transfer and assignment to the Trust of the Trust Assets in the time and manner as contemplated in the Plan.

b) In furtherance of the purposes of the Trust, the Trustees, on behalf of the Trust, hereby expressly assume all liability for all Asbestos Related Claims. Except as otherwise provided in the TDP, the Trust shall have all defenses, cross-claims, offsets and recoupments, as well as rights of indemnification, contribution, subrogation, and similar rights, regarding Asbestos Related Claims that the Debtors or the Reorganized Debtor have, or would have had, under applicable law.

c) In furtherance of the purposes of the Trust, commencing on the Effective Date, the Trustees, on behalf of the Trust, hereby agree to pay, as Trust Expenses, all remaining obligations of any of the Debtors to their present and former attorneys, Morgan Lewis & Bockius, LLP ("Morgan Lewis") and Snyder Miller & Orton LLP ("SMO") related to or arising from the Coverage Litigation, whether such obligations shall be then due or thereafter due, owing and payable, as more specifically set forth in the Bankruptcy Court's order approving Thorpe's employment of Morgan Lewis and SMO.

d) In furtherance of the purposes of the Trust, and in addition to the indemnification provided for in Section 4.7 of this Trust Agreement, the Trustees, on behalf of the Trust, hereby indemnify the Protected Parties (other than Settling Asbestos Insurers) ("Indemnified Parties") from personal liability for: (1) any expenses, costs and fees (including attorneys' fees and costs, but excluding any such expenses, costs and fees incurred prior to the Effective Date), judgments, settlements or other liabilities arising from or incurred in connection with, any claim demand or action based upon an Asbestos Related Claim, including, but not limited to, indemnification or contribution for Asbestos Related Claims prosecuted against the Reorganized Debtor; (2) as provided in Section 7.3 of the Plan; and (3) as provided in Section 7.4 of the Plan.

e) Nothing in this Trust Agreement shall be construed in any way to limit the scope, enforceability or effectiveness of the Injunctions issued and affirmed in connection with the Plan or the Trust's assumption of all liability with respect to Asbestos Related Claims.

ARTICLE 2

POWERS AND TRUST ADMINISTRATION

2.1 Powers.

a) The Trustees are and shall act as fiduciaries to the Trust in accordance with the provisions of this Trust Agreement and the Plan. The Trustees shall, at all times, administer the Trust and the Trust Assets in accordance with Section 1.2 of this Trust Agreement. Subject to the limitations set forth in this Trust Agreement, the Trustees shall have the power to take any and all actions that, in the judgment of the Trustees, are necessary or proper to fulfill the purposes of the Trust, including, without limitation, each power expressly granted in this Section 2.1, any power reasonably incidental thereto, and any trust power now or hereafter permitted under the laws of the State of Nevada.

b) Except as otherwise specified herein, the Trustees need not obtain the order or approval of any court in the exercise of any power or discretion conferred hereunder; provided that the Trustees recognize and acknowledge that the Trust is subject to the continuing jurisdiction of the Bankruptcy Court.

c) Without limiting the generality of Subsection 2.1(a) above, and except as limited below, the Trustees shall have the power to:

(i) receive and hold the Trust Assets, and exercise all rights with respect to (including sale of) any or all such assets;

(ii) invest the monies held from time to time by the Trust;

(iii) sell, transfer or exchange any or all of the Trust Assets at such prices and upon such terms as they may consider proper, consistent with the other terms of this Trust Agreement;

(iv) exercise all rights granted under the Reorganized Debtor Stock Pledge with respect to the shares of common stock of the Reorganized Debtor pledged pursuant thereto, as and to the extent provided therein, and exercise all rights with respect to the Reorganized Debtor Earnout Note and the Reorganized Debtor Promissory Note, subject to any restrictions set forth therein;

(v) enter into leasing and financing agreements with third parties to the extent such agreements are reasonably necessary to permit the Trust to operate;

(vi) pay liabilities and expenses of the Trust, including, but not limited to, Trust Expenses;

(vii) establish such funds, reserves and accounts within the Trust estate, as deemed by the Trustees to be useful in carrying out the purposes of the Trust;

(viii) sue and be sued and participate, as a party or otherwise, in any judicial, administrative, arbitrative or other proceeding;

(ix) amend the Trust Bylaws in accordance with the terms thereof, a copy of which is annexed hereto as Annex A;

(x) establish, supervise and administer the Trust in accordance with the TDP and its exhibits, and administer, amend, supplement or modify the TDP, including its exhibits, in accordance with the terms thereof, a copy of which is annexed hereto as Annex B;

(xi) appoint such officers and hire such employees and engage such legal, financial, accounting, investment, auditing and forecasting and other consultants or alternative dispute resolution panelists and agents as the business of the Trust requires, and to delegate to such persons such powers and authorities as the fiduciary duties of the Trustees permit and as the Trustees, in their discretion, deem advisable or necessary in order to carry out the terms of this Trust;

(xii) pay employees, legal, financial, accounting, investment, auditing and forecasting, and other consultants, advisors and agents reasonable compensation, including without limitation, compensation at rates approved by the Trustees for services rendered prior to the execution hereof;

(xiii) compensate the Trustees, the members of the TAC, the Futures Representative and their respective Agents and reimburse to them all reasonable out-of-pocket costs and expenses incurred by such persons in connection with the performance of their duties hereunder, including without limitation, costs and expenses incurred prior to the execution hereof;

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(xiv) execute and deliver such instruments as the Trustees consider proper in administering the Trust;

(xv) enter into such other arrangements with third parties as are deemed by the Trustees to be useful in carrying out the purposes of the Trust, provided such arrangements do not conflict with any other provision of this Trust Agreement;

(xvi) in accordance with Section 4.7, indemnify (and purchase insurance indemnifying) the Trustees, the Futures Representative, the TAC, and each of the Indemnified Parties, and the respective agents of the Trust, the Futures Representative, the TAC, and each of the Indemnified Parties to the fullest extent that a corporation or trust organized under the law of the Trust's situs is from time to time entitled to indemnify and/or insure such agents and/or parties;

(xvii) delegate any or all of the authority herein conferred with respect to the investment of all or any portion of the Trust Assets to any one or more reputable individuals or recognized institutional investment advisors or investment managers without liability for any action taken or omission made because of any such delegation, except as provided in Section 4.4;

(xviii) consult with the Reorganized Debtor at such times and with respect to such issues relating to the conduct of the Trust as the Trustees consider desirable;

(xix) make, pursue (by litigation or otherwise), collect, compromise or settle, in its own name or the name of the applicable Debtor, any claim, right, action, or cause of action included in the Trust Assets, including without limitation, the Asbestos Insurance Litigation, before any court of competent jurisdiction; provided that settlement of any action before the Bankruptcy Court requires the approval of the Bankruptcy Court after notice to such Debtor;

(xx) with the prior consent of the Futures Representative and the Trust Advisory Committee (the "Approving Entities"), merge or contract with other claims resolution facilities that are not specifically created by this Trust Agreement or the TDP, provided that such merger or contract shall not (a) subject the Reorganized Debtor or any successor in interest to any risk of having any Asbestos Related Claim asserted against any of them, or (b) otherwise jeopardize the validity or enforceability of the Injunctions; and

(xi) with the prior consent of the Approving Entities, establish binding and non-binding arbitration procedures for the purposes set forth in Section 5.9 of the TDP.

d) The Trustees shall not have the power to guarantee any debt of other Persons, provided however, that the Trustees shall have the power to implement the obligations of the Trust, if any, as required under the Plan including but not limited to Exhibit H and/or Sections 7.3 and 7.4 of the Plan.

e) The Trustees shall give the Approving Entities prompt notice of any act performed or taken pursuant to Subsection 2.1(c)(i), (iii), (vii), (viii), (ix), (x), (xvi), (xix), (xx) and Subsection 2.2(f).

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2.2 General Administration.

a) The Trustees shall act in accordance with the Trust Bylaws. To the extent not inconsistent with the terms of this Trust Agreement, the Trust Bylaws govern the affairs of the Trust. In the event of an inconsistency between the Trust Bylaws and this Trust Agreement, the Trust Agreement shall govern.

b) The Trustees shall timely file such income tax and other returns and statements and comply with all withholding obligations as required under the applicable provisions of the IRC and of any state law and the regulations promulgated thereunder, including without limitation all requirements necessary to qualify and maintain qualification as a qualified settlement fund, and shall timely pay all taxes required to be paid.

c) (i) The Trustees shall cause to be prepared and filed with the Bankruptcy Court, as soon as available, and in any event within 120 days following the end of each fiscal year, an annual report containing financial statements of the Trust (including, without limitation, a statement of the net claimants' equity of the Trust as of the end of such fiscal year and a statement of changes in net claimants' equity for such fiscal year) audited by a firm of independent certified public accountants selected by the Trustees and accompanied by an opinion of such firm as to the fairness of the financial statements' presentation of the equity presently available to current and future claimants and as to the conformity of the financial statements with accounting principals generally accepted in the United States, except for the special-purpose accounting methods set forth as follows:

1. The financial statements shall be prepared using the accrual method of accounting.

2. The funding received from Thorpe and Pacific, and their insurers, shall be recorded directly to net claimants' equity. These funds shall not represent income of the Trust. Settlement offers for Asbestos Related Claims shall be reported as deductions in net claimants' equity and shall not represent expenses of the Trust.

3. Costs of non-income producing assets, which shall be exhausted during the life of the Trust and will not be available for satisfying claims, shall be expensed when incurred. These costs shall include acquisition costs of computer hardware, software, software development, office furniture, leasehold improvements, and other prepaid expenses such as rent and insurance.

4. Future fixed liabilities and contractual obligations entered into by the Trust shall be recorded directly against net claimants' equity. Accordingly, the future minimum rental commitments outstanding at period end for non-cancelable operating leases, net of any sublease agreements, shall be recorded as deductions to net claimants' equity.

5. The liability for unpaid claims reflected in the statements of net claimants' equity shall represent settled but unpaid claims and outstanding settlement offers. A claims liability shall be recorded once a settlement offer is made to the claimant at the amount equal to the expected pro rata payment. No liability shall be recorded for future claim filings and

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filed claims on which no settlement offer has been made. Net claimants' equity represents funding available to pay present and future claims on which no fixed liability has been recorded.

6. Available-for-sale securities shall be recorded at market. All interest and dividend income on available-for-sale securities, net of investment expenses, shall be included in investment income on the statement of changes in net claimants' equity. Realized and unrealized gains and losses on available-for-sale securities shall be recorded as separate components on the statements of changes in net claimants' equity.

7. Realized gains/losses on available-for-sale securities shall be recorded based on the security's original cost. At the time a security is sold, all previously recorded unrealized gains/losses shall be reversed and recorded net, as a component of other unrealized gains/losses in the statement of changes in net claimants' equity.

The Trustees shall provide a copy of such report to the Approving Entities and the Reorganized Debtor when such reports are filed with the Bankruptcy Court.

(ii) Simultaneously with delivery of each set of financial statements referred to in Subsection 2.2(c)(i) above, the Trustees shall cause to be prepared and filed with the Bankruptcy Court a report containing a summary regarding the number and type of claims disposed of during the period covered by the financial statements. The Trustees shall provide a copy of such report to the Approving Entities and the Reorganized Debtor when such report is filed.

(iii) All materials required to be filed with the Bankruptcy Court by this Subsection 2.2(c), other than materials filed under seal, shall be available for inspection by the public in accordance with procedures established by the Bankruptcy Court and shall be filed with the Office of the United States Trustee with responsibility for the Central District of California. The Trustees shall file materials under seal which they determine should remain confidential, provided, however, such materials shall be available to the TAC and the Futures Representative.

d) The Trustees shall cause to be prepared, as soon as practicable prior to the commencement of each fiscal year, a budget and cash flow projections covering such fiscal year and the succeeding four fiscal years. The Trustees shall provide a copy of the budget and cash flow to the Approving Entities.

e) The Trustees shall consult with the TAC and the Futures Representative (i) on the implementation and administration of the TDP and the Matrix, and (ii) on the implementation and administration of the Trust.

f) The Trustees shall be required to obtain the consent of the Approving Entities in addition to those instances elsewhere enumerated, in order:

(i) to add to or change the schedule of Asbestos-Related Disease Categories or criteria, or to increase the Average Values or Base Case Values in the Matrix pursuant to the TDP; or

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(ii) to merge or participate in the handling of bodily injury claims with any claims resolution facility that was not specifically created under this Trust Agreement or the TDP; or

(iii) to amend any provision of the Trust Agreement; Article I, Article II, Article III Section 4, or Article IV of the Trust Bylaws; or the TDP; or

(iv) to terminate the Trust pursuant to Section 7.2 herein; or

(v) to change the number of Trustees and to appoint successor Trustees; or

(vi) to settle the liability of any Asbestos Insurer under any Asbestos Insurance Policy covering Asbestos Related Claims or to settle any Asbestos Insurance Litigation; or

(vii) to change the compensation of the Trustees or the Managing Trustee, other than cost-of-living increases; or

(viii) to exercise the Trust's rights under the Pacific Stock Pledge, the Reorganized Debtor Earnout Note or the Reorganized Debtor Promissory Note; or

(ix) to change the Trust claim form used by the Trust to evaluate claims; or

(x) to amend, supplement or modify the provisions of the Matrix.

g) Whenever the consent of the Approving Entities is given pursuant to Subsection 2.2(f) above, or elsewhere in this Trust Agreement, such consent shall be deemed given if the Approving Entities are signatories to a document or the approved minutes of the Trustees' meeting reflects such consent.

h) The Trustees, upon notice from either of the Approving Entities, shall at their next regular meeting or, if appropriate, at a specially called meeting, place on their agenda and consider issues requested by such Approving Entity.

2.3 Claims Administration. The Trustees shall promptly proceed to implement the TDP.

2.4 Western Asbestos Settlement Trust Transaction. In order to employ the resources of an organization whose capabilities are uniquely suited to the claims processing and administrative work of the Trust, and to realize cost savings through similar trusts sharing overhead, the Trustees are expressly authorized to enter into a Trust Facilities and Services Sharing Agreement with the Western Asbestos Settlement Trust for the purpose of allowing the Trust to utilize the Western Asbestos Settlement Trust employees to administer the Trust and the processing of Asbestos Related Claims pursuant to the TDP. Notwithstanding anything to the contrary in this Trust Agreement, and in express acknowledgment that the Trustees also serve as trustees of the Western Asbestos Settlement Trust, the Trustees, the Futures Representative and the TAC are expressly relieved of any fiduciary obligation to act solely in the best interest of the

beneficiaries of the Trust only with regard to such transaction with the Western Asbestos Settlement Trust.

ARTICLE 3

ACCOUNTS, INVESTMENTS, AND PAYMENTS

3.1 Accounts. The Trustees may, from time to time, create such accounts and reserves within the Trust estate as they may deem necessary, prudent, or useful in order to provide for the payment of expenses and valid Asbestos Related Claims and may, with respect to any such account or reserve, restrict the use of monies therein. The Trustees shall identify any restricted accounts, and the nature of the restriction, in the reports to be filed with the Bankruptcy Court under Section 2.2(c) above.

3.2 Investments. The Trustees shall invest and manage Trust assets consistent with those standards and provisions of the Uniform Prudent Investor Act expressly set forth herein in this preamble for Section 3.2 and in Sections 3.2(a)-(c), subject to the limitations and provisions set forth below in Section 3.2(d), as a prudent investor would, by considering the purposes, terms, distribution requirements, and other circumstances of the Trust. In satisfying this standard, the Trustees shall exercise reasonable care, skill, and caution.

a) The Trustees' investment and management decisions respecting individual assets and courses of action must be evaluated not in isolation, but in the context of the Trust portfolio as a whole and as a part of an overall investment strategy having risk and return objectives reasonably suited to the Trust.

b) Among circumstances that are appropriate to consider in investing and managing Trust assets are the following, to the extent relevant to the Trust or its beneficiaries:

(i) General economic conditions.

(ii) The possible effect of inflation or deflation.

(iii) The expected tax consequences of investment decisions or strategies.

(iv) The role that each investment or course of action plays within the overall Trust portfolio.

(v) The expected total return from income and the appreciation of capital.

(vi) Other resources of the beneficiaries known to the Trustees as determined from information provided by the beneficiaries.

(vii) Needs for liquidity, regularity of income, and preservation or appreciation of capital.

(viii) An asset's special relationship or special value, if any, to the purposes of the Trust or to one or more of the beneficiaries.

c) The Trustees shall make a reasonable effort to ascertain facts relevant to the investment and management of Trust assets.

d) Notwithstanding the foregoing and/or any other provision of this Trust Agreement, the Trustees shall comply with the following limitations and provisions:

(i) The Trust shall not acquire, directly or indirectly, equity in any Person (other than the Reorganized Debtor or any successor to the Reorganized Debtor, on the terms and conditions in the Plan) or business enterprise if, immediately following such acquisition, the Trust would hold more than five percent of the equity in such Person or business enterprise. The Trust shall not hold, directly or indirectly, more than ten percent of the equity in any Person (other than the Reorganized Debtor, on the terms and conditions in the Plan) or business enterprise.

(ii) The Trust shall not acquire or hold any long-term debt securities unless (i) such securities are rated "Baa" or higher by Moody's, "BBB" or higher by S&P or have been given an equivalent investment grade rating by another nationally recognized statistical rating agency, or (ii) have been issued or fully guaranteed as to principal and interest by the United States of America or any agency or instrumentality thereof, or (iii) with respect to no more than ten percent (10%) of the total assets of the Trust, such securities are included in a diversified and managed portfolio or portfolios.

(iii) The Trust shall not acquire or hold for longer than 90 days any commercial paper unless such commercial paper is rated "Prime-1" or higher by Moody's or "A-1" or higher by S&P or has been given an equivalent rating by another nationally recognized statistical rating agency.

(iv) Excluding any securities issued by the Reorganized Debtor, the Trust shall not acquire or hold, directly or indirectly, any common or preferred stock or convertible securities, REITS, MLPs and Royalty Trusts ("Stocks") unless such Stock is included in a diversified and managed portfolio or portfolios. The Trust shall not acquire, directly or indirectly, more than forty percent (40%) of the Trust's total assets in such Stock Portfolios, or hold, directly or indirectly, more than forty-five (45%) of the Trust's total assets in such Stock Portfolios.

(v) Except as provided in Section 3.2(d) above, the Trust shall not acquire any securities or other instruments issued by any person (other than debt securities or other instruments issued or fully guaranteed as to principal and interest by the United States of America or any agency or instrumentality thereof) if, following such acquisition, the aggregate market value of all securities and instruments issued by such Person held by the Trust would exceed five percent of the aggregate value of the Trust estate. The Trust shall not hold any securities or other instruments issued by any Person (other than debt securities or other instruments issued or fully guaranteed as to principal and interest by the United States of America or any agency or instrumentality thereof and other than securities or other instruments

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of the Reorganized Debtor or any successor to the Reorganized Debtor) to the extent that the aggregate market value of all securities and instruments issued by such Person held by the Trust would exceed five percent of the aggregate value of the Trust Estate.

(vi) The Trust shall not acquire or hold any certificates of deposit unless all publicly held, long-term debt securities, if any, of the financial institution issuing the certificate of deposit and the holding company, if any, of which such financial institution is a subsidiary, meet the standards set forth in Subsection 3.2(b).

(vii) The Trust shall not acquire or hold any repurchase obligations unless, in the opinion of the Trustees, they are adequately collateralized.

(viii) The Trust shall not acquire or hold any options.

3.3 Source of Payments. All Trust Expenses and all liabilities with respect to Asbestos Related Claims shall be payable solely by the Trust out of the Trust Assets, Asbestos Insurance Settlements, the proceeds of Asbestos Insurance Policies and Net Recoveries. None of the Debtors, the Reorganized Debtor, the Indemnified Parties, their Affiliates, the Trustees, the Approving Entities, or any of their Affiliates, subsidiaries, successors in interest, present or former stockholders, directors, officers, employees or agents shall be liable for the payment of any Trust Expense or any other liability of the Trust.

3.4 Payment of Business Loss Allocation. Subject to the Trust's set-off rights, the Trust shall pay the Business Loss Allocation to the Reorganized Debtor from the Trust Assets in accordance with the terms of the Plan.

ARTICLE 4

TRUSTEES

4.1 Number. There shall be three Trustees. The Trustees shall be those persons named on the signature page hereof. On April 21, 2011, Stephen M. Snyder was designated as Managing Trustee, with the consent of the Approving Entities. All decisions of the Trustees must be by a majority vote of the Trustees, and where required herein, subject to the consent of the Approving Entities. In the event that the Trustees cannot agree by a majority vote, the dispute shall be resolved by the Bankruptcy Court.

4.2 Term of Service.

a) Each of the Trustees named pursuant to Section 4.1 shall serve until the earlier of (i) his or her death, (ii) his or her resignation pursuant to Subsection 4.2(c), (iii) his or her removal pursuant to Subsection 4.2(d), or (iv) the termination of the Trust pursuant to Section 7.2.

b) Each successor Trustee shall serve until the earlier of (i) his or her death, (ii) his or her resignation pursuant to Subsection 4.2(c), (iii) his or her removal pursuant to Subsection 4.2(d), or (iv) the termination of the Trust pursuant to Section 7.2.

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c) Any Trustee may resign at any time by written notice to each of the remaining Trustees, the Futures Representative, and the TAC. Such notice shall specify a date when such resignation shall take effect, which shall not be fewer than 90 days after the date such notice is given, where practicable.

d) Any Trustee may be removed in the event that such Trustee becomes unable to discharge his or her duties hereunder due to accident or physical or mental deterioration, or for other good cause. "Good cause" shall be deemed to include, without limitation, any substantial failure to comply with Section 2.2, a consistent pattern of neglect and failure to perform or participate in performing the duties of the Trustees hereunder, or repeated non-attendance at scheduled meetings. Such removal shall require the unanimous decision of the other Trustees. Such removal shall take effect at such time as the other Trustees shall determine.

4.3 Appointment of Successor Trustee.

a) In the event of a vacancy in the position of a Trustee, the vacancy shall be filled by the unanimous vote of the remaining Trustees (subject to the consent of the Approving Entities). If such vacancy has not been filled within 90 days, the matter shall, on application of the remaining Trustees, be submitted promptly to the Bankruptcy Court for resolution. In the event that more than one vacancy shall exist, the vacancies shall be filled by the remaining Trustee (if one should exist), subject to the consent of the Approving Entities, or if such vacancies have not been filled within 90 days, by the Bankruptcy Court on application of any of such persons.

b) Immediately upon the appointment of any successor Trustee, all rights, titles, duties, powers and authority of the predecessor Trustee hereunder shall be vested in, and undertaken by, the successor Trustee without any further act. No successor Trustee shall be liable personally for any act or omission of his or her predecessor Trustee.

4.4 Liability of Trustees, Futures Representative and TAC. Neither the Trustees, the Futures Representative, the TAC (or any member of the TAC), nor any of their respective Agents, shall be liable to the Trust, to any person holding an Asbestos Related Claim, or to any other Person, except for such individual's or entity's own breach of trust committed in bad faith or willful misappropriation. Neither the Trustees, the Futures Representative, the TAC (or any member of the TAC), nor any of their respective Agents, shall be liable for any act or omission of any Agent of the Trust, the Futures Representative, the TAC (or any member of the TAC), unless the Trustees, the Futures Representative, the TAC (or any member of the TAC), respectively, acted with bad faith in the selection or retention of such Agent.

4.5 Compensation and Expenses of Trustees.

a) Each of the Trustees shall receive compensation from the Trust for his or her services as Trustee in the amount of $40,000 per annum; each of the non-managing Trustees shall be compensated at the rate of $500 per hour spent at an official meeting of the Trustees, an official trip of the Trustees, or dedicated to Trust business; and the managing Trustee shall be compensated at the rate of $600 per hour spent at an official meeting of the Trustees, an official trip of the Trustees, or dedicated to Trust business. The Trustees shall record all hourly time to

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be charged to the Trust on a daily basis. The structure and amounts of the Trustee compensation will be reviewed by the Trustees, the TAC and the Futures Representative annually, and may be adjusted upon the recommendation of the Trustees with the consent of the Approving Entities.

b) The Trust will promptly reimburse the Trustees for all reasonable out-of-pocket costs and expenses incurred by the Trustees in connection with the performance of their duties hereunder.

c) The Trust will include a description of the amounts paid under this Section 4.5 in the report to be filed pursuant to Subsection 2.2(c)(i) of this Trust Agreement.

4.6 Indemnification of Trustees and Additional Indemnitees.

a) The Trust shall indemnify and defend the Trustees, the Trust's officers, and the Trust's employees to the fullest extent that a corporation or trust organized under the laws of the Trust's situs is from time to time entitled to indemnify and defend its directors, trustees, officers and employees against any and all liabilities, expenses, claims, damages or losses incurred by them in the performance of their duties hereunder. Notwithstanding the foregoing, the Trustees shall not be indemnified or defended in any way for any liability, expense, claim, damage or loss for which they are ultimately liable under Section 4.4.

b) Additionally, the Committee, the Futures Representative, the TAC, the Indemnified Parties and each of their respective Agents, who was or is a party, or is threatened to be made a party to any threatened or pending judicial, administrative or arbitrative action, by reason of any act or omission of such Committee, the Futures Representative, the TAC, the Indemnified Parties and their respective Agents, with respect to (i) the Reorganization Case and any act or omission with respect thereto undertaken by them prior to the commencement thereof, (ii) the liquidation of any Asbestos Related Claims, (iii) the administration of the Trust and the implementation of the TDP, or (iv) any and all activities in connection with the Trust Agreement, shall be indemnified and defended by the Trust, to the fullest extent that a corporation or trust organized under the laws of the Trust's situs is from time to time entitled to indemnify and defend its officers, directors, trustees and employees, against reasonable expenses, costs and fees (including attorneys' fees and costs), judgments, awards, amounts paid in settlement and liabilities of all kinds incurred by the Committee, the Futures Representative, the TAC, the Indemnified Parties, and their respective members, professionals, officers, and directors, in connection with or resulting from such action, suit or proceeding, if he or she acted in good faith.

c) Reasonable expenses, costs and fees (including attorneys' fees and costs) incurred by or on behalf of the Trustees, the Committee, the Futures Representative, the TAC, the Protected Parties (other than the Settling Asbestos Insurers), and their respective Agents in connection with any action, suit or proceeding, whether civil, administrative or arbitrative, from which they are indemnified by the Trust pursuant to Subsection 4.7(a), shall be paid by the Trust in advance of the final disposition thereof upon receipt of an undertaking, by or on behalf of the party seeking indemnity to repay such amount in the event that it shall be determined ultimately by Final Order that the party seeking indemnity is not entitled to be indemnified by the Trust.

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d) The Trustees shall have the power, generally or in specific cases, to cause the Trust to indemnify the Agents of the Trust to the same extent as provided in this Section 4.6 with respect to the Trustees.

e) Any indemnification under Subsection 4.7(c) of this Trust Agreement shall be made by the Trust upon a determination by the Trustees that indemnification of such Person is proper in the circumstances.

f) The Trustees may purchase and maintain reasonable amounts and types of insurance on behalf of an individual who is or was a Trustee, an Agent of the Trust, a member of the Committee, the Futures Representative, a member of the TAC, a Protected Party (other than a Settling Asbestos Insurer), and their respective Agents against liability asserted against or incurred by such individual in that capacity or arising from his or her status as such.

4.7 Trustees' Lien. The Trustees, the Committee, the Futures Representative, the TAC, the Protected Parties (other than the Settling Asbestos Insurers), and their respective Agents shall have a first priority lien upon the Trust Assets to secure the payment of any amounts payable to them pursuant to Sections 4.5, 5.5, 6.6, and 6.7.

4.8 Trustees' Employment of Experts. The Trustees may, but shall not be required to, retain or consult with counsel, accountants, appraisers, auditors and forecasters, and other parties deemed by the Trustees to be qualified as experts on the matters submitted to them and the opinion of any such parties on any matters submitted to them by the Trustees shall be full and complete authorization and protection in respect of any action taken or not taken by the Trustees hereunder in good faith and in accordance with the written opinion of any such party.

4.9 Trustees' Independence. No Trustee shall, during the term of his or her service, hold a financial interest in, act as attorney or agent for, or serve as any other professional for the Reorganized Debtor. Notwithstanding the foregoing, the Trustees may serve as officers or directors of any of the Reorganized Debtor. No Trustee shall act as an attorney for any person who holds an Asbestos Related Claim.

4.10 Bond. The Trustees shall not be required to post any bond or other form of surety or security unless otherwise ordered by the Bankruptcy Court.

ARTICLE 5

THE FUTURES REPRESENTATIVE

5.1 Duties. The Futures Representative shall serve in a fiduciary capacity representing the interests of the future asbestos claimants for the purpose of protecting the rights of persons who might subsequently assert Asbestos Injury Demands. The Trustees must consult with the Futures Representative on matters identified in Subsection 2.2(e), must obtain the consent of the Futures Representative on matters identified in Subsection 2.2(f), and may consult with the Futures Representative on any matter affecting the Trust. Where provided in this Trust Agreement, the TDP or the Matrix, certain actions of the Trustees are subject to the consent of the Futures Representative.

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5.2 Term of Office.

a) The Futures Representative shall serve until the earlier of (i) his or her death, (ii) his or her resignation pursuant to Subsection 5.2(b), (iii) his or her removal or (iv) the termination of the Trust pursuant to Section 7.2.

b) The Futures Representative may resign at any time by written notice to the Trustees. Such notice shall specify a date when such resignation shall take effect, which shall not be fewer than 90 days after the date such notice is given, where practicable.

c) The Futures Representative may be removed in the event he or she becomes unable to discharge his or her duties hereunder due to accident, physical deterioration, mental incompetence, or a consistent pattern of neglect and failure to perform or to participate in performing the duties hereunder, such as repeated non-attendance at scheduled meetings. Such removal shall be made by the unanimous decision of the Trustees.

5.3 Appointment of Successor. A vacancy caused by resignation shall be filled with an individual nominated by the Futures Representative. A vacancy for any other reason, or in the absence of a nomination by the Futures Representative, shall be filled with an individual selected by majority vote of the Trustees. The successor Futures Representative shall, in either case, be subject to Bankruptcy Court approval.

5.4 Futures Representative's Employment of Professionals. The Futures Representative may retain or consult with counsel, accountants, appraisers, auditors, forecasters, asbestos experts and other parties deemed by the Futures Representative to be qualified as experts on matters submitted to them, and the opinion of any such parties on any matters submitted to them shall be full and complete authorization and protection in support of any action taken or not taken by the Futures Representative hereunder in good faith and in accordance with the written opinion of any such party, and in the absence of gross negligence. The Futures Representative and his or her experts shall at all times have complete access to the Trust's officers, employees and agents, and the accountants, appraisers, auditors, forecasters, and other experts retained by the Trust, as well as information generated by them or otherwise available to the Trust or Trustees.

5.5 Compensation and Expenses of the Futures Representative.

a) The Futures Representative shall receive compensation from the Trust for his or her services as the Futures Representative at his or her current hourly rate; Such rate shall be subject to an annual review and adjustment by the Trustees with the consent of the TAC.

b) The Trust will promptly reimburse, or pay directly if so instructed, the Futures Representative for all reasonable out-of-pocket costs and expenses, including fees and costs associated with employment of professionals pursuant to Section 5.4 and the procurement and maintenance of insurance incurred by the Futures Representative in connection with the

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performance of his or her duties hereunder and his or her duties in connection with the formulation, negotiation, and Confirmation of the Plan. Such reimbursement or direct payment shall be deemed a Trust Expense.

5.6 Procedure for Obtaining Consent of the Futures Representative.

a) In the event the consent of the Futures Representative is required pursuant to the terms hereof or of the TDP, the Trustees shall promptly provide the Futures Representative and his or her counsel with notice and with all information regarding the matter in question.

b) The Futures Representative must consider in good faith and in a timely fashion any request by the Trustees and may not withhold his or her consent unreasonably. If the Futures Representative does not notify the Trustees of his or her objection to such request within 30 days after receiving notice and information regarding such request, then the Future Representative shall be deemed to have objected to the request and the procedures set forth in Section 5.7 shall be followed.

5.7 Lack of Consent of the Futures Representative. In the event the Trustees are unable to obtain the consent of the Futures Representative to any action or decision for which consent is required after following the procedure set forth in Section 5.6 of this Trust Agreement, or if the Trustees and the Futures Representative are unable to reach agreement on any matter on which such consent is required, the matter shall be submitted promptly to alternative dispute resolution if mutually agreeable to the Trustees and the Futures Representative. If the disagreement is not resolved by alternative dispute resolution, the Trustees may apply to the Bankruptcy Court on an expedited basis for approval of such action or decision, and only if such approval is given by the Bankruptcy Court by entry of an appropriate order, shall the Trustees have the authority to implement such action or decision without the Futures Representative's consent.

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ARTICLE 6

TRUST ADVISORY COMMITTEE

6.1 Members. The TAC shall consist of five (5) members. The initial TAC members shall be Alan R. Brayton, Ron C. Eddins, David McClain, Jerry Neil Paul, and David A. Rosen. Alan R. Brayton has been elected Chair of the TAC by its members with authority to execute all Trust-related documents on their behalf.

6.2 Duties. The TAC shall serve in a fiduciary capacity representing all holders of Asbestos Related Claims (excluding, however, holders of Asbestos Injury Demands). The Trustees must consult with the TAC on matters identified in Subsection 2.2(e), must obtain the consent of the TAC on matters identified in Subsection 2.2(f), and may consult with the TAC on any matter affecting the Trust. Where provided in this Trust Agreement or the TDP, certain actions by the Trustees are subject to the consent of the TAC.

6.3 Term of Office.

a) Each member of the TAC shall serve until the earlier of (i) his or her death, (ii) his or her resignation pursuant to Section 6.3(b) below, (iii) his or her removal pursuant to Section 6.3(c) below, or (iv) the termination of the Trust pursuant to Section 7.2 below.

b) A member of the TAC may resign at any time by written notice to the other members of the TAC, the Trustees and the Futures Representative. Such notice shall specify a date when such resignation shall take effect, which shall not be less than ninety (90) days after the date such notice is given, where practicable.

c) A member of the TAC may be removed in the event that he or she becomes unable to discharge his or her duties hereunder due to accident, physical deterioration, mental incompetence, or a consistent pattern of neglect and failure to perform or to participate in performing the duties of such member hereunder, such as repeated non-attendance at scheduled meetings, or for other good cause. Such removal shall be made at the recommendation of the remaining members of the TAC with the approval of the Bankruptcy Court.

6.4 Appointment of Successor. A vacancy caused by resignation shall be filled with an individual nominated by the remaining members of the TAC. A vacancy for any other reason, or in the absence of a nomination by the remaining members of the TAC, shall be filled with an individual selected by majority vote of the Trustees. The successor TAC member shall, in either case, be subject to Bankruptcy Court approval.

6.5 TAC's Employment of Professionals. The TAC may retain or consult with counsel, accountants, appraisers, auditors, forecasters, asbestos experts and other parties deemed by the TAC to be qualified as experts on matters submitted to them, and the opinion of any such parties on any matters submitted to them shall be full and complete authorization and protection in support of any action taken or not taken by the TAC hereunder in good faith and in accordance with the written opinion of any such party, and in the absence of gross negligence. The TAC and its experts shall at all times have complete access to the Trust's officers, employees and agents,

and the accountants, appraisers, auditors, forecasters, and other experts retained by the Trust, as well as information generated by them or otherwise available to the Trust or Trustees.

6.6 Compensation and Expenses of TAC Members.

(a) Each of the TAC members or their representatives shall receive compensation from the Trust by the payment of hourly fees for each of the following tasks, which are hereinafter called the "TAC Trust Tasks":

(i) Attendance at meetings of the Trustees.

(ii) Performance of tasks requested to be performed by the Managing Trustee that the Managing Trustee believes benefits or has benefited the Trust, as opposed to individual client or clients of the member of the TAC.

(b) Each of the TAC members and/or their representatives shall each be compensated as a Trust Expense at the rate of $500 per hour for an official meeting of the Trustees, or on an official trip of the Trustees, or in the performance of any other TAC Trust Task. The TAC members shall record all hourly time to be charged to the Trust on a daily basis.

(c) The Managing Trustee may, at his or her discretion, pay any invoices from members of the TAC or their representatives in aggregate amounts of up to $25,000 in any month that such Managing Trustee believes are appropriate under these resolutions without the necessity of further approval of the Trustees.

The structure and amounts of the TAC compensation will be reviewed by the Trustees, the TAC and the Futures Representative annually.

6.7 Reimbursement of TAC Expenses. The Trust will promptly reimburse, or pay directly if so instructed, each TAC member for all reasonable out-of-pocket costs and expenses, including fees and costs associated with employment of professionals pursuant to Section 6.4 and the procurement and maintenance of insurance incurred by the TAC or any TAC member in connection with the performance of its or his or her duties hereunder. Such reimbursement or direct payment shall be deemed a Trust Expense.

6.8 Procedure for Obtaining Consent of the TAC.

a) In the event the consent of the TAC is required pursuant to the terms hereof or of the TDP, the Trustees shall promptly provide the TAC and, if requested by the TAC, its counsel with notice and with all information regarding the matter in question.

b) The TAC must consider in good faith and in a timely fashion any request by the Trustees, and the TAC may not withhold its consent unreasonably. If the TAC does not notify the Trustees of its objection to such request within 30 days after receiving notice and information regarding such request, then the TAC shall be deemed to have objected to the request and the procedures set forth in Section 6.9 shall be followed.

6.9 Lack of Consent of the TAC. In the event the Trustees are unable to obtain the consent of the TAC for any action or decision for which consent of the TAC is required, after following the procedure set forth in Section 6.8 of this Trust Agreement, or if the Trustees and the TAC are unable to reach agreement on any matter on which the TAC's consent is required, then the matter shall be submitted promptly to alternative dispute resolution if mutually agreeable to the Trustees and the TAC. If the disagreement is not resolved by alternative dispute resolution, the Trustees may apply to the Bankruptcy Court on an expedited basis for approval of such action or decision, and only if such approval is given by the Bankruptcy Court by entry of an appropriate order shall the Trustees have the authority to implement such action or decision without the TAC's consent.

ARTICLE 7

GENERAL PROVISIONS

7.1 Irrevocability. The Trust is irrevocable.

7.2 Termination.

a) The Trust shall automatically terminate on the date 90 days after the first to occur of the following events:

(i) the Trustees in their discretion decide to terminate the Trust because (A) they deem it unlikely that new Asbestos Related Claims will be filed or served against the Trust and (B) all Asbestos Related Claims duly filed with the Trust have been resolved and paid to the extent provided in this Trust Agreement and the TDP, to the extent possible based upon the funds available through the Plan, and twelve (12) consecutive months have elapsed during which no new Asbestos Related Claim has been filed with the Trust; or

(ii) if the Trustees have procured and have in place irrevocable insurance policies and have established claims handling agreements and other necessary arrangements with suitable third parties adequate to discharge all expected remaining obligations and expenses of the Trust in a manner consistent with this Trust Agreement and the TDP, the date on which the Bankruptcy Court enters an order approving such insurance and other arrangements and such order becomes a Final Order.

b) Upon the termination of the Trust, after payment of all the Trust's liabilities have been provided for, all monies remaining in the Trust estate shall be used to adjust the Funds Received Ratio and distributed to claimants who are still entitled to receive distributions from the Trust pursuant to Section 2.3 of the TDP.

7.3 Amendments. The Trustees, after consultation with the Approving Entities, and subject to the consent of the Approving Entities where so provided, may modify or amend this Trust Agreement or any document annexed to it, including, without limitation, the Trust Bylaws or the TDP. Any modification or amendment made pursuant to this Section must be done in writing. Notwithstanding anything contained in this Trust Agreement to the contrary, none of this Trust Agreement, the Trust Bylaws, the TDP, nor any document annexed to the foregoing shall be modified or amended in any way that could jeopardize, impair or modify the

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applicability of section 524(g) of the Bankruptcy Code, the indemnification provisions of this Trust Agreement, the efficacy or enforceability of the Injunctions or the Trust's qualified settlement fund status.

7.4 **Severability**. Should any provision in this Trust Agreement be determined to be unenforceable, such determination shall in no way limit or affect the enforceability and operative effect of any and all other provisions of this Trust Agreement.

7.5 **Notices**. Notices to persons asserting claims shall be given at the address of such person, or, where applicable, such person's Futures Representative, in each case as provided on such person's claim form submitted to the Trust with respect to his or her or its Asbestos Related Claim.

Any notices or other communications required or permitted hereunder shall be in writing and delivered at the addresses designated below, or sent by telex, telecopy or facsimile pursuant to the instructions listed below, or mailed by registered or certified mail, return receipt requested, postage prepaid, addressed as follows, or to such other address or addresses as may hereafter be furnished by any party to whom such notice is directed to the other parties listed herein in compliance with terms hereof.

To the Trust through the Trustees:
Thorpe Insulation Company Asbestos
Settlement Trust
P.O. Box 3413
Reno, NV 89505
ATTN: Dr. Sandra R. Hernandez
ATTN: John F. Luikart
ATTN: Stephen M. Snyder, Esq.
Facsimile No. 775.325.6200

with a copy to:
Fennemore Craig Jones Vargas
300 East Second Street, Suite 1510
Reno, NV 89501
ATTN: John P. Sande, III
Facsimile No. 775.786.1177

with a copy to:
Sara Beth Brown
Thorpe Insulation Settlement Trust
300 East Second Street, Suite 1410
Reno, NV 89501
Facsimile No. 775.325.6200

To the Futures Representative:
The Honorable Charles B. Renfrew (Ret.)
710 Sansome Street
San Francisco, CA 94111
Facsimile No. 415.397.7188

with a copy to:
Gary S. Fergus
Fergus, A Law Firm
595 Market Street, Suite 2430
San Francisco, CA 94105
Facsimile No. 415.537.9038

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To the TAC through its Chair:
Alan R. Brayton
Brayton Purcell, LLP
222 Rush Landing Road
Novato, CA 94948-6169
Facsimile No. 415.898.1247

To Reorganized Debtor Pacific Insulation Company:
2741 South Yates Avenue
Los Angeles, California 90040
ATTN: Robert Fults
Facsimile No. 323.728.5489

with a copy to:
John A. Lapinski
Clark & Trevithick
800 Wilshire Boulevard, 12th Floor
Los Angeles, California 90017
Facsimile No. 213.624.9441

All such notices and communications if mailed shall be effective when physically delivered at the designated addresses or, if electronically transmitted, when the communication is received at the designated addresses and confirmed by the recipient by return electronic transmission.

7.6 **Successors and Assigns**. The provisions of this Trust Agreement shall be binding upon and inure to the benefit of the Reorganized Debtor, the Trust, and the Trustees and their respective successors and assigns, except that none of the Reorganized Debtor, or the Trust, nor any Trustee may assign or otherwise transfer any of its, his or her rights or obligations under this Trust Agreement except, in the case of the Trust and the Trustees, as contemplated by Section 2.1.

7.7 **Entire Agreement; No Waiver**. The entire agreement of the parties relating to the subject matter of this Trust Agreement is contained herein and in the documents referred to herein, and this Trust Agreement and such documents supersede any prior oral or written agreements concerning the subject matter hereof. No failure to exercise or delay in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege hereunder preclude any further exercise thereof or of any other right, power or privilege. The rights and remedies herein provided are cumulative and are not exclusive of rights under law or in equity.

7.8 **Headings**. The headings used in this Trust Agreement are inserted for convenience only and neither constitute a portion of this Trust Agreement, nor in any manner affect the construction of the provisions of this Trust Agreement.

7.9 **Governing Laws; Submission to Jurisdiction**. This Trust Agreement shall be governed by, and construed in accordance with, the laws of the State of Nevada without regard to Nevada's conflict of laws principles. The Trust is subject to the continuing jurisdiction of the Bankruptcy Court.

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7.10 Dispute Resolution. Any disputes that arise under this Trust Agreement or under the annexes hereto shall be resolved by the Bankruptcy Court pursuant to the Plan, except as otherwise provided herein or in the annexes hereto. Notwithstanding anything else herein contained, to the extent any provision of this Trust Agreement is inconsistent with any provision of the Plan, the Plan shall control.

7.11 Enforcement and Administration. The provisions of this Trust Agreement and the annexes hereto shall be enforced by the Bankruptcy Court pursuant to the Plan. The parties hereby further acknowledge and agree that the Bankruptcy Court shall have exclusive jurisdiction over the settlement of the accounts of the Trustees.

7.12 Effectiveness. This Trust Agreement shall not become effective until it has been executed and delivered by all the parties hereto.

7.13 Counterpart Signatures. This Trust Agreement may be executed in any number of counterparts, each of which shall constitute an original, but such counterparts shall together constitute but one and the same instrument.

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IN WITNESS WHEREOF, the parties have executed this Seventh Amendment to and Complete Restatement of Thorpe Insulation Company Asbestos Settlement Trust Agreement this 7th day of February, 2013.

TRUSTEES:

By: _____
Dr. Sandra R. Hernandez

By: _____
John F. Luikart

By: _____
Stephen M. Snyder, Esq.

FUTURES REPRESENTATIVE:

By: _____
The Honorable Charles B. Renfrew (Ret.)

TRUST ADVISORY COMMITTEE:

By: _____
Alan R. Brayton
Its: Chair

EXHIBIT 2

568838v.2

Investment Policy Statement

Thorpe Insulation Company Asbestos Settlement Trust

November 2012

Prepared by Callan Associates, Inc.

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Executive Summary

Type of Plan	Taxable Trust
Investment Planning Time Horizon	5 years
Expected Annualized After-Tax Return and Risk[1]	Return = 4.0 Risk = 6.6

Primary Goal

The Thorpe Insulation Company Asbestos Settlement Trust (the Trust) is organized pursuant to the laws of the state of Nevada with its office in Reno, Nevada. It was established pursuant to the Pacific Insulation Company and Thorpe Insulation Company (collectively the "Debtors") Fifth Amended Joint Plan of Reorganization, dated December 17, 2009. The Trust was formed to assume the Debtors' liabilities resulting from pending and potential litigation involving individuals exposed to asbestos who have manifested asbestos-related diseases or conditions; liquidate, resolve, pay and satisfy all asbestos-related claims in accordance with the Plan. As well, the Trust must preserve, hold, manage and maximize the Trust assets for use in paying and satisfying current and future allowed asbestos-related claims.

As set forth in the Trust Distribution Procedures, Section 2.4, the Trust shall estimate or model the amount of cash flow anticipated as necessary over its entire life to ensure that funds will be available to treat all present and futures claimants as similarly as possible. In order to pay the anticipated claims, the Trust relied upon an expert report filed which calculated a reasonable real after tax discount rate to use in calculating the present value of the future claims to be assumed by the Trust. These estimates provided the Trust with an assumption that the assets should earn an after-tax real rate of return of approximately 1% per annum. While additional assets may be made available, the Trust will operate on the assumption that there will be no additional contributions. As such, protection of principal will be a primary goal.

[1] Represents expected after-tax return and risk using Callan' 2012 Capital Market assumptions applied to the Portfolio Evaluation Benchmark described below.

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Long-range Asset Allocation Target

The Trust will have the following long-term asset allocation target.

Fixed Income	60%
Equity	40%

The long-range asset allocation target will be applicable to the long-term investable assets net of any set-asides and liquidity reserves. This asset allocation was established through quantitative and qualitative assessments of the returns and risks available in the capital markets over long-term periods as well as the diversification available from using multiple asset classes. While an investment program consisting entirely of fixed income would demonstrate the least volatility of any asset allocation considered, a quantitative study performed by the Trust's investment consultant on similar Trusts demonstrated that the probability of exhausting Trust assets in advance of paying claims as planned was minimized by introducing an equity allocation into the portfolio. Allocations to each of the asset classes will be further diversified and tailored to reflect the tax-status of the Trust as described in the "Investment Practices" section of this policy.

Maintenance of the Strategic Asset Allocation

Target Mix With Ranges

	Low	Target	High
Fixed Income	**55%**	**60%**	**80%**
Equity	**20%**	**40%**	**45%**

The Trust will from time to time adjust the asset allocation within the designated range based upon the changing cash flow needs of the Trust, claims submitted and projections of future claims. The Trust will deviate from targets during the initial funding stage and over short and intermediate periods in response to liquidity needs, market performance, and the cost of asset allocation adjustments including transactions costs and the taxation of transactions. Deviations from the target allocation beyond the low or high allocations defined in the table above represent significant deviations from the return and risk characteristics of the target allocations and will prompt the Trustees to consider moving the allocations back toward the target allocation.

The target allocation is to be reviewed at least annually for presentation to the Trustees and Executive Director, for reasonableness relative to significant economic and market changes or to changes in the Trust's long-term goals and objectives. A formal asset allocation study should be conducted at least every three years to verify or amend the targets.

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Portfolio Evaluation Benchmark

To monitor the total fund result, a special target index was constructed to measure the target mix. This serves as a minimum performance objective for the Trust. This target mix consists of the following sub-components.

- **40% consisting of approximately the following mix**
  - **25% Standard & Poor's 500 Stock Index**
  - **25% Russell 3000 Index**
  - **25% MSCI ACWI ex-US Index**
  - **25% Custom Blended Benchmark consisting of 25% 3-Month Treasury Bills, 25% 10-Year Treasury Bonds, 25% S&P 500 Index, 25% NAREIT Index.**
- **60% consisting of approximately the following mix**
  - **75% Barclays Capital3-10 Municipal Bond Index**
  - **20% Custom Blended Benchmark consisting of 30% Barclays Capital Intermediate Government Index, 40% Barclays Capital Intermediate Credit Index, 30% Barclays Mortgage Index.**
  - **5% BC 1-3 Year Government Index**

Individual investment managers will be measured against each sub-index and not against this total fund objective. However, it is expected that the sum of their efforts will exceed the trust objective over time.

Manager Evaluation

Investment managers will be measured relative to an appropriate market index. A market index is assigned to each Manager and is intended as a guide for the investment manager to understand the risk/reward posture of their portfolio. Managers have full discretion to manage the risk posture of their portfolios relative to their designated market index and may, with conviction and appropriate expertise, execute security strategies not reflected by their market index as long as they conform to the investment guidelines.

Trustees or Executive Director may, at either's discretion, also evaluate the investment managers relative to peer groups of managers with similar investment styles. These evaluations will take into account the exceptional nature of the Trust investment manager mandates including but not limited to custom benchmarks and the unique tax situation of the Trust.

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Review of Investments

There shall be a continual review of the investments under management by Callan Associates (Consultant). The Trustees, consultant and/or the Executive Director shall confer with the investment managers regarding investment performance, market environment and other issues as required. Each investment manager shall report pertinent data to Trust and custodian at least monthly. All legal, organizational and personnel related developments will be reported to the client and consultant as soon as practicable.

Consultant will meet with the Trustees, Executive Director, and other Trust representatives as requested by the Trustees, to review performance of the Trust and individual managers quarterly. These reviews will be conducted in the context of these guidelines.

Investment Practices

Investments will be prudent and consistent with the best investment practices, and in compliance with Trust documents including but not limited to Article 3 of the Thorpe Insulation Company Asbestos Settlement Trust as amended.

- No more than 40% at cost or 45% at market value of total Trust assets may be invested in equities with the balance invested in Fixed Income securities or cash equivalents.
- 10% of the Trust's assets may be invested in debt securities that are non-rated or below investment grade as long as those securities are in a diversified and managed portfolio of bonds and/or stock.
- The percentage of the Trust assets (debt and equity) invested in any one company is limited to 5% at market with the exception of debt securities or other instruments issued or fully guaranteed as to principal and interest by the United States of America or any agency or instrumentality thereof. The Trust does not include cash equivalents in the calculation of maximums allowed for certain types of securities.
- Cash flow, other than an automatic withdrawal of the income on a monthly basis, may be required to maintain the long-range asset allocation target and to satisfy claim liabilities.

A. Equity

Excluding any securities issued by the Debtors, the Trust shall not acquire or hold, directly or indirectly, any common or preferred stock, convertible securities, REITS, MLP's or Royalty Trusts ("Stock") unless such stock is included in a diversified and managed portfolio or portfolios which include various industry sectors.

1. S&P 500 Index Strategy

- The objective of the S&P 500 index strategy is to tax-efficiently track the **S&P 500 Index**, with a tracking error (defined as annualized standard deviation of the portfolio's monthly returns relative to the S&P 500) of 100 basis points or less. The percent ownership of any company is limited to 5% of market value, unless the

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company's representation in the S&P 500 Index is greater than 5%. If the company's representation in the S&P 500 Index is greater than 5%, then the portfolio can hold up to that percentage, subject to a 10% limit.

2. Opportunistic Equity Strategy

- The objective of the opportunistic equity strategy is to provide for long-term growth and additional after-tax returns to the Trust and exceed the **Russell 3000 Index** over a market cycle.
- The percent ownership of any company within this portfolio is limited to 10% of portfolio market value.
- Capitalizations, sector weightings, and portfolio characteristics will be of secondary importance.
- Dividends and capital gains are of similar importance. The primary objective for pursuing dividends will be to stabilize returns.
- Portfolio turnover should be kept at a minimum to defer the recognition of capital gains and the payment of taxes.

3. International Equity Strategy

- The objective of the international equity strategy is to provide an additional source of long-term growth and after-tax returns to the Trust and exceed the **MSCI ACWI ex-US Index** over a full market cycle.
- The actively managed international equity portfolio must be diversified by country, region, industry and security. The percent ownership of any company within this portfolio is limited to 5% of the portfolio's market value. In addition exposure to Emerging Markets is limited to 35% of market value.

4. Equity Income Strategy

- The objective of the equity income strategy is to maximize income and/or growth in income by investing in securities which may include common stocks, convertible bonds, preferred stocks, REITS, royalty trusts, MLP's, and bonds, including high yield debt securities. Limits include the equity limits of the Trust and the non investment grade bond limits of the Trust as well as the individual limits on ownership of any one company's equity or debt. The percent ownership of any company within this portfolio is limited to 10% of the portfolio's market value. No more than 50% of the portfolio can be invested in fixed income securities rated below investment grade. This actively managed portfolio is expected to exceed the returns of a **custom blended benchmark consisting of 25% 3-Month Treasury Bills, 25% 10-Year Treasury Bonds, 25% NAREIT Index, and 25% S&P 500**.

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B. U.S. Fixed-Income

Allowable securities are as follows:

- U.S. Treasury and agency securities
- Agency and non-agency mortgage-backed securities backed by loans secured by residential, multifamily and commercial properties including but not limited to pass-throughs, CMOs, REMICs, CMBS, project loans, construction loans and adjustable rate mortgages
- Obligations of domestic and foreign corporations
- Asset backed securities
- Municipal bonds, both taxable and tax-exempt
- Municipal inflation protected securities (MIPS)
- Preferred stock, including non-convertible preferred stock such as bank trust preferreds
- Money market instruments rated A-1 or P-1 or better at time of purchase
- Repurchase obligations as long as, in the opinion of the Trustees and asset manager, they are adequately collateralized
- Obligations of foreign governments and supra-national organizations
- Obligations of domestic and foreign commercial banks
- 144A securities including issues in the corporate, mortgage and asset-backed sectors
- CDs may be held as long as all of the publicly held long-term debt securities, if any, of the issuing entity are rated investment grade (see credit criteria below) or above.
- Non investment grade bonds subject to an overall limit of 10% of Trust's assets and within a managed and diversified portfolio.

Credit Criteria

- To be deemed investment grade, securities must be rated investment grade or better at the time of purchase by a nationally recognized rating agency (Moody's, Standard & Poors and Fitch). Split rated securities shall be assumed to have the higher credit grade.
- If a portfolio holding is downgraded to below investment grade and the holding is in a portfolio which is not permitted to purchase below investment grade securities, manager shall promptly notify the Trust and provide an evaluation and recommended plan of action.

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1. **Municipal Bond Crossover Portfolio**

   - The portfolio's investment objective is to provide an after-tax total rate of return that exceeds the after-tax total return of the **Barclays Capital 3-10 Municipal Bond Index.**
   - The portfolio will have a targeted duration of approximately +/-40% around the benchmark (calculated using the Treasury risk basis).
   - With the exception of Treasury, Agency debentures, pass-throughs or REMICs, no more than 5% of the portfolio may be invested in securities of a single issuer.
   - 15% maximum in BBB rated securities.
   - Securities must be rated investment grade at time of purchase.

2. **Taxable Fixed Income Portfolio**
   - The portfolio's objective is to invest in the short to intermediate portion of the yield curve where the spreads between taxable and tax-exempt bonds are the greatest and to outperform the target benchmark.
   - The portfolio's **custom blended benchmark consists of 30% Barclays Capital Intermediate Government Index, 40% Barclays Capital Intermediate Credit Index, and 30% Barclays Capital Mortgage Index**.
   - The portfolio will have a targeted duration of approximately +/-25% around the benchmark.
   - No more than 5% of the portfolio may be invested in securities of a single issuer, with the exception of the U.S. Treasury, agency and agency mortgage issues.
   - The weighted average credit quality of the portfolio shall be maintained at a minimum of Aa3 by Moody's and/or AA- by Standard and Poor's or Fitch.
   - Securities must be rated investment grade at time of purchase.

3. **Short Duration Enhanced Cash Portfolio**
   - The portfolio's objective is to provide a high level of liquidity and preserve principal. Adding incremental yield is a secondary objective.
   - Benchmark is the **BC 1-3 Year Government Index.**
   - No more than 5% of the portfolio may be invested in securities of a single issuer, with the exception of the U.S. Treasury and U.S. Agency debt.
   - The portfolio's duration will not exceed 130% of the index's duration.

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- Portfolio's weighted average credit quality must be at least Aa2 by Moody's and/or AA by Standard and Poor's or Fitch.
- All securities must be rated investment grade and have a final maturity less than or equal to 5 years from time of purchase. No more than 15% of the portfolio can be rated less than A-, or its equivalent.
- Portfolio level spread duration can not exceed 2 years.

C. Derivatives Policy

Derivatives shall be held for the purposes of hedging, cost reduction and liquidity enhancement only. Derivatives shall not be used for speculative purposes.

- No leverage shall be introduced through the use of derivatives
- The Trust shall not acquire or hold any options

D. Other Investments

Pursuant to Section 3.2 (d) of the Trust Agreement as Amended, in order to achieve the over all after tax real rate of return Trust Investment objective and to meet other Trust objectives, the Trust may under conditions and terms satisfactory to the Trustees, acquire securities or other instruments issued by any person not otherwise defined in this Investment Policy ("Other Investments"), provided however that the aggregate market value of all such Other Investments after acquisition do not exceed five percent of the aggregate value of the Trust Estate.

Proxy Voting Guidelines

Investment managers employed by the Trust are required to vote proxies with the primary objective of maintaining and advancing the economic value of the Trust. Investment managers should work with the Trust custodian to ensure timely receipt of proxies. Investment managers should have specific guidelines and institute a regular review process for voting proxies.

Guidelines for Manager Selection

The Trustees and Executive Director, with the assistance of the Futures Representative and Chair of the TAC, if desired by the Trustees, will select appropriate investment managers to manage the Trust's assets. This selection process shall include the establishment of specific search criteria, and documentation of analysis and due diligence on potential candidates. All manager candidates must meet the following minimum criteria:

(1) Be a bank, insurance company, investment management company, or investment adviser as defined by the Registered Investment Advisers Act of 1940.

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(2) Provide historical quarterly performance numbers calculated on a time-weighted basis, based on a composite of all fully discretionary accounts of similar investment style.

(3) Provide performance evaluation reports prepared by an objective third party that illustrate the risk/return profile of the manager relative to other managers of like investment style.

(4) Provide detailed information on the history of the firm, key personnel, key clients, fee schedule, and support personnel and demonstrate financial and professional staff stability.

(5) Clearly articulate the investment strategy that will be followed and document that the strategy has been successfully adhered to over time.

(6) All investment manager candidates are expected to comply with all laws, regulations, and standards of ethical conduct.

Trustees

Fiduciary and Investment Responsibilities of the Trustees:

- Maintain overall responsibility for financial management of the Trust including the investment of Trust assets consistent with all Trust documents
- Determine the asset allocation of Trust assets through the Investment Policy Statement and investment manager guidelines
- Use "prudent experts" to assist in making investment decisions
- Control investment expenses
- In recognition of their fiduciary duties, the Trustees must act in good faith and not allow their personal interests to prevail over that of the Trust

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EXHIBIT 3

568838v.2

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Attorneys for the Thorpe Insulation Company
Asbestos Settlement Trust

FILED & ENTERED

JUL 11 2012

CLERK U.S. BANKRUPTCY COURT
Central District of California
BY beauchamDEPUTY CLERK

UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA
LOS ANGELES DIVISION

In re	Case No. LA 07-19271-BB
THORPE INSULATION COMPANY,[1]	Chapter 11
Debtor.	(*Jointly Administered with Case No. 2:07-20016-BB*)
	ORDER APPROVING POST-REMAND REPORT, RECOMMENDATION AND PETITION FOR INSTRUCTIONS REGARDING THE THORPE INSULATION COMPANY ASBESTOS SETTLEMENT TRUST
	Hearing Date: June 27, 2012 Hearing Time: 10:00 a.m. Place: Courtroom 1475 255 E. Temple St., 14th Floor Los Angeles, CA 90012 Judge: Honorable Sheri Bluebond

[1] The Debtors were Thorpe Insulation Company, a California corporation, 5608 Bayshore Walk, Long Beach, CA 90803 ("Thorpe") and Pacific Insulation Company, a California corporation, 2741 South Yates Ave., Los Angeles, CA 90040 ("Pacific"). The two Debtors merged on the Effective Date, pursuant to and as defined in the *Fifth Amended Joint Plan of Reorganization of Thorpe Insulation Company and Pacific Insulation Company* [Dkt. No. 2539] (the "Plan"), and the surviving corporation, Thorpe, was renamed Pacific Insulation Company.

The Court held a hearing on June 27, 2012 at the above-captioned time and place on the *Post-Remand Report, Recommendation and Petition for Instructions Regarding the Thorpe Insulation Company Asbestos Settlement Trust* [Docket No. 3228] (the "Petition") filed by the Thorpe Insulation Settlement Trust (the "Trust").

The Court reviewed and considered the Petition and annexed *Declaration of Sara Beth Brown* (the "Brown Declaration") filed by the Trust in support of the Petition (the "Brown Declaration"), the *Insurers' Objection to Trust's Post-Remand Report, Recommendation and Petition for Instructions* [Docket No. 3236] filed by Continental Insurance Company, Motor Vehicle Casualty Co., Central National Insurance Co. of Omaha, and Century Indemnity Co. (the "Insurers" and the "Insurers' Objection"); the *Reply of Thorpe Insulation Settlement Trust to (1) Insurers' Objection to Trust's Motion to Approve and Settle Second Annual Report and Accounting; and (2) Insurers' Objection to Trust's Post-Remand Report, Recommendation and Petition for Instructions* [Docket No. 3238] filed by the Trust; the *Reply of the Futures Representative to Insurers' Objection to Trust's Post-Remand Report, Recommendation and Petition for Instructions and Joinder in Trust's Reply to Insurers' Objection to Trust's Motion to Approve and Settle Second Annual Report and Accounting, Related Documents, and Acts of Trustee Described Therein* [Docket No. 3239] filed by the Futures Representative; the *Joinder of the Official Creditors Committee and Trust Advisory Committee in the Thorpe Insulation Asbestos Settlement Trust's Post-Remand Report, Recommendation and Petition for Instructions Regarding the Thorpe Insulation Asbestos Settlement* Trust [Docket No. 3234] filed by the Official Creditors' Committee and the Trust Advisory Committee, and all other evidence presented and arguments made in connection with the Petition at or prior to the hearing, including the Insurers' oral motion to stay the Court's approval of the Petition and this Order pending an appeal of this Order by the Insurers (the "Oral Stay Motion") and Local Bankruptcy Rule 9013-1(c) (Oral Motions).

The Court hereby finds that notice of the Petition was appropriate under the circumstances; no oppositions were filed to the Petition, other than the Insurers' Objection, and good cause exists for the relief requested in the Petition, including the reasons stated by the Court on the record at the hearing:

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IT IS HEREBY ORDERED THAT:

1. The Insurers' Objection is overruled.

2. The Petition is granted subject to the following provisions..

3. The Trustees of Trust are authorized to operate the Trust in the ordinary course of business pursuant to the terms of the Sixth Amendment to and Complete Restatement of Thorpe Insulation Company Asbestos Settlement Trust Agreement [Docket No. 3202-8], as may be further amended (the "Trust Agreement").

4. The $5.0 million limit on claim distributions imposed by Paragraphs 2, 2.e. and 2.f. of the "Order Approving Continued Operation Of The Thorpe Insulation Company Asbestos Settlement Trust In The Ordinary Course Of Business Pending Further Instruction" [Docket No. 3191] (the "Petition Order") is hereby eliminated. There shall be no limit on distributions made by the Trust on claims determined to be payable by the Trust in the ordinary course of business, except as may be imposed by further order of the Court in connection with its continuing oversight of the Trust under the procedures set forth in Paragraph 5 below.

5. The Court will maintain oversight and supervision of the Trust following the date of entry of this Order and through out the post-Remand period (in addition to the other oversight and supervisions mechanisms contained in the governing documents for the Trust) by requiring the Trust's compliance with the following procedures with respect to its operations and payment of claims, and the Insurers' opportunity to object to the quarterly status reports as provided for below :

a. Every calendar quarter beginning with the quarter ending September 30, 2012, and within 14 days from the end of each such quarter and through out the period of the Remand, the Trust will file and serve summary status reports with the Court, that shall include, among other information: (a) the total amount paid on claims during the quarter together with the number of claims paid as well as a running total of the amount paid since the entry of this Order; (b) the total amount of pending offers outstanding and the number of claims where offers are outstanding; (c) the number of claims, if any, where claimants have elected to exit to the tort system

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under plan provisions and the Trust Distribution Procedures (the "TDP"); and (d) a description of any other events or activities that have caused or appear likely to cause a substantial increase in the filing of new claims in the current or coming quarter.

b. In the event the Insurers desire to object to the Trust's continued payment of claims after the review of a filed status report, the Insurers shall file an objection to the status report within one week of the date the status report is filed and, subject to the Court's availability, the Trust shall schedule a hearing on the objection to occur no later than fourteen (14) days after the filing of the objection. Responses shall be filed and served no later than seven (7) days following the service of the objection.

6. The Trustees may take any and all actions permitted by the Trust Agreement.

7. The Court will not entertain the Insurers' Oral Stay Motion, but will consider a written motion for a stay of this Order pending appeal if such written motion is filed by the Insurers in accordance with the applicable Local Bankruptcy Rules and the Federal Rules of Bankruptcy Procedure.

Submitted by:

/s/ Gabriel I. Glazer
Eve H. Karasik, and
Gabriel I. Glazer, Members of
STUTMAN, TREISTER & GLATT
PROFESSIONAL CORPORATION
Counsel for the Thorpe Insulation Company
Asbestos Settlement Trust

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DATED: July 11, 2012

United States Bankruptcy Judge

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PROOF OF SERVICE OF DOCUMENT

I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My business address is:
1901 Avenue of the Stars, Suite 1200, Los Angeles, CA 90067

A true and correct copy of the foregoing document entitled: **ORDER APPROVING POST-REMAND REPORT, RECOMMENDATION AND PETITION FOR INSTRUCTIONS REGARDING THE THORPE INSULATION COMPANY ASBESTOS SETTLEMENT TRUST** will be served or was served **(a)** on the judge in chambers in the form and manner required by LBR 5005-2(d); and **(b)** in the manner stated below:

1. **TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF)**: Pursuant to controlling General Orders and LBR, the foregoing document will be served by the court via NEF and hyperlink to the document. On June 29, 2012, I checked the CM/ECF docket for this bankruptcy case or adversary proceeding and determined that the following persons are on the Electronic Mail Notice List to receive NEF transmission at the email addresses stated below:

☐ Service information continued on attached page

2. **SERVED BY UNITED STATES MAIL**:
On June 29, 2012, I served the following persons and/or entities at the last known addresses in this bankruptcy case or adversary proceeding by placing a true and correct copy thereof in a sealed envelope in the United States mail, first class, postage prepaid, and addressed as follows. Listing the judge here constitutes a declaration that mailing to the judge will be completed no later than 24 hours after the document is filed.

Honorable Sheri Bluebond
United States Bankruptcy Court
Central District of California
255 E. Temple St., Ste. 1482
Los Angeles, CA 90012

Please see attached service list

X Service information continued on attached page

3. **SERVED BY PERSONAL DELIVERY, OVERNIGHT MAIL, FACSIMILE TRANSMISSION OR EMAIL** (state method for each person or entity served): Pursuant to F.R.Civ.P. 5 and/or controlling LBR, on (*date*) _____, I served the following persons and/or entities by personal delivery, overnight mail service, or (for those who consented in writing to such service method), by facsimile transmission and/or email as follows. Listing the judge here constitutes a declaration that personal delivery on, or overnight mail to, the judge will be completed no later than 24 hours after the document is filed.

☐ Service information continued on attached page

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct.

6/29/12	Sally A. Miller	/s/ Sally A. Miller
Date	*Printed Name*	*Signature*

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In re Thorpe Insulation Co.
Service List Doc 559817

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NOTICE OF ENTERED ORDER AND SERVICE LIST

Notice is given by the court that a judgment or order entitled (*specify*): **ORDER APPROVING POST-REMAND REPORT, RECOMMENDATION AND PETITION FOR INSTRUCTIONS REGARDING THE THORPE INSULATION COMPANY ASBESTOS SETTLEMENT TRUST** was entered on the date indicated as _on the first page of this judgment or order and will be served in the manner stated below:

1. **SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF)** – Pursuant to controlling General Orders and LBRs, the foregoing document was served on the following persons by the court via NEF and hyperlink to the judgment or order. As of (*date*) _____, 2012, the following persons are currently on the Electronic Mail Notice List for this bankruptcy case or adversary proceeding to receive NEF transmission at the email addresses stated below.

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☐ Service information continued on attached page

2. **SERVED BY THE COURT VIA UNITED STATES MAIL:** A copy of this notice and a true copy of this judgment or order was sent by United States mail, first class, postage prepaid, to the following persons and/or entities at the addresses indicated below:

☐ Service information continued on attached page

3. **TO BE SERVED BY THE LODGING PARTY:** Within 72 hours after receipt of a copy of this judgment or order which bears an Entered stamp, the party lodging the judgment or order will serve a complete copy bearing an Entered stamp by United States mail, overnight mail, facsimile transmission or email and file a proof of service of the entered order on the following persons and/or entities at the addresses, facsimile transmission numbers, and/or email addresses stated below:

Honorable Sheri Bluebond
United States Bankruptcy Court
Central District of California
255 E. Temple St., Ste. 1482
Los Angeles, CA 90012

X Service information continued on attached page

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In re Thorpe Insulation Co.
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EXHIBIT 4

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Attorneys for the Thorpe Insulation Company Asbestos Settlement Trust

FILED & ENTERED

FEB 28 2012

CLERK U.S. BANKRUPTCY COURT
Central District of California
BY beauchamDEPUTY CLERK

UNITED STATES BANKRUPTCY COURT

CENTRAL DISTRICT OF CALIFORNIA

(LOS ANGELES DIVISION)

In re	Case No. LA 07-19271-BB
THORPE INSULATION COMPANY,[1]	Chapter 11
Reorganized Debtor	(Jointly Administered with Case No. 2:07-20016-BB)
	ORDER APPROVING CONTINUED OPERATION OF THE THORPE INSULATION COMPANY ASBESTOS SETTLEMENT TRUST IN THE ORDINARY COURSE OF BUSINESS PENDING FURTHER INSTRUCTION
	Hearing Date: Date: February 15, 2012 Time: 11:30 a.m. Place: Courtroom 1475 255 E. Temple St., 14th Floor Los Angeles, CA 90012 Judge: Honorable Sheri Bluebond

[1] The Debtors were Thorpe Insulation Company, a California corporation, 5608 Bayshore Walk, Long Beach, CA 90803, Fed. Tax I.D. No. 95-1559386 (Main Debtor) and Pacific Insulation Company, a California corporation, 2741 South Yates Ave., Los Angeles, CA 90040, Fed. Tax I.D. No. 95-4812741.

The Court having reviewed the Report, Recommendation and Petition for Instructions to the Court; any opposition to said petition having been filed and the argument of counsel at any hearing in relation to said petition, and good cause appearing therefor:

IT IS HEREBY ORDERED THAT:

1. Said petition be granted in part and denied in part.

2. The Trustees of the Thorpe Insulation Company Asbestos Settlement Trust (the "Trust") are hereby authorized to continue operating the Trust in the ordinary course of business until further order of this Court. The Trust "operating in its normal course of business" is meant to include, but is not limited to:

a. Continuing the relationship with Western Trust pursuant to a Facilities Sharing Agreement between Western Asbestos Settlement Trust ("Western") to enable the Trust to conduct its business, and to pay to Western such monies as and when they become due thereunder. The Trust may continue accepting new claims together with a $250 per claim processing filing fee into the Trust processing system.

b. The Trust may continue to work with and compensate its bank custodian, maintaining relations with, monitoring and instructing, and compensating the various investment portfolio managers and the consultant the Trust has retained to select and monitor the performance of these portfolio managers.

c. The Trust may continue to work with and compensate local and global system IT providers to maintain and upgrade specially created systems that are used to process claims (software and hardware) and to account for Trust finances.

d. The Trust may continue to work with and compensate counsel in ongoing insurance coverage litigation against certain non-settling insurers, Plan confirmation appellate activity, and discovery and third party subpoena activity.

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e. The Trust may continue processing and paying claims pursuant to the Trust's governing documents, except as provided with respect to the limit on distributions set forth in Subparagraph 2.f. below.

f. After January 24, 2012, the Trust may distribute up to the aggregate amount of $5 million on account of claims approved by the Trust.

g. The Trust shall prepare and file the 2011 annual report, audited financial statements and claim report as required by the Trust's governing documents.

h. The Trust may continue to work with Tax preparer to prepare and file 2011 Trust tax returns and 2012 estimated tax statements when due and pay any taxes when due.

i. The Trust may continue compensating, at the rates approved by this Court when it approved the Trust's last annual report in April 2011, Trustees, trust advisory committee members and the futures representative (collectively, the "Trust Fiduciaries") carrying out their responsibilities.

j The Trust may continue compensating in the ordinary course others providing goods and services to the Trust.

k. The Trust may continue seeking advice and paying Trust counsel and other advisors and consultants.

l. The Trust shall continue to indemnify the Trust Fiduciaries and Trust staff to the same extent that they are currently indemnified under the existing Trust governing documents including, but not limited to, utilization of the Five Million Dollar ($5,000,000) indemnity fund currently set aside by the Trust for such purposes.

m. The Trust may continue to hold quarterly Trustee meetings and the Annual Meeting set for April 19-20, 2012, and conducting ordinary course business at those meetings.

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3. The Trust Fiduciaries may take any and all other actions not inconsistent with the foregoing that may be necessary or appropriate to maintain the status quo and/or to preserve the value of the Trust assets.

Submitted by:

/s/ Gabriel I. Glazer
Eve H. Karasik, and
Gabriel I. Glazer, Members of
STUTMAN, TREISTER & GLATT
PROFESSIONAL CORPORATION
Counsel for the Thorpe Insulation Company
Asbestos Settlement Trust

# # #

DATED: February 28, 2012

United States Bankruptcy Judge

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NOTE: When using this form to indicate service of a proposed order, **DO NOT** list any person or entity in Category I. Proposed orders do not generate an NEF because only orders that have been entered are placed on the CM/ECF docket.

PROOF OF SERVICE OF DOCUMENT

I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My business address is: 1901 Avenue of the Stars, 12th Floor, Los Angeles, CA 90067.

A true and correct copy of the foregoing document described as

ORDER APPROVING CONTINUED OPERATION OF THE THORPE INSULATION COMPANY ASBESTOS SETTLEMENT TRUST IN THE ORDINARY COURSE OF BUSINESS PENDING FURTHER INSTRUCTION

will be served or was served **(a)** on the judge in chambers in the form and manner required by LBR 5005-2(d); and **(b)** in the manner indicated below:

I. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING ("NEF") – Pursuant to controlling General Order(s) and Local Bankruptcy Rule(s) ("LBR"), the foregoing document will be served by the court via NEF and hyperlink to the document. On ____, I checked the CM/ECF docket for this bankruptcy case or adversary proceeding and determined that the following person(s) are on the Electronic Mail Notice List to receive NEF transmission at the email address(es) indicated below:

☐ Service information continued on attached page

II. SERVED BY U.S. MAIL OR OVERNIGHT MAIL(indicate method for each person or entity served):
On February 17, 2012, I served the following person(s) and/or entity(ies) at the last known address(es) in this bankruptcy case or adversary proceeding by placing a true and correct copy thereof in a sealed envelope in the United States Mail, first class, postage prepaid, and/or with an overnight mail service addressed as follows. *Listing the judge here constitutes a declaration that mailing to the judge will be completed no later than 24 hours after the document is filed.*

☐ Service information continued on attached page

III. SERVED BY PERSONAL DELIVERY, FACSIMILE TRANSMISSION OR EMAIL (indicate method for each person or entity served): Pursuant to F.R.Civ.P. 5 and/or controlling LBR, on 2/17/12, I served the following person(s) and/or entity(ies) by personal delivery, or (for those who consented in writing to such service method), by facsimile transmission and/or email as follows. *Listing the judge here constitutes a declaration that personal delivery on the judge will be completed no later than 24 hours after the document is filed.*

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I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

2/17/12	Sally A. Miller	/s/ Sally A. Miller
Date	*Type Name*	*Signature*

This form is mandatory. It has been approved for use by the United States Bankruptcy Court for the Central District of California.

August 2010
559809v3

F 9013-3.1.PROOF.SERVICE

NOTE TO USERS OF THIS FORM:

1) Attach this form to the last page of a proposed Order or Judgment. Do not file as a separate document.
2) The title of the judgment or order and all service information must be filled in by the party lodging the order.
3) Category I. below: The United States trustee and case trustee (if any) will always be in this category.
4) Category II. below: List ONLY addresses for debtor (and attorney), movant (or attorney) and person/entity (or attorney) who filed an opposition to the requested relief. DO NOT list an address if person/entity is listed in category I.

NOTICE OF ENTERED ORDER AND SERVICE LIST

Notice is given by the court that a judgment or order entitled (*specify*

ORDER APPROVING CONTINUED OPERATION OF THE THORPE INSULATION COMPANY ASBESTOS SETTLEMENT TRUST IN THE ORDINARY COURSE OF BUSINESS PENDING FURTHER INSTRUCTION

was entered on the date indicated as "Entered" on the first page of this judgment or order and will be served in the manner indicated below:

I. SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING ("NEF") – Pursuant to controlling General Order(s) and Local Bankruptcy Rule(s), the foregoing document was served on the following person(s) by the court via NEF and hyperlink to the judgment or order. As of 2/17/12, the following person(s) are currently on the Electronic Mail Notice List for this bankruptcy case or adversary proceeding to receive NEF transmission at the email address(es) indicated below.

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☐ Service information continued on attached page

II. SERVED BY THE COURT VIA U.S. MAIL: A copy of this notice and a true copy of this judgment or order was sent by United States Mail, first class, postage prepaid, to the following person(s) and/or entity(ies) at the address(es) indicated below:

☐ Service information continued on attached page

III. TO BE SERVED BY THE LODGING PARTY: Within 72 hours after receipt of a copy of this judgment or order which bears an "Entered" stamp, the party lodging the judgment or order will serve a complete copy bearing an "Entered" stamp by U.S. Mail, overnight mail, facsimile transmission or email and file a proof of service of the entered order on the following person(s) and/or entity(ies) at the address(es), facsimile transmission number(s) and/or email address(es) indicated below:

See Attached List

☐ Service information continued on attached page

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EXHIBIT 5

568838v.2

Investment Policy Statement

Thorpe Insulation Company Asbestos Settlement Trust

February 2012

Prepared by Callan Associates, Inc.

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Executive Summary

Type of Plan	Taxable Trust
Investment Planning Time Horizon	5 years
Expected Annualized After-Tax Return and Risk[1]	Return = 4.0 Risk = 6.6

Primary Goal

The Thorpe Insulation Company Asbestos Settlement Trust (the Trust) is organized pursuant to the laws of the state of Nevada with its office in Reno, Nevada. It was established pursuant to the Pacific Insulation Company and Thorpe Insulation Company (collectively the "Debtors") Fifth Amended Joint Plan of Reorganization, dated December 17, 2009. The Trust was formed to assume the Debtors' liabilities resulting from pending and potential litigation involving individuals exposed to asbestos who have manifested asbestos-related diseases or conditions; liquidate, resolve, pay and satisfy all asbestos-related claims in accordance with the Plan. As well, the Trust must preserve, hold, manage and maximize the Trust assets for use in paying and satisfying current and future allowed asbestos-related claims.

As set forth in the Trust Distribution Procedures, Section 2.4, the Trust shall estimate or model the amount of cash flow anticipated as necessary over its entire life to ensure that funds will be available to treat all present and futures claimants as similarly as possible. In order to pay the anticipated claims, the Trust relied upon an expert report filed which calculated a reasonable real after tax discount rate to use in calculating the present value of the future claims to be assumed by the Trust. While additional assets may be made available, the Trust will operate on the assumption that there will be no additional contributions. As such, protection of principal will be a primary goal.

[1] Represents expected after-tax return and risk using Callan' 2012 Capital Market assumptions applied to the Portfolio Evaluation Benchmark described below.

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Long-range Asset Allocation Target

The Trust will have the following long-term asset allocation target.

Fixed Income	60%
Equity	40%

The long-range asset allocation target will be applicable to the long-term investable assets net of any set-asides and liquidity reserves. This asset allocation was established through quantitative and qualitative assessments of the returns and risks available in the capital markets over long-term periods as well as the diversification available from using multiple asset classes. While an investment program consisting entirely of fixed income would demonstrate the least volatility of any asset allocation considered, a quantitative study performed by the Trust's investment consultant on similar Trusts demonstrated that the probability of exhausting Trust assets in advance of paying claims as planned was minimized by introducing an equity allocation into the portfolio. Allocations to each of the asset classes will be further diversified and tailored to reflect the tax-status of the Trust as described in the "Investment Practices" section of this policy.

Maintenance of the Strategic Asset Allocation

Target Mix With Ranges

	Low	**Target**	**High**
Fixed Income	**55%**	**60%**	**80%**
Equity	**20%**	**40%**	**45%**

The Trust will from time to time adjust the asset allocation within the designated range based upon the changing cash flow needs of the Trust, claims submitted and projections of future claims. The Trust will deviate from targets during the initial funding stage and over short and intermediate periods in response to liquidity needs, market performance, and the cost of asset allocation adjustments including transactions costs and the taxation of transactions. Deviations from the target allocation beyond the low or high allocations defined in the table above represent significant deviations from the return and risk characteristics of the target allocations and will prompt the Trustee to consider moving the allocations back toward the target allocation.

The target allocation is to be reviewed at least annually for presentation to the Trustees and Executive Director, for reasonableness relative to significant economic and market changes or to changes in the Trust's long-term goals and objectives. A formal asset allocation study should be conducted at least every three years to verify or amend the targets.

Portfolio Evaluation Benchmark

To monitor the total fund result, a special target index was constructed to measure the target mix. This serves as a minimum performance objective for the Trust. This target mix consists of the following sub-components.

- **40% consisting of approximately the following mix**
  - **25% Standard & Poor's 500 Stock Index**
  - **25% Russell 3000 Index**
  - **25% MSCI ACWI ex-US Index**
  - **25% Custom Blended Benchmark consisting of 25% 3-Month Treasury Bills, 25% 10-Year Treasury Bonds, 25% S&P 500 Index, 25% NAREIT Index.**
- **60% consisting of approximately the following mix**
  - **75% 3-15 Municipal Bond Index**
  - **20% Barclays Capital Intermediate Aggregate Benchmark**
  - **5% BC 1-3 Year Government Index**

Individual investment managers will be measured against each sub index and not against this total fund objective. However, it is expected that the sum of their efforts will exceed the trust objective over time.

Manager Evaluation

Investment managers will be measured relative to an appropriate market index. A market index is assigned to each Manager and is intended as a guide for the investment manager to understand the risk/reward posture of their portfolio. Managers have full discretion to manage the risk posture of their portfolios relative to their designated market index and may, with conviction and appropriate expertise, execute security strategies not reflected by their market index as long as they conform to the investment guidelines.

Trustees or Executive Director may, at either's discretion, also evaluate the investment managers relative to peer groups of managers with similar investment styles. These evaluations will take into account the exceptional nature of the Trust investment manager mandates including but not limited to custom benchmarks and the unique tax situation of the Trust.

Review of Investments

There shall be a continual review of the investments under management by Callan Associates (Consultant). The Trustees, consultant and/or the Executive Director shall confer with the investment managers regarding investment performance, market environment and other issues as required. Each investment manager shall report pertinent data to Trust and custodian at least monthly. All legal, organizational and

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personnel related developments will be reported to the client and consultant as soon as practicable.

Consultant will meet with the Trustees, Executive Director, and other Trust representatives as requested by the Trustees, to review performance of the Trust and individual managers quarterly. These reviews will be conducted in the context of these guidelines.

Investment Guidelines

Investments will be prudent and consistent with the best investment practices, and in compliance with Trust documents including but not limited to Article 3 of the Thorpe Insulation Company Asbestos Settlement Trust as amended.

- No more than 40% at cost or 45% at market value of total Trust assets may be invested in equities with the balance invested in Fixed Income securities or cash equivalents.
- 10% of the Trust's assets may be invested in debt securities that are non-rated or below investment grade as long as those securities are in a diversified and managed portfolio of bonds and/or stock.
- The percentage of the Trust assets (debt and equity) invested in any one company is limited to 5% at market with the exception of debt securities or other instruments issued or fully guaranteed as to principal and interest by the United States of America or any agency or instrumentality thereof. The Trust does not include cash equivalents in the calculation of maximums allowed for certain types of securities.

A. Equity

Excluding any securities issued by the Debtors, the Trust shall not acquire or hold, directly or indirectly, any common or preferred stock, convertible securities, REITS, MLP's or Royalty Trusts ("Stock") unless such stock is included in a diversified and managed portfolio or portfolios which include various industry sectors.

1. **S&P 500 Index Strategy**
   - The objective of the S&P 500 index strategy is to tax-efficiently track the **S&P 500 Index**, with a tracking error (defined as annualized standard pre-tax total return (net of taxation of dividends) the Standard & Poor's deviation of monthly relative returns) of 100 basis points or less. The percent ownership of any company is limited to 5% of market value, unless the company's representation in the S&P 500 Index is greater than 5%. If the company's representation in the S&P 500 Index is greater than 5%, then the portfolio can hold up to that percentage, subject to a 10% limit.
2. **Opportunistic Equity Strategy**
   - The objective of the opportunistic equity strategy is to provide for long-term growth and additional after-tax returns to the Trust and exceed the **Russell 3000 Index** over a market cycle.

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- The percent ownership of any company within this portfolio is limited to 10% of portfolio market value.
- Capitalizations, sector weightings, and portfolio characteristics will be of secondary importance.
- Dividends and capital gains are of similar importance. The primary objective for pursuing dividends will be to stabilize returns.
- Portfolio turnover should be kept at a minimum to defer the recognition of capital gains and the payment of taxes.
- Cash flow will not be required from this portfolio for the foreseeable future.

3. International Equity Strategy

- The objective of the international equity strategy is to provide an additional source of long-term growth and after-tax returns to the Trust and exceed the **MSCI ACWI ex-US Index** over a full market cycle.
- The actively managed international equity portfolio must be diversified by country, region, industry and security. The percent ownership of any company within this portfolio is limited to 5% of the portfolio's market value. In addition exposure to Emerging Markets is limited to 35% of market value.
- Cash flow will not be required from this portfolio for the foreseeable future.

4. Equity Income Strategy

- The objective of the equity income strategy is to maximize income and/or growth in income by investing in securities which may include common stocks, convertible bonds, preferred stocks, REITS, royalty trusts, MLP's, and high yield debt securities. Limits include the equity limits of the Trust and the non investment grade bond limits of the Trust as well as the individual limits on ownership of any one company's equity or debt. The percent ownership of any company within this portfolio is limited to 10% of the portfolio's market value. No more than 50% of the portfolio can be invested in fixed income securities rated below investment grade.
- This actively managed portfolio is expected to exceed the returns of a custom blended benchmark consisting of 25% 3-Month Treasury Bills, 25% 10-Year Treasury Bonds, 25% NAREIT Index, and 25% S&P 500.

B. U.S. Fixed-Income

Allowable securities are as follows:

- U.S. Treasury and agency securities
- Agency and non-agency mortgage-backed securities backed by loans secured by residential, multifamily and commercial properties including but not limited to pass-

throughs, CMOs, REMICs, CMBS, project loans, construction loans and adjustable rate mortgages
- Obligations of domestic and foreign corporations
- Asset backed securities
- Municipal bonds, both taxable and tax-exempt
- Municipal inflation protected securities (MIPS)
- Preferred stock, including non-convertible preferred stock such as bank trust preferreds
- Money market instruments rated A-1 or P-1 or better at time of purchase
- Repurchase obligations as long as, in the opinion of the Trustee and Consultant, they are adequately collateralized
- Obligations of foreign governments and supra-national organizations
- Obligations of domestic and foreign commercial banks
- 144A securities including issues in the corporate, mortgage and asset-backed sectors
- CDs may be held as long as all of the publicly held long-term debt securities, if any, of the issuing entity are rated investment grade (see credit criteria below) or above.
- Non investment grade bonds subject to an overall limit of 10% of Trust's assets and within a managed and diversified portfolio.

Credit Criteria

- To be deemed investment grade, securities must be rated investment grade or better at the time of purchase by a nationally recognized rating agency (Moody's, Standard & Poors and Fitch). Split rated securities shall be assumed to have the higher credit grade.
- If a portfolio holding is downgraded to below investment grade and the holding is in a portfolio which is not permitted to purchase below investment grade securities, manager shall promptly notify the Trust and provide an evaluation and recommended plan of action.

1. **Municipal Bond Crossover Portfolio**
   - The portfolio's investment objective is to provide an after-tax total rate of return that exceeds the after-tax total return of the **Barclays Capital 3-15 Municipal Bond Index.**
   - The portfolio will have a targeted duration of approximately +/-15% around the benchmark (calculated using the Treasury risk basis).
   - 15% maximum in BBB rated securities.
   - Securities must be rated investment grade at time of purchase.
2. **Structured Fixed Income Portfolio**
   - The portfolio's objective is to invest in the short to intermediate portion of the yield curve where the spreads between taxable and tax-exempt bonds are the greatest and to outperform the target benchmark.
   - Benchmark is the **Barclays Capital Intermediate Aggregate Index.**
   - The portfolio will have a targeted duration of approximately +/-25% around the benchmark.

- No more than 5% of the portfolio may be invested in securities of a single issuer, with the exception of the U.S. Treasury, agency and agency mortgage issues.
- The weighted average credit quality of the portfolio shall be maintained at a minimum of Aa3 by Moody's and/or AA- by Standard and Poor's or Fitch.
- Securities must be rated investment grade at time of purchase.

3. **Short Duration Enhanced Cash Portfolio**

- The portfolio's objective is to provide a high level of liquidity and preserve principal. Adding incremental yield is a secondary objective.
- Benchmark is the **BC 1-3 Year Government Index.**
- No more than 5% of the portfolio may be invested in securities of a single issuer, with the exception of the U.S. Treasury and U.S. Agency debt.
- The portfolio's duration will not exceed 130% of the index's duration.
- Portfolio's weighted average credit quality must be at least Aa2 by Moody's and/or AA by Standard and Poor's or Fitch.
- All securities must be rated investment grade and have a final maturity less than or equal to 5 years from time of purchase. No more than 15% of the portfolio can be rated less than A-, or its equivalent.
- Portfolio level spread duration can not exceed 2 years.

C. Derivatives Policy

Derivatives shall be held for the purposes of hedging, cost reduction and liquidity enhancement only. Derivatives shall not be used for speculative purposes.

- No leverage shall be introduced through the use of derivatives
- The Trust shall not acquire or hold any options

D. Other Investments

Pursuant to Section 3.2 (d) of the Trust Agreement as Amended, in order to achieve the over all after tax real rate of return Trust Investment objective and to meet other Trust objectives, the Trust may under conditions and terms satisfactory to the Trustees, acquire securities or other instruments issued by any person not otherwise defined in this Investment Policy ("Other Investments"), provided however that the aggregate market value of all such Other Investments after acquisition do not exceed five percent of the aggregate value of the Trust Estate.

Proxy Voting Guidelines

Investment managers employed by the Trust are required to vote proxies with the primary objective of maintaining and advancing the economic value of the Trust. Investment managers should work with the Trust custodian to ensure timely receipt of proxies.

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Investment managers should have specific guidelines and institute a regular review process for voting proxies.

Guidelines for Manager Selection

The Trustees and Executive Director, with the assistance of the Futures Representative and Chair of the TAC, if desired by the Trustees, will select appropriate investment managers to manage the Trust's assets. This selection process shall include the establishment of specific search criteria, and documentation of analysis and due diligence on potential candidates. All manager candidates must meet the following minimum criteria:

(1) Be a bank, insurance company, investment management company, or investment adviser as defined by the Registered Investment Advisers Act of 1940.

(2) Provide historical quarterly performance numbers calculated on a time-weighted basis, based on a composite of all fully discretionary accounts of similar investment style.

(3) Provide performance evaluation reports prepared by an objective third party that illustrate the risk/return profile of the manager relative to other managers of like investment style.

(4) Provide detailed information on the history of the firm, key personnel, key clients, fee schedule, and support personnel and demonstrate financial and professional staff stability.

(5) Clearly articulate the investment strategy that will be followed and document that the strategy has been successfully adhered to over time.

(6) All investment manager candidates are expected to comply with all laws, regulations, and standards of ethical conduct.

Trustees

Fiduciary and Investment Responsibilities of the Trustees:

- Maintain overall responsibility for financial management of the Trust including the investment of Trust assets consistent with all Trust documents
- Determine the asset allocation of Trust assets through the Investment Policy Statement and investment manager guidelines
- Use "prudent experts" to assist in making investment decisions
- Control investment expenses
- In recognition of his fiduciary duties, the Trustees must act in good faith and not allow their personal interests to prevail over that of the Trust

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EXHIBIT 6

SIXTH AMENDMENT TO AND COMPLETE RESTATEMENT OF THORPE INSULATION COMPANY ASBESTOS SETTLEMENT TRUST AGREEMENT

This Thorpe Insulation Company Asbestos Settlement Trust Agreement (this "Trust Agreement"), dated and effective as of the Effective Date of October 22, 2010, as amended October 27, 2010, February 17, 2011, April 21, 2011, and November 18, 2011, is among the Reorganized Pacific Insulation Company ("Reorganized Debtor") which, was created by the merger of Pacific Insulation Company into Thorpe Insulation Company (sometimes referred to as the "Debtors"), which were the debtors and debtors-in-possession in the Chapter 11 Cases, the Futures Representative, the Trust Advisory Committee and the individual trustees identified on the signature page hereof and appointed at Confirmation pursuant to the Plan.[1]

WHEREAS, at the time of the entry of the orders for relief in the Chapter 11 Cases, each of the Debtors was named as a defendant in personal injury and wrongful death actions seeking recovery for damages allegedly caused by the presence of, or exposure to, asbestos or asbestos-containing products; and

WHEREAS, the Debtors have reorganized under the provisions of Chapter 11 of the Bankruptcy Code in a case pending in the United States Bankruptcy Court for the Central District of California (the "Bankruptcy Court"), styled as *In re Thorpe Insulation Company, In re Pacific Insulation Company, Debtors,* Chapter 11 Case Nos. LA 07-19271-BB and 2:07-20016-BB (jointly administered under Case No. LA 07-19271-BB); and

WHEREAS, the Plan, filed by the Debtors, the Futures Representative and the Committee, as Plan Proponents, has been confirmed by the District Court; and

WHEREAS, the Plan provides, *inter alia,* for the creation of the Thorpe Insulation Company Asbestos Settlement Trust; and

WHEREAS, pursuant to the Plan, the Trust is to use the Trust Assets to pay the Asbestos Related Claims; and

WHEREAS, pursuant to the Plan, the Trust is intended to qualify as a "qualified settlement fund" within the meaning of section 1.468B-1, *et seq.,* of the Treasury Regulations promulgated under section 468B of the IRC; and

WHEREAS, it is the intent of the Reorganized Debtor, the Trustees, the Futures Representative and the other parties that the Trust be administered, maintained, and operated at all times as a qualified settlement fund through mechanisms that provide reasonable assurance that the Trust will value, and be in a financial position to pay, all Asbestos Related Claims and Asbestos Injury Demands that involve similar claims in substantially the same manner, in strict compliance with the terms of this Trust Agreement; and

WHEREAS, the Plan provides, among other things, for the complete treatment of all liabilities and obligations of the Debtors with respect to Asbestos Related Claims; and

WHEREAS, the District Court has determined that the Trust and the Plan satisfy all the prerequisites for the Injunctions, including the injunctions pursuant to section 524(g) of the

[1] This Trust Agreement is being entered into pursuant to the terms of the Joint Plan of Reorganization of Thorpe Insulation Company and Pacific Insulation Company filed in the United States Bankruptcy Court for the Central District of California , Case No. 07-19271, jointly administered (the "Plan"). Capitalized terms used in this Trust Agreement that are not otherwise defined in this Trust Agreement are used as defined in the Plan.

Bankruptcy Code, and such Injunctions have been entered in connection with the Confirmation Order; and

WHEREAS, pursuant to Section 2.2(f)(iii) and Section 7.3 of the Trust Agreement, the Trustees, subject to the consent of the TAC and the Futures Representative, may amend the Trust Agreement.

NOW, THEREFORE, it is hereby agreed as follows:

ARTICLE 1

AGREEMENT OF TRUST

1.1 Creation and Name. The Debtors hereby create a trust known as the "Thorpe Insulation Company Asbestos Settlement Trust," which is the Trust provided for and referred to in the Plan. The Trustees of the Trust may transact the business and affairs of the Trust in the name "Thorpe Insulation Settlement Trust."

1.2 Purpose. The purpose of the Trust is to assume the liabilities of each Debtor, arising from or relating to Asbestos Related Claims and to use the Trust's assets and income to pay holders of Asbestos Related Claims in accordance with the Trust Agreement and in such a way that all holders of similar Asbestos Related Claims are treated in a substantially equivalent manner and to otherwise comply in all respects with the requirements of a trust set forth in section 524(g)(2)(B)(i) of the Bankruptcy Code. The Trust shall, at all times, remain qualified as a "qualified settlement fund" under the QSF Law.

1.3 Transfer of Assets. Pursuant to the Plan, the Debtors have transferred and assigned the Trust Assets to the Trust, free and clear of any liens or other interests of the Debtors or any creditor, shareholder or other entity. The Reorganized Debtor shall transfer to the Trust any Trust Assets that may, subsequent to the Effective Date, be received by the Reorganized Debtor. The Debtors shall execute and deliver such documents as the Trustees reasonably request to transfer and assign any such Trust Assets.

1.4 Acceptance of Assets and Assumption of Liabilities.

a) In furtherance of the purposes of the Trust, the Trustees, on behalf of the Trust, hereby expressly accept the transfer and assignment to the Trust of the Trust Assets in the time and manner as contemplated in the Plan.

b) In furtherance of the purposes of the Trust, the Trustees, on behalf of the Trust, hereby expressly assume all liability for all Asbestos Related Claims. Except as otherwise provided in the TDP, the Trust shall have all defenses, cross-claims, offsets and recoupments, as well as rights of indemnification, contribution, subrogation, and similar rights, regarding Asbestos Related Claims that the Debtors or the Reorganized Debtor have, or would have had, under applicable law.

c) In furtherance of the purposes of the Trust, commencing on the Effective Date, the Trustees, on behalf of the Trust, hereby agree to pay, as Trust Expenses, all remaining obligations of any of the Debtors to their present and former attorneys, Morgan Lewis &

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Bockius, LLP ("Morgan Lewis") and Snyder Miller & Orton LLP ("SMO") related to or arising from the Coverage Litigation, whether such obligations shall be then due or thereafter due, owing and payable, as more specifically set forth in the Bankruptcy Court's order approving Thorpe's employment of Morgan Lewis and SMO.

d) In furtherance of the purposes of the Trust, and in addition to the indemnification provided for in Section 4.7 of this Trust Agreement, the Trustees, on behalf of the Trust, hereby indemnify the Protected Parties (other than Settling Asbestos Insurers) ("Indemnified Parties") from personal liability for: (1) any expenses, costs and fees (including attorneys' fees and costs, but excluding any such expenses, costs and fees incurred prior to the Effective Date), judgments, settlements or other liabilities arising from or incurred in connection with, any claim demand or action based upon an Asbestos Related Claim, including, but not limited to, indemnification or contribution for Asbestos Related Claims prosecuted against the Reorganized Debtor; (2) as provided in Section 7.3 of the Plan; and (3) as provided in Section 7.4 of the Plan.

e) Nothing in this Trust Agreement shall be construed in any way to limit the scope, enforceability or effectiveness of the Injunctions issued and affirmed in connection with the Plan or the Trust's assumption of all liability with respect to Asbestos Related Claims.

ARTICLE 2

POWERS AND TRUST ADMINISTRATION

2.1 Powers.

a) The Trustees are and shall act as fiduciaries to the Trust in accordance with the provisions of this Trust Agreement and the Plan. The Trustees shall, at all times, administer the Trust and the Trust Assets in accordance with Section 1.2 of this Trust Agreement. Subject to the limitations set forth in this Trust Agreement, the Trustees shall have the power to take any and all actions that, in the judgment of the Trustees, are necessary or proper to fulfill the purposes of the Trust, including, without limitation, each power expressly granted in this Section 2.1, any power reasonably incidental thereto, and any trust power now or hereafter permitted under the laws of the State of Nevada.

b) Except as otherwise specified herein, the Trustees need not obtain the order or approval of any court in the exercise of any power or discretion conferred hereunder; provided that the Trustees recognize and acknowledge that the Trust is subject to the continuing jurisdiction of the Bankruptcy Court.

c) Without limiting the generality of Subsection 2.1(a) above, and except as limited below, the Trustees shall have the power to:

(i) receive and hold the Trust Assets, and exercise all rights with respect to (including sale of) any or all such assets;

(ii) invest the monies held from time to time by the Trust;

(iii) sell, transfer or exchange any or all of the Trust Assets at such prices and upon such terms as they may consider proper, consistent with the other terms of this Trust Agreement;

(iv) exercise all rights granted under the Reorganized Debtor Stock Pledge with respect to the shares of common stock of the Reorganized Debtor pledged pursuant thereto, as and to the extent provided therein, and exercise all rights with respect to the Reorganized Debtor Earnout Note and the Reorganized Debtor Promissory Note, subject to any restrictions set forth therein;

(v) enter into leasing and financing agreements with third parties to the extent such agreements are reasonably necessary to permit the Trust to operate;

(vi) pay liabilities and expenses of the Trust, including, but not limited to, Trust Expenses;

(vii) establish such funds, reserves and accounts within the Trust estate, as deemed by the Trustees to be useful in carrying out the purposes of the Trust;

(viii) sue and be sued and participate, as a party or otherwise, in any judicial, administrative, arbitrative or other proceeding;

(ix) amend the Trust Bylaws in accordance with the terms thereof, a copy of which is annexed hereto as Annex A;

(x) establish, supervise and administer the Trust in accordance with the TDP and its exhibits, and administer, amend, supplement or modify the TDP, including its exhibits, in accordance with the terms thereof, a copy of which is annexed hereto as Annex B;

(xi) appoint such officers and hire such employees and engage such legal, financial, accounting, investment, auditing and forecasting and other consultants or alternative dispute resolution panelists and agents as the business of the Trust requires, and to delegate to such persons such powers and authorities as the fiduciary duties of the Trustees permit and as the Trustees, in their discretion, deem advisable or necessary in order to carry out the terms of this Trust;

(xii) pay employees, legal, financial, accounting, investment, auditing and forecasting, and other consultants, advisors and agents reasonable compensation, including without limitation, compensation at rates approved by the Trustees for services rendered prior to the execution hereof;

(xiii) compensate the Trustees, the members of the TAC, the Futures Representative and their respective Agents and reimburse to them all reasonable out-of-pocket costs and expenses incurred by such persons in connection with the performance of their duties hereunder, including without limitation, costs and expenses incurred prior to the execution hereof;

(xiv) execute and deliver such instruments as the Trustees consider proper in administering the Trust;

(xv) enter into such other arrangements with third parties as are deemed by the Trustees to be useful in carrying out the purposes of the Trust, provided such arrangements do not conflict with any other provision of this Trust Agreement;

(xvi) in accordance with Section 4.7, indemnify (and purchase insurance indemnifying) the Trustees, the Futures Representative, the TAC, and each of the Indemnified Parties, and the respective agents of the Trust, the Futures Representative, the TAC, and each of the Indemnified Parties to the fullest extent that a corporation or trust organized under the law of the Trust's situs is from time to time entitled to indemnify and/or insure such agents and/or parties;

(xvii) delegate any or all of the authority herein conferred with respect to the investment of all or any portion of the Trust Assets to any one or more reputable individuals or recognized institutional investment advisors or investment managers without liability for any action taken or omission made because of any such delegation, except as provided in Section 4.4;

(xviii) consult with the Reorganized Debtor at such times and with respect to such issues relating to the conduct of the Trust as the Trustees consider desirable;

(xix) make, pursue (by litigation or otherwise), collect, compromise or settle, in its own name or the name of the applicable Debtor, any claim, right, action, or cause of action included in the Trust Assets, including without limitation, the Asbestos Insurance Litigation, before any court of competent jurisdiction; provided that settlement of any action before the Bankruptcy Court requires the approval of the Bankruptcy Court after notice to such Debtor;

(xx) with the prior consent of the Futures Representative and the Trust Advisory Committee (the "Approving Entities"), merge or contract with other claims resolution facilities that are not specifically created by this Trust Agreement or the TDP, provided that such merger or contract shall not (a) subject the Reorganized Debtor or any successor in interest to any risk of having any Asbestos Related Claim asserted against any of them, or (b) otherwise jeopardize the validity or enforceability of the Injunctions; and

(xi) with the prior consent of the Approving Entities, establish binding and non-binding arbitration procedures for the purposes set forth in Section 5.9 of the TDP.

d) The Trustees shall not have the power to guarantee any debt of other Persons, provided however, that the Trustees shall have the power to implement the obligations of the Trust, if any, as required under the Plan including but not limited to Exhibit H and/or Sections 7.3 and 7.4 of the Plan.

e) The Trustees shall give the Approving Entities prompt notice of any act performed or taken pursuant to Subsection 2.1(c)(i), (iii), (vii), (viii), (ix), (x), (xvi), (xix), (xx) and Subsection 2.2(f).

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2.2 General Administration.

a) The Trustees shall act in accordance with the Trust Bylaws. To the extent not inconsistent with the terms of this Trust Agreement, the Trust Bylaws govern the affairs of the Trust. In the event of an inconsistency between the Trust Bylaws and this Trust Agreement, the Trust Agreement shall govern.

b) The Trustees shall timely file such income tax and other returns and statements and comply with all withholding obligations as required under the applicable provisions of the IRC and of any state law and the regulations promulgated thereunder, including without limitation all requirements necessary to qualify and maintain qualification as a qualified settlement fund, and shall timely pay all taxes required to be paid.

c) (i) The Trustees shall cause to be prepared and filed with the Bankruptcy Court, as soon as available, and in any event within 120 days following the end of each fiscal year, an annual report containing financial statements of the Trust (including, without limitation, a statement of the net claimants' equity of the Trust as of the end of such fiscal year and a statement of changes in net claimants' equity for such fiscal year) audited by a firm of independent certified public accountants selected by the Trustees and accompanied by an opinion of such firm as to the fairness of the financial statements' presentation of the equity presently available to current and future claimants and as to the conformity of the financial statements with accounting principals generally accepted in the United States, except for the special-purpose accounting methods set forth as follows:

1. The financial statements shall be prepared using the accrual method of accounting.

2. The funding received from Thorpe and Pacific, and their insurers, shall be recorded directly to net claimants' equity. These funds shall not represent income of the Trust. Settlement offers for Asbestos Related Claims shall be reported as deductions in net claimants' equity and shall not represent expenses of the Trust.

3. Costs of non-income producing assets, which shall be exhausted during the life of the Trust and will not be available for satisfying claims, shall be expensed when incurred. These costs shall include acquisition costs of computer hardware, software, software development, office furniture, leasehold improvements, and other prepaid expenses such as rent and insurance.

4. Future fixed liabilities and contractual obligations entered into by the Trust shall be recorded directly against net claimants' equity. Accordingly, the future minimum rental commitments outstanding at period end for non-cancelable operating leases, net of any sublease agreements, shall be recorded as deductions to net claimants' equity.

5. The liability for unpaid claims reflected in the statements of net claimants' equity shall represent settled but unpaid claims and outstanding settlement offers. A claims liability shall be recorded once a settlement offer is made to the claimant at the amount equal to the expected pro rata payment. No liability shall be recorded for future claim filings and

filed claims on which no settlement offer has been made. Net claimants' equity represents funding available to pay present and future claims on which no fixed liability has been recorded.

6. Available-for-sale securities shall be recorded at market. All interest and dividend income on available-for-sale securities, net of investment expenses, shall be included in investment income on the statement of changes in net claimants' equity. Realized and unrealized gains and losses on available-for-sale securities shall be recorded as separate components on the statements of changes in net claimants' equity.

7. Realized gains/losses on available-for-sale securities shall be recorded based on the security's original cost. At the time a security is sold, all previously recorded unrealized gains/losses shall be reversed and recorded net, as a component of other unrealized gains/losses in the statement of changes in net claimants' equity.

The Trustees shall provide a copy of such report to the Approving Entities and the Reorganized Debtor when such reports are filed with the Bankruptcy Court.

(ii) Simultaneously with delivery of each set of financial statements referred to in Subsection 2.2(c)(i) above, the Trustees shall cause to be prepared and filed with the Bankruptcy Court a report containing a summary regarding the number and type of claims disposed of during the period covered by the financial statements. The Trustees shall provide a copy of such report to the Approving Entities and the Reorganized Debtor when such report is filed.

(iii) All materials required to be filed with the Bankruptcy Court by this Subsection 2.2(c), other than materials filed under seal, shall be available for inspection by the public in accordance with procedures established by the Bankruptcy Court and shall be filed with the Office of the United States Trustee with responsibility for the Central District of California. The Trustees shall file materials under seal which they determine should remain confidential, provided, however, such materials shall be available to the TAC and the Futures Representative.

d) The Trustees shall cause to be prepared, as soon as practicable prior to the commencement of each fiscal year, a budget and cash flow projections covering such fiscal year and the succeeding four fiscal years. The Trustees shall provide a copy of the budget and cash flow to the Approving Entities.

e) The Trustees shall consult with the TAC and the Futures Representative (i) on the implementation and administration of the TDP and the Matrix, and (ii) on the implementation and administration of the Trust.

f) The Trustees shall be required to obtain the consent of the Approving Entities in addition to those instances elsewhere enumerated, in order:

(i) to add to or change the schedule of Asbestos-Related Disease Categories or criteria, or to increase the Average Values or Base Case Values in the Matrix pursuant to the TDP; or

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(ii) to merge or participate in the handling of bodily injury claims with any claims resolution facility that was not specifically created under this Trust Agreement or the TDP; or

(iii) to amend any provision of the Trust Agreement; Article I, Article II, Article III Section 4, or Article IV of the Trust Bylaws; or the TDP; or

(iv) to terminate the Trust pursuant to Section 7.2 herein; or

(v) to change the number of Trustees and to appoint successor Trustees; or

(vi) to settle the liability of any Asbestos Insurer under any Asbestos Insurance Policy covering Asbestos Related Claims or to settle any Asbestos Insurance Litigation; or

(vii) to change the compensation of the Trustees or the Managing Trustee, other than cost-of-living increases; or

(viii) to exercise the Trust's rights under the Pacific Stock Pledge, the Reorganized Debtor Earnout Note or the Reorganized Debtor Promissory Note; or

(ix) to change the Trust claim form used by the Trust to evaluate claims; or

(x) to amend, supplement or modify the provisions of the Matrix.

g) Whenever the consent of the Approving Entities is given pursuant to Subsection 2.2(f) above, or elsewhere in this Trust Agreement, such consent shall be deemed given if the Approving Entities are signatories to a document or the approved minutes of the Trustees' meeting reflects such consent.

h) The Trustees, upon notice from either of the Approving Entities, shall at their next regular meeting or, if appropriate, at a specially called meeting, place on their agenda and consider issues requested by such Approving Entity.

2.3 Claims Administration. The Trustees shall promptly proceed to implement the TDP.

2.4 Western Asbestos Settlement Trust Transaction. In order to employ the resources of an organization whose capabilities are uniquely suited to the claims processing and administrative work of the Trust, and to realize cost savings through similar trusts sharing overhead, the Trustees are expressly authorized to enter into a Trust Facilities and Services Sharing Agreement with the Western Asbestos Settlement Trust for the purpose of allowing the Trust to utilize the Western Asbestos Settlement Trust employees to administer the Trust and the processing of Asbestos Related Claims pursuant to the TDP. Notwithstanding anything to the contrary in this Trust Agreement, and in express acknowledgment that the Trustees also serve as trustees of the Western Asbestos Settlement Trust, the Trustees, the Futures Representative and the TAC are expressly relieved of any fiduciary obligation to act solely in the best interest of the

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beneficiaries of the Trust only with regard to such transaction with the Western Asbestos Settlement Trust.

ARTICLE 3

ACCOUNTS, INVESTMENTS, AND PAYMENTS

3.1 Accounts. The Trustees may, from time to time, create such accounts and reserves within the Trust estate as they may deem necessary, prudent, or useful in order to provide for the payment of expenses and valid Asbestos Related Claims and may, with respect to any such account or reserve, restrict the use of monies therein. The Trustees shall identify any restricted accounts, and the nature of the restriction, in the reports to be filed with the Bankruptcy Court under Section 2.2(c) above.

3.2 Investments. The Trustees shall invest and manage Trust assets consistent with those standards and provisions of the Uniform Prudent Investor Act expressly set forth herein in this preamble for Section 3.2 and in Sections 3.2(a)-(c), subject to the limitations and provisions set forth below in Section 3.2(d), as a prudent investor would, by considering the purposes, terms, distribution requirements, and other circumstances of the Trust. In satisfying this standard, the Trustees shall exercise reasonable care, skill, and caution.

a) The Trustees' investment and management decisions respecting individual assets and courses of action must be evaluated not in isolation, but in the context of the Trust portfolio as a whole and as a part of an overall investment strategy having risk and return objectives reasonably suited to the Trust.

b) Among circumstances that are appropriate to consider in investing and managing Trust assets are the following, to the extent relevant to the Trust or its beneficiaries:

(i) General economic conditions.

(ii) The possible effect of inflation or deflation.

(iii) The expected tax consequences of investment decisions or strategies.

(iv) The role that each investment or course of action plays within the overall Trust portfolio.

(v) The expected total return from income and the appreciation of capital.

(vi) Other resources of the beneficiaries known to the Trustees as determined from information provided by the beneficiaries.

(vii) Needs for liquidity, regularity of income, and preservation or appreciation of capital.

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(viii) An asset's special relationship or special value, if any, to the purposes of the Trust or to one or more of the beneficiaries.

c) The Trustees shall make a reasonable effort to ascertain facts relevant to the investment and management of Trust assets.

d) Notwithstanding the foregoing and/or any other provision of this Trust Agreement, the Trustees shall comply with the following limitations and provisions:

(i) The Trust shall not acquire, directly or indirectly, equity in any Person (other than the Reorganized Debtor or any successor to the Reorganized Debtor, on the terms and conditions in the Plan) or business enterprise if, immediately following such acquisition, the Trust would hold more than five percent of the equity in such Person or business enterprise. The Trust shall not hold, directly or indirectly, more than ten percent of the equity in any Person (other than the Reorganized Debtor, on the terms and conditions in the Plan) or business enterprise.

(ii) The Trust shall not acquire or hold any long-term debt securities unless (i) such securities are rated "Baa" or higher by Moody's, "BBB" or higher by S&P or have been given an equivalent investment grade rating by another nationally recognized statistical rating agency, or (ii) have been issued or fully guaranteed as to principal and interest by the United States of America or any agency or instrumentality thereof, or (iii) with respect to no more than ten percent (10%) of the total assets of the Trust, such securities are included in a diversified and managed portfolio or portfolios.

(iii) The Trust shall not acquire or hold for longer than 90 days any commercial paper unless such commercial paper is rated "Prime-1" or higher by Moody's or "A-1" or higher by S&P or has been given an equivalent rating by another nationally recognized statistical rating agency.

(iv) Excluding any securities issued by the Reorganized Debtor, the Trust shall not acquire or hold, directly or indirectly, any common or preferred stock or convertible securities, REITS, MLPs and Royalty Trusts ("Stocks") unless such Stock is included in a diversified and managed portfolio or portfolios. The Trust shall not acquire, directly or indirectly, more than forty percent (40%) of the Trust's total assets in such Stock Portfolios, or hold, directly or indirectly, more than forty-five (45%) of the Trust's total assets in such Stock Portfolios.

(v) Except as provided in Section 3.2(d) above, the Trust shall not acquire any securities or other instruments issued by any person (other than debt securities or other instruments issued or fully guaranteed as to principal and interest by the United States of America or any agency or instrumentality thereof) if, following such acquisition, the aggregate market value of all securities and instruments issued by such Person held by the Trust would exceed five percent of the aggregate value of the Trust estate. The Trust shall not hold any securities or other instruments issued by any Person (other than debt securities or other instruments issued or fully guaranteed as to principal and interest by the United States of America or any agency or instrumentality thereof and other than securities or other instruments

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of the Reorganized Debtor or any successor to the Reorganized Debtor) to the extent that the aggregate market value of all securities and instruments issued by such Person held by the Trust would exceed five percent of the aggregate value of the Trust Estate.

(vi) The Trust shall not acquire or hold any certificates of deposit unless all publicly held, long-term debt securities, if any, of the financial institution issuing the certificate of deposit and the holding company, if any, of which such financial institution is a subsidiary, meet the standards set forth in Subsection 3.2(b).

(vii) The Trust shall not acquire or hold any repurchase obligations unless, in the opinion of the Trustees, they are adequately collateralized.

(viii) The Trust shall not acquire or hold any options.

3.3 Source of Payments. All Trust Expenses and all liabilities with respect to Asbestos Related Claims shall be payable solely by the Trust out of the Trust Assets, Asbestos Insurance Settlements, the proceeds of Asbestos Insurance Policies and Net Recoveries. None of the Debtors, the Reorganized Debtor, the Indemnified Parties, their Affiliates, the Trustees, the Approving Entities, or any of their Affiliates, subsidiaries, successors in interest, present or former stockholders, directors, officers, employees or agents shall be liable for the payment of any Trust Expense or any other liability of the Trust.

3.4 Payment of Business Loss Allocation. Subject to the Trust's set-off rights, the Trust shall pay the Business Loss Allocation to the Reorganized Debtor from the Trust Assets in accordance with the terms of the Plan.

ARTICLE 4

TRUSTEES

4.1 Number. There shall be three Trustees. The Trustees shall be those persons named on the signature page hereof. On April 21, 2011, Stephen M. Snyder was designated as Managing Trustee, with the consent of the Approving Entities. All decisions of the Trustees must be by a majority vote of the Trustees, and where required herein, subject to the consent of the Approving Entities. In the event that the Trustees cannot agree, the dispute shall be resolved by the Bankruptcy Court.

4.2 Term of Service.

a) Each of the Trustees named pursuant to Section 4.1 shall serve until the earlier of (i) his or her death, (ii) his or her resignation pursuant to Subsection 4.2(c), (iii) his or her removal pursuant to Subsection 4.2(d), or (iv) the termination of the Trust pursuant to Section 7.2.

b) Each successor Trustee shall serve until the earlier of (i) his or her death, (ii) his or her resignation pursuant to Subsection 4.2(c), (iii) his or her removal pursuant to Subsection 4.2(d), or (iv) the termination of the Trust pursuant to Section 7.2.

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c) Any Trustee may resign at any time by written notice to each of the remaining Trustees, the Futures Representative, and the TAC. Such notice shall specify a date when such resignation shall take effect, which shall not be fewer than 90 days after the date such notice is given, where practicable.

d) Any Trustee may be removed in the event that such Trustee becomes unable to discharge his or her duties hereunder due to accident or physical or mental deterioration, or for other good cause. "Good cause" shall be deemed to include, without limitation, any substantial failure to comply with Section 2.2, a consistent pattern of neglect and failure to perform or participate in performing the duties of the Trustees hereunder, or repeated non-attendance at scheduled meetings. Such removal shall require the unanimous decision of the other Trustees. Such removal shall take effect at such time as the other Trustees shall determine.

4.3 **Appointment of Successor Trustee.**

a) In the event of a vacancy in the position of a Trustee, the vacancy shall be filled by the unanimous vote of the remaining Trustees (subject to the consent of the Approving Entities). If such vacancy has not been filled within 90 days, the matter shall, on application of the remaining Trustees, be submitted promptly to the Bankruptcy Court for resolution. In the event that more than one vacancy shall exist, the vacancies shall be filled by the remaining Trustee (if one should exist), subject to the consent of the Approving Entities, or if such vacancies have not been filled within 90 days, by the Bankruptcy Court on application of any of such persons.

b) Immediately upon the appointment of any successor Trustee, all rights, titles, duties, powers and authority of the predecessor Trustee hereunder shall be vested in, and undertaken by, the successor Trustee without any further act. No successor Trustee shall be liable personally for any act or omission of his or her predecessor Trustee.

4.4 **Liability of Trustees, Futures Representative and TAC.** Neither the Trustees, the Futures Representative, the TAC (or any member of the TAC), nor any of their respective Agents, shall be liable to the Trust, to any person holding an Asbestos Related Claim, or to any other Person, except for such individual's or entity's own breach of trust committed in bad faith or willful misappropriation. Neither the Trustees, the Futures Representative, the TAC (or any member of the TAC), nor any of their respective Agents, shall be liable for any act or omission of any Agent of the Trust, the Futures Representative, the TAC (or any member of the TAC), unless the Trustees, the Futures Representative, the TAC (or any member of the TAC), respectively, acted with bad faith in the selection or retention of such Agent.

4.5 **Compensation and Expenses of Trustees.**

a) Each of the Trustees shall receive compensation from the Trust for his or her services as Trustee in the amount of $40,000 per annum; each of the non-managing Trustees shall be compensated at the rate of $500 per hour spent at an official meeting of the Trustees, an official trip of the Trustees, or dedicated to Trust business; and the managing Trustee shall be compensated at the rate of $600 per hour spent at an official meeting of the Trustees, an official trip of the Trustees, or dedicated to Trust business. The Trustees shall record all hourly time to

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be charged to the Trust on a daily basis. The structure and amounts of the Trustee compensation will be reviewed by the Trustees, the TAC and the Futures Representative annually, and may be adjusted upon the recommendation of the Trustees with the consent of the Approving Entities.

b) The Trust will promptly reimburse the Trustees for all reasonable out-of-pocket costs and expenses incurred by the Trustees in connection with the performance of their duties hereunder.

c) The Trust will include a description of the amounts paid under this Section 4.5 in the report to be filed pursuant to Subsection 2.2(c)(i) of this Trust Agreement.

4.6 Indemnification of Trustees and Additional Indemnitees.

a) The Trust shall indemnify and defend the Trustees, the Trust's officers, and the Trust's employees to the fullest extent that a corporation or trust organized under the laws of the Trust's situs is from time to time entitled to indemnify and defend its directors, trustees, officers and employees against any and all liabilities, expenses, claims, damages or losses incurred by them in the performance of their duties hereunder. Notwithstanding the foregoing, the Trustees shall not be indemnified or defended in any way for any liability, expense, claim, damage or loss for which they are ultimately liable under Section 4.4.

b) Additionally, the Committee, the Futures Representative, the TAC, the Indemnified Parties and each of their respective Agents, who was or is a party, or is threatened to be made a party to any threatened or pending judicial, administrative or arbitrative action, by reason of any act or omission of such Committee, the Futures Representative, the TAC, the Indemnified Parties and their respective Agents, with respect to (i) the Reorganization Case and any act or omission with respect thereto undertaken by them prior to the commencement thereof, (ii) the liquidation of any Asbestos Related Claims, (iii) the administration of the Trust and the implementation of the TDP, or (iv) any and all activities in connection with the Trust Agreement, shall be indemnified and defended by the Trust, to the fullest extent that a corporation or trust organized under the laws of the Trust's situs is from time to time entitled to indemnify and defend its officers, directors, trustees and employees, against reasonable expenses, costs and fees (including attorneys' fees and costs), judgments, awards, amounts paid in settlement and liabilities of all kinds incurred by the Committee, the Futures Representative, the TAC, the Indemnified Parties, and their respective members, professionals, officers, and directors, in connection with or resulting from such action, suit or proceeding, if he or she acted in good faith.

c) Reasonable expenses, costs and fees (including attorneys' fees and costs) incurred by or on behalf of the Trustees, the Committee, the Futures Representative, the TAC, the Protected Parties (other than the Settling Asbestos Insurers), and their respective Agents in connection with any action, suit or proceeding, whether civil, administrative or arbitrative, from which they are indemnified by the Trust pursuant to Subsection 4.7(a), shall be paid by the Trust in advance of the final disposition thereof upon receipt of an undertaking, by or on behalf of the party seeking indemnity to repay such amount in the event that it shall be determined ultimately by Final Order that the party seeking indemnity is not entitled to be indemnified by the Trust.

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d) The Trustees shall have the power, generally or in specific cases, to cause the Trust to indemnify the Agents of the Trust to the same extent as provided in this Section 4.6 with respect to the Trustees.

e) Any indemnification under Subsection 4.7(c) of this Trust Agreement shall be made by the Trust upon a determination by the Trustees that indemnification of such Person is proper in the circumstances.

f) The Trustees may purchase and maintain reasonable amounts and types of insurance on behalf of an individual who is or was a Trustee, an Agent of the Trust, a member of the Committee, the Futures Representative, a member of the TAC, a Protected Party (other than a Settling Asbestos Insurer), and their respective Agents against liability asserted against or incurred by such individual in that capacity or arising from his or her status as such.

4.7 Trustees' Lien. The Trustees, the Committee, the Futures Representative, the TAC, the Protected Parties (other than the Settling Asbestos Insurers), and their respective Agents shall have a first priority lien upon the Trust Assets to secure the payment of any amounts payable to them pursuant to Sections 4.5, 5.5, 6.6, and 6.7.

4.8 Trustees' Employment of Experts. The Trustees may, but shall not be required to, retain or consult with counsel, accountants, appraisers, auditors and forecasters, and other parties deemed by the Trustees to be qualified as experts on the matters submitted to them and the opinion of any such parties on any matters submitted to them by the Trustees shall be full and complete authorization and protection in respect of any action taken or not taken by the Trustees hereunder in good faith and in accordance with the written opinion of any such party.

4.9 Trustees' Independence. No Trustee shall, during the term of his or her service, hold a financial interest in, act as attorney or agent for, or serve as any other professional for the Reorganized Debtor. Notwithstanding the foregoing, the Trustees may serve as officers or directors of any of the Reorganized Debtor. No Trustee shall act as an attorney for any person who holds an Asbestos Related Claim.

4.10 Bond. The Trustees shall not be required to post any bond or other form of surety or security unless otherwise ordered by the Bankruptcy Court.

ARTICLE 5

THE FUTURES REPRESENTATIVE

5.1 Duties. The Futures Representative shall serve in a fiduciary capacity representing the interests of the future asbestos claimants for the purpose of protecting the rights of persons who might subsequently assert Asbestos Injury Demands. The Trustees must consult with the Futures Representative on matters identified in Subsection 2.2(e), must obtain the consent of the Futures Representative on matters identified in Subsection 2.2(f), and may consult with the Futures Representative on any matter affecting the Trust. Where provided in this Trust Agreement, the TDP or the Matrix, certain actions of the Trustees are subject to the consent of the Futures Representative.

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5.2 Term of Office.

a) The Futures Representative shall serve until the earlier of (i) his or her death, (ii) his or her resignation pursuant to Subsection 5.2(b), (iii) his or her removal or (iv) the termination of the Trust pursuant to Section 7.2.

b) The Futures Representative may resign at any time by written notice to the Trustees. Such notice shall specify a date when such resignation shall take effect, which shall not be fewer than 90 days after the date such notice is given, where practicable.

c) The Futures Representative may be removed in the event he or she becomes unable to discharge his or her duties hereunder due to accident, physical deterioration, mental incompetence, or a consistent pattern of neglect and failure to perform or to participate in performing the duties hereunder, such as repeated non-attendance at scheduled meetings. Such removal shall be made by the unanimous decision of the Trustees.

5.3 Appointment of Successor. A vacancy caused by resignation shall be filled with an individual nominated by the Futures Representative. A vacancy for any other reason, or in the absence of a nomination by the Futures Representative, shall be filled with an individual selected by majority vote of the Trustees. The successor Futures Representative shall, in either case, be subject to Bankruptcy Court approval.

5.4 Futures Representative's Employment of Professionals. The Futures Representative may retain or consult with counsel, accountants, appraisers, auditors, forecasters, asbestos experts and other parties deemed by the Futures Representative to be qualified as experts on matters submitted to them, and the opinion of any such parties on any matters submitted to them shall be full and complete authorization and protection in support of any action taken or not taken by the Futures Representative hereunder in good faith and in accordance with the written opinion of any such party, and in the absence of gross negligence. The Futures Representative and his or her experts shall at all times have complete access to the Trust's officers, employees and agents, and the accountants, appraisers, auditors, forecasters, and other experts retained by the Trust, as well as information generated by them or otherwise available to the Trust or Trustees.

5.5 Compensation and Expenses of the Futures Representative.

a) The Futures Representative shall receive compensation from the Trust for his or her services as the Futures Representative at his or her current hourly rate; Such rate shall be subject to an annual review and adjustment by the Trustees with the consent of the TAC.

b) The Trust will promptly reimburse, or pay directly if so instructed, the Futures Representative for all reasonable out-of-pocket costs and expenses, including fees and costs associated with employment of professionals pursuant to Section 5.4 and the procurement and maintenance of insurance incurred by the Futures Representative in connection with the

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performance of his or her duties hereunder and his or her duties in connection with the formulation, negotiation, and Confirmation of the Plan. Such reimbursement or direct payment shall be deemed a Trust Expense.

5.6 Procedure for Obtaining Consent of the Futures Representative.

a) In the event the consent of the Futures Representative is required pursuant to the terms hereof or of the TDP, the Trustees shall promptly provide the Futures Representative and his or her counsel with notice and with all information regarding the matter in question.

b) The Futures Representative must consider in good faith and in a timely fashion any request by the Trustees and may not withhold his or her consent unreasonably. If the Futures Representative does not notify the Trustees of his or her objection to such request within 30 days after receiving notice and information regarding such request, then the Future Representative shall be deemed to have objected to the request and the procedures set forth in Section 5.7 shall be followed.

5.7 Lack of Consent of the Futures Representative. In the event the Trustees are unable to obtain the consent of the Futures Representative to any action or decision for which consent is required after following the procedure set forth in Section 5.6 of this Trust Agreement, or if the Trustees and the Futures Representative are unable to reach agreement on any matter on which such consent is required, the matter shall be submitted promptly to alternative dispute resolution if mutually agreeable to the Trustees and the Futures Representative. If the disagreement is not resolved by alternative dispute resolution, the Trustees may apply to the Bankruptcy Court on an expedited basis for approval of such action or decision, and only if such approval is given by the Bankruptcy Court by entry of an appropriate order, shall the Trustees have the authority to implement such action or decision without the Futures Representative's consent.

ARTICLE 6

TRUST ADVISORY COMMITTEE

6.1 Members. The TAC shall consist of five (5) members. The initial TAC members shall be Alan R. Brayton, Ron C. Eddins, David McClain, Jerry Neil Paul, and David A. Rosen. Alan R. Brayton has been elected Chair of the TAC by its members with authority to execute all Trust-related documents on their behalf.

6.2 Duties. The TAC shall serve in a fiduciary capacity representing all holders of Asbestos Related Claims (excluding, however, holders of Asbestos Injury Demands). The Trustees must consult with the TAC on matters identified in Subsection 2.2(e), must obtain the consent of the TAC on matters identified in Subsection 2.2(f), and may consult with the TAC on any matter affecting the Trust. Where provided in this Trust Agreement or the TDP, certain actions by the Trustees are subject to the consent of the TAC.

6.3 Term of Office.

a) Each member of the TAC shall serve until the earlier of (i) his or her death, (ii) his or her resignation pursuant to Section 6.3(b) below, (iii) his or her removal pursuant to Section 6.3(c) below, or (iv) the termination of the Trust pursuant to Section 7.2 below.

b) A member of the TAC may resign at any time by written notice to the other members of the TAC, the Trustees and the Futures Representative. Such notice shall specify a date when such resignation shall take effect, which shall not be less than ninety (90) days after the date such notice is given, where practicable.

c) A member of the TAC may be removed in the event that he or she becomes unable to discharge his or her duties hereunder due to accident, physical deterioration, mental incompetence, or a consistent pattern of neglect and failure to perform or to participate in performing the duties of such member hereunder, such as repeated non-attendance at scheduled meetings, or for other good cause. Such removal shall be made at the recommendation of the remaining members of the TAC with the approval of the Bankruptcy Court.

6.4 Appointment of Successor. A vacancy caused by resignation shall be filled with an individual nominated by the remaining members of the TAC. A vacancy for any other reason, or in the absence of a nomination by the remaining members of the TAC, shall be filled with an individual selected by majority vote of the Trustees. The successor TAC member shall, in either case, be subject to Bankruptcy Court approval.

6.5 TAC's Employment of Professionals. The TAC may retain or consult with counsel, accountants, appraisers, auditors, forecasters, asbestos experts and other parties deemed by the TAC to be qualified as experts on matters submitted to them, and the opinion of any such parties on any matters submitted to them shall be full and complete authorization and protection in support of any action taken or not taken by the TAC hereunder in good faith and in accordance with the written opinion of any such party, and in the absence of gross negligence. The TAC and its experts shall at all times have complete access to the Trust's officers, employees and agents,

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and the accountants, appraisers, auditors, forecasters, and other experts retained by the Trust, as well as information generated by them or otherwise available to the Trust or Trustees.

6.6 Compensation and Expenses of TAC Members.

(a) Each of the TAC members or their representatives shall receive compensation from the Trust by the payment of hourly fees for each of the following tasks, which are hereinafter called the "TAC Trust Tasks":

(i) Attendance at meetings of the Trustees.

(ii) Performance of tasks requested to be performed by the Managing Trustee that the Managing Trustee believes benefits or has benefited the Trust, as opposed to individual client or clients of the member of the TAC.

(b) Each of the TAC members and/or their representatives shall each be compensated as a Trust Expense at the rate of $500 per hour for an official meeting of the Trustees, or on an official trip of the Trustees, or in the performance of any other TAC Trust Task. The TAC members shall record all hourly time to be charged to the Trust on a daily basis.

(c) The Managing Trustee may, at his or her discretion, pay any invoices from members of the TAC or their representatives in aggregate amounts of up to $25,000 in any month that such Managing Trustee believes are appropriate under these resolutions without the necessity of further approval of the Trustees.

The structure and amounts of the TAC compensation will be reviewed by the Trustees, the TAC and the Futures Representative annually.

6.7 Reimbursement of TAC Expenses. The Trust will promptly reimburse, or pay directly if so instructed, each TAC member for all reasonable out-of-pocket costs and expenses, including fees and costs associated with employment of professionals pursuant to Section 6.4 and the procurement and maintenance of insurance incurred by the TAC or any TAC member in connection with the performance of its or his or her duties hereunder. Such reimbursement or direct payment shall be deemed a Trust Expense.

6.8 Procedure for Obtaining Consent of the TAC.

a) In the event the consent of the TAC is required pursuant to the terms hereof or of the TDP, the Trustees shall promptly provide the TAC and, if requested by the TAC, its counsel with notice and with all information regarding the matter in question.

b) The TAC must consider in good faith and in a timely fashion any request by the Trustees, and the TAC may not withhold its consent unreasonably. If the TAC does not notify the Trustees of its objection to such request within 30 days after receiving notice and information regarding such request, then the TAC shall be deemed to have objected to the request and the procedures set forth in Section 6.9 shall be followed.

6.9 Lack of Consent of the TAC. In the event the Trustees are unable to obtain the consent of the TAC for any action or decision for which consent of the TAC is required, after following the procedure set forth in Section 6.8 of this Trust Agreement, or if the Trustees and the TAC are unable to reach agreement on any matter on which the TAC's consent is required, then the matter shall be submitted promptly to alternative dispute resolution if mutually agreeable to the Trustees and the TAC. If the disagreement is not resolved by alternative dispute resolution, the Trustees may apply to the Bankruptcy Court on an expedited basis for approval of such action or decision, and only if such approval is given by the Bankruptcy Court by entry of an appropriate order shall the Trustees have the authority to implement such action or decision without the TAC's consent.

ARTICLE 7

GENERAL PROVISIONS

7.1 Irrevocability. The Trust is irrevocable.

7.2 Termination.

a) The Trust shall automatically terminate on the date 90 days after the first to occur of the following events:

(i) the Trustees in their discretion decide to terminate the Trust because (A) they deem it unlikely that new Asbestos Related Claims will be filed or served against the Trust and (B) all Asbestos Related Claims duly filed with the Trust have been resolved and paid to the extent provided in this Trust Agreement and the TDP, to the extent possible based upon the funds available through the Plan, and twelve (12) consecutive months have elapsed during which no new Asbestos Related Claim has been filed with the Trust; or

(ii) if the Trustees have procured and have in place irrevocable insurance policies and have established claims handling agreements and other necessary arrangements with suitable third parties adequate to discharge all expected remaining obligations and expenses of the Trust in a manner consistent with this Trust Agreement and the TDP, the date on which the Bankruptcy Court enters an order approving such insurance and other arrangements and such order becomes a Final Order.

b) Upon the termination of the Trust, after payment of all the Trust's liabilities have been provided for, all monies remaining in the Trust estate shall be used to adjust the Funds Received Ratio and distributed to claimants who are still entitled to receive distributions from the Trust pursuant to Section 2.3 of the TDP.

7.3 Amendments. The Trustees, after consultation with the Approving Entities, and subject to the consent of the Approving Entities where so provided, may modify or amend this Trust Agreement or any document annexed to it, including, without limitation, the Trust Bylaws or the TDP. Any modification or amendment made pursuant to this Section must be done in writing. Notwithstanding anything contained in this Trust Agreement to the contrary, none of this Trust Agreement, the Trust Bylaws, the TDP, nor any document annexed to the foregoing shall be modified or amended in any way that could jeopardize, impair or modify the

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applicability of section 524(g) of the Bankruptcy Code, the indemnification provisions of this Trust Agreement, the efficacy or enforceability of the Injunctions or the Trust's qualified settlement fund status.

7.4 Severability. Should any provision in this Trust Agreement be determined to be unenforceable, such determination shall in no way limit or affect the enforceability and operative effect of any and all other provisions of this Trust Agreement.

7.5 Notices. Notices to persons asserting claims shall be given at the address of such person, or, where applicable, such person's Futures Representative, in each case as provided on such person's claim form submitted to the Trust with respect to his or her or its Asbestos Related Claim.

Any notices or other communications required or permitted hereunder shall be in writing and delivered at the addresses designated below, or sent by telex, telecopy or facsimile pursuant to the instructions listed below, or mailed by registered or certified mail, return receipt requested, postage prepaid, addressed as follows, or to such other address or addresses as may hereafter be furnished by any party to whom such notice is directed to the other parties listed herein in compliance with terms hereof.

To the Trust through the Trustees:

Thorpe Insulation Company Asbestos
Settlement Trust
P.O. Box 3413
Reno, NV 89505
ATTN: Dr. Sandra R. Hernandez
ATTN: John F. Luikart
ATTN: Stephen M. Snyder, Esq.
Facsimile No. 775.325.6200

with a copy to:
Jones Vargas
100 West Liberty St., Twelfth Floor
Reno, NV 89501
ATTN: John P. Sande, III
Facsimile No. 775.786.1177

with a copy to:
Sara Beth Brown
Thorpe Insulation Settlement Trust
100 West Liberty Street, Suite 740
Reno, NV 89501
Facsimile No. 775.325.6200

To the Futures Representative:

The Honorable Charles B. Renfrew (Ret.)
710 Sansome Street
San Francisco, CA 94111
Facsimile No. 415.397.7188

with a copy to:
Gary S. Fergus
Fergus, A Law Firm
595 Market Street, Suite 2430
San Francisco, CA 94105
Facsimile No. 415.537.9038

To the TAC through its Chair:

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Alan R. Brayton
Brayton Purcell, LLP
222 Rush Landing Road
Novato, CA 94948-6169
Facsimile No. 415.898.1247

To Reorganized Debtor Pacific Insulation Company:
2741 South Yates Avenue
Los Angeles, California 90040
ATTN: Robert Fults
Facsimile No. 323.728.5489

with a copy to:
John A. Lapinski
Clark & Trevithick
800 Wilshire Boulevard, 12th Floor
Los Angeles, California 90017
Facsimile No. 213.624.9441

All such notices and communications if mailed shall be effective when physically delivered at the designated addresses or, if electronically transmitted, when the communication is received at the designated addresses and confirmed by the recipient by return electronic transmission.

7.6 **Successors and Assigns.** The provisions of this Trust Agreement shall be binding upon and inure to the benefit of the Reorganized Debtor, the Trust, and the Trustees and their respective successors and assigns, except that none of the Reorganized Debtor, or the Trust, nor any Trustee may assign or otherwise transfer any of its, his or her rights or obligations under this Trust Agreement except, in the case of the Trust and the Trustees, as contemplated by Section 2.1.

7.7 **Entire Agreement; No Waiver.** The entire agreement of the parties relating to the subject matter of this Trust Agreement is contained herein and in the documents referred to herein, and this Trust Agreement and such documents supersede any prior oral or written agreements concerning the subject matter hereof. No failure to exercise or delay in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege hereunder preclude any further exercise thereof or of any other right, power or privilege. The rights and remedies herein provided are cumulative and are not exclusive of rights under law or in equity.

7.8 **Headings.** The headings used in this Trust Agreement are inserted for convenience only and neither constitute a portion of this Trust Agreement, nor in any manner affect the construction of the provisions of this Trust Agreement.

7.9 **Governing Laws; Submission to Jurisdiction.** This Trust Agreement shall be governed by, and construed in accordance with, the laws of the State of Nevada without regard to Nevada's conflict of laws principles. The Trust is subject to the continuing jurisdiction of the Bankruptcy Court.

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7.10 Dispute Resolution. Any disputes that arise under this Trust Agreement or under the annexes hereto shall be resolved by the Bankruptcy Court pursuant to the Plan, except as otherwise provided herein or in the annexes hereto. Notwithstanding anything else herein contained, to the extent any provision of this Trust Agreement is inconsistent with any provision of the Plan, the Plan shall control.

7.11 Enforcement and Administration. The provisions of this Trust Agreement and the annexes hereto shall be enforced by the Bankruptcy Court pursuant to the Plan. The parties hereby further acknowledge and agree that the Bankruptcy Court shall have exclusive jurisdiction over the settlement of the accounts of the Trustees.

7.12 Effectiveness. This Trust Agreement shall not become effective until it has been executed and delivered by all the parties hereto.

7.13 Counterpart Signatures. This Trust Agreement may be executed in any number of counterparts, each of which shall constitute an original, but such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties have executed this Sixth Amendment to and Complete Restatement of Thorpe Insulation Company Asbestos Settlement Trust Agreement this 18th day of November, 2011.

TRUSTEES:

By: _____
Dr. Sandra R. Hernandez M.D.

By: _____
John F. Luikart

By: _____
Stephen M. Snyder, Esq.

FUTURES REPRESENTATIVE:

By: _____
The Honorable Charles B. Renfrew (Ret.)

TRUST ADVISORY COMMITTEE:

By: _____
Alan R. Brayton
Its: Chair

EXHIBIT 7

568838v.2

THIRD AMENDMENT TO AND COMPLETE RESTATEMENT OF THORPE INSULATION COMPANY ASBESTOS PERSONAL INJURY SETTLEMENT TRUST DISTRIBUTION PROCEDURES

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THIRD AMENDMENT TO AND COMPLETE RESTATEMENT OF THORPE INSULATION COMPANY ASBESTOS PERSONAL INJURY SETTLEMENT TRUST DISTRIBUTION PROCEDURES

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THIRD AMENDMENT TO AND COMPLETE RESTATEMENT OF THORPE INSULATION COMPANY ASBESTOS PERSONAL INJURY SETTLEMENT TRUST DISTRIBUTION PROCEDURES

The Thorpe Insulation Company Asbestos Personal Injury Settlement Trust Distribution Procedures ("TDP") contained herein provide for satisfying all asbestos-related personal injury and death claims ("Asbestos Claims") caused by conduct of, and/or exposure to asbestos-containing products for which, Thorpe Insulation Company and/or Pacific Insulation Company (collectively, "Thorpe"), its predecessors, successors, and assigns have legal responsibility (hereinafter for all purposes of this TDP defined as "Trust Claims"), as provided in and required by the Thorpe Insulation Company Plan of Reorganization ("Plan") and the Thorpe Insulation Company Asbestos Personal Injury Settlement Trust Agreement ("Trust Agreement"). The Plan and Trust Agreement establish The Thorpe Insulation Company Asbestos Personal Injury Settlement Trust ("Trust"). The Trustees of the Trust ("Trustees") shall implement and administer this TDP in accordance with the Trust Agreement. Capitalized terms used herein and not otherwise defined shall have the meanings assigned to them in the Plan.

SECTION I

Introduction

1.1 Purpose. This TDP has been adopted pursuant to the Trust Agreement. It is designed to provide fair and equitable treatment for all Trust Claims that may presently exist or may arise in the future in substantially the same manner.

1.2 Interpretation. Except as expressly provided below, nothing in this TDP shall be deemed to create a substantive right for any claimant. The rights and benefits expressly provided herein to holders of Trust Claims shall vest in such holders as of the Effective Date.

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SECTION II

Overview

2.1 Trust Goals. The goal of the Trust is to treat all similarly situated claimants, present and future, equitably. This TDP furthers that goal by setting forth procedures for processing and paying Trust Claims generally on an impartial, first-in-first-out ("FIFO") basis, with the intention of paying all claimants over time as equivalent a share as possible of the Thorpe several share of the value of their claims based on the level of settlements, verdicts or judgments historically received for substantially similar claims litigated under state tort law (the "Tort System"). To this end, the TDP establishes for unliquidated claims in the Case Valuation Matrix ("Matrix"), attached hereto as Appendix I, a schedule of five asbestos-related diseases ("Compensable Diseases"), which have presumptive medical and exposure requirements ("Medical/Exposure Criteria"), criteria for establishing liquidated values ("Matrix Values"), anticipated average values ("Average Values"), and caps on liquidated values ("Maximum Values"). The Compensable Diseases, Medical/Exposure Criteria, Matrix Values, Average Values and Maximum Values, which are set forth in the attached Matrix, have all been selected and derived with the intention of achieving a fair allocation of the Trust funds as among claimants suffering from different disease processes in light of the best available information, considering the settlement, verdict and/or judgments that claimants would receive in the Tort System for the Thorpe several share absent the bankruptcy. The TDP also provides mechanisms for the treatment and payment of Liquidated Claims.

2.2 Trust Claim Liquidation Procedures. Trust Claims shall be processed based on their place in the FIFO Processing Queue to be established pursuant to Section 5.3 below. The Trust shall liquidate all Trust Claims that meet the presumptive Medical/Exposure Criteria in accordance with the Matrix. Claims that do not meet the presumptive Medical/Exposure

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Criteria for the relevant Compensable Disease may undergo the Trust's Individual Review Process described in the Matrix. In such a case, notwithstanding that the claim does not meet the presumptive Medical/Exposure Criteria for the relevant Compensable Disease, the Trust can offer the claimant an amount up to the Average Value as defined in the Matrix of that Compensable Disease if the Trust is satisfied that the claimant has presented a claim that would be cognizable, valid and compensable in the Tort System.

All unresolved disputes over a claimant's medical condition, exposure history and/or the liquidated value of the claim shall be subject to binding or non-binding arbitration, at the election of the claimant, under the Arbitration Rules. Disputes with the Trust that cannot be resolved by non-binding arbitration may enter the Tort System as provided in Sections 5.9 and 7.3 below. However, if and when a claimant obtains a judgment in the Tort System, the judgment will be payable (subject to the Funds Received Ratio, Maximum Annual Payment, Company Category Claims Payment Ratio and Disease Category Claims Payment Ratio provisions set forth below) as provided in Section 7.4 below.

2.3 Trust Application of the Funds Received Ratio. The Debtor, through the Trust and this TDP, is liable to pay to full amount of the liquidated value of all Trust Claims. The Trust will pay as much of the liquidated value of each Trust Claim as is possible, as described in more detail in section 4.2 below, taking into consideration the net funds received by the Trust to date from all sources ("Funds Received"), including payments by those insurers of Debtors that have settled the Coverage Litigation and paid their share of Debtors' liability, the anticipated present value of future Trust Claims, income taxes, inflation, the anticipated cost of Trust administration and the anticipated return on Trust investments. The Initial Funds Received Ratio will be set by the Trust, with the consent of the TAC and Futures Representative, once the Trust has collected sufficient assets to make the expense and burden on claimants of a distribution

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worthwhile. The Funds Received Ratio will be calculated on the assumption that the Matrix's Average Values will be achieved with respect to existing present claims liquidated under the Matrix and projected future claims.

Upon receipt of additional funds from Debtors' other insurers, the Trust shall review the Funds Received Ratio to determine if there are sufficient funds to adjust that ratio. The Funds Received Ratio shall be adjusted upwards or downwards from time to time by the Trust with the consent of the TAC (as defined in Section 3.1 below) and the Futures Representative (as defined in Section 3.1 below) to reflect then-current estimates of the fair market value of the Trust's assets and the net present value of its liabilities, as well as the estimated value of then-pending and future claims. However, any adjustment to the initial Funds Received Ratio shall be made only pursuant to Section 4.2 below. When the Funds Received Ratio is increased as Debtors' other insurers pay their share of Debtors' liability, claimants who have previously been paid by the Trust will receive a proportional additional payment unless the Trust with consent of the TAC and the Futures Representative concludes that the amount is so modest and the administrative costs and burdens are so great in comparison to the benefits to claimants that such additional payments shall be omitted or deferred. A claimant may only participate in such additional payments which have been approved pursuant to Section 4.2 on or before the later of the following dates: (1) The fifteenth anniversary of the Trust's first payment to the claimant; or (2) the tenth anniversary of the resolution of the Coverage Litigation. If it becomes relevant, the date of resolution of the Coverage Litigation will be determined by the Trust with the consent of the TAC and the Futures Representative.

2.4 Trust's Determination of the Maximum Annual Payment. At any given time and based upon the Funds Received, the Trust shall estimate or model the amount of cash flow anticipated to be necessary over its entire life to ensure that funds will be available to treat all

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present and future claimants as similarly as possible. In each year, the Trust will be empowered to pay out all of the interest earned during the year, together with a portion of its principal, calculated so that the application of Trust funds over its life shall correspond with the needs created by the anticipated flow of claims (the "Maximum Annual Payment"). The Trust's distributions to claimants for that year shall not exceed the Maximum Annual Payment determined for that year; provided, however, that the Maximum Annual Payment limitation shall not apply to any Pre-Petition Liquidated Claims as defined in Section 5.2(a) below because those amounts are known and have already been taken into account in the projected cash flow.

2.5 Trust Claims Disease Category Claims Payment Ratio. Based upon Thorpe's claim settlement history and analysis of present and future claims, a Disease Category Claims Payment Ratio is hereby established. The Trust's determination of the anticipated number and value of future asbestos claims incorporates the historical disease payment ratio. If there is a material deviation from the historical Disease Category Claims Payment Ratio in the actual Trust Claims received by the Trust, there could be an adverse impact on future asbestos claimants as a whole. The Trust, with the consent of the TAC and the Futures Representative, will set the Disease Category Claims Payment Ratio for "Category A" claims, which consist of Trust Claims involving malignant claims that were unliquidated as of the Petition Date, and for "Category B" claims, which are Trust Claims involving non-malignant claims that were similarly unliquidated as of the Petition Date.

In each year, after the determination of the Maximum Annual Payment, the Disease Category Claims Payment Ratio for each category multiplied by the Maximum Annual Payment amount shall be available to pay the respective Disease Category Claims that have been liquidated since the Petition Date.

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In the event there are insufficient funds in any year to pay the liquidated claims in a Disease Category, the available funds within the particular Disease Category shall be paid to the maximum extent to claimants in the particular Disease Category based on their place in the FIFO Payment Queue described in Section 5.3(c) below based upon the date of claim liquidation. Claims for which there are insufficient funds will be carried to the next year where they will be placed at the head of the FIFO Payment Queue. If there are excess funds in either or both Disease Category, because there was an insufficient amount of liquidated claims to exhaust the respective Maximum Annual Payment amount for that Disease Category, then the excess funds for either or both Disease Categories will be rolled over and remain dedicated to the respective Disease Category to which they were originally allocated.

The number and value of the Pre-Petition Liquidated Claims are known and have already been taken into account in determining the Trusts liabilities and cash flow. Thus, the Disease Category Claims Payment Ratios shall not apply to any Pre-Petition Liquidated Claims.

2.6 Adjustments to Forecast. The Trustees, with the consent of the TAC and the Futures Representative, may in a particular year conform the Disease Category Claims Payment Ratio to the revised estimates of future claims by a qualified expert subject to the Fundamental Adjustments described below.

2.7 Fundamental Adjustments. The Disease Category Claims Payment Ratio and its rollover provisions shall be continued absent circumstances, such as a significant change in law or medicine, necessitating amendment to avoid manifest injustice ("Fundamental Adjustment"). The accumulation, rollover and subsequent delay of claims resulting from application of the Disease Category Claims Payment Ratio, shall not, in and of itself, constitute such circumstances, nor may an increase in the numbers of Disease Category B claims beyond those predicted or expected be considered as a factor in deciding whether to reduce the

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percentage allocated to Disease Category A. In considering whether to make any Fundamental Adjustment to the Disease Category Claims Payment Ratio and/or its rollover provisions, the Trustees should also consider the reasons for which the Disease Category Claims Payment Ratio and its rollover provisions were adopted, the settlement history that gave rise to its calculation, and the foreseeability or lack of foreseeability of the reasons why there would be any need to make a Fundamental Adjustment. In that regard, the Trustees should keep in mind the interplay between the Funds Received Ratio and the Disease Category Claims Payment Ratio as it affects the net cash available at any given time to pay to claimants. In any event, no Fundamental Adjustment to the Disease Category Claims Payment Ratio may be made without the consent of the TAC and the Futures Representative pursuant to the consent process set forth in Section 2.2(f) of the Trust Agreement. However the Trustees may offer the option of a reduced payment to either Disease Category for any or all Company Categories in return for prompter payment (the "Reduced Payment Option"), after first obtaining the consent of the TAC and the Futures Representative as described above.

2.8 Trust Indemnity and Contribution Claims. As set forth in Section 5.6 below, Trust Claims for indemnity and contribution (if any) will be subject to the same categorization, evaluation, and payment provisions of this TDP as all other Trust Claims.

SECTION III

TDP Administration

3.1 Trust Advisory Committee and Futures Representative. Pursuant to the Plan and the Trust Agreement, this TDP will be administered by the Trustees in consultation with a five-member Trust Advisory Committee ("TAC"), that represents the interests of holders of present Trust Claims, and a Legal Representative for Future Asbestos-Related Claimants ("Futures Representative"), who represents the interests of holders of Trust Claims that will be

asserted in the future. The Trustees shall obtain the consent of the TAC and the Futures Representative to any amendments to these Procedures pursuant to Section 8.1 below, and to such other matters as are otherwise required below and in Section 2.2(f) of the Trust Agreement. The Trustees shall also consult with the TAC and the Futures Representative on such matters as are provided below and in Section 2.2(e) of the Trust Agreement. The initial members of the TAC and the initial Futures Representative are identified in the Trust Agreement.

3.2 Consent and Consultation Procedures. In those circumstances in which consultation or consent is required, the Trustees will provide written notice to the TAC and the Futures Representative of the specific amendment or other action that is proposed. The Trustees will not implement such amendment nor take such action unless and until the parties have engaged in the consultation process described in Section 2.2(e), or the Consent Process described in Sections 5.6 and 6.6 and if necessary, 5.7 and 6.7 of the Trust Agreement.

SECTION IV

Funds Received Ratio; Periodic Evaluations

4.1 Uncertainty of Thorpe's Asbestos Claim Liabilities. As discussed above, there is inherent uncertainty regarding Thorpe's total Asbestos Claim liabilities, as well as the total value of the Funds Received available to pay such claims. Consequently, there is inherent uncertainty when or if the Trust will be able to pay the full amount of the liquidated amount of Trust Claims. To seek to ensure substantially equivalent treatment of all present and future claims, the Trustees must determine from time to time the Funds Received Ratio of the full liquidated value that holders of Trust Claims will be likely to receive absent receipt of additional payments on behalf of the Debtors for Debtors' liability to pay the full liquidated value, as described in Section 2.3 above and Section 4.2 below.

4.2 Computation of Funds Received Ratio. The Initial Funds Received Ratio will be set by the Trust, with the consent of the TAC and Futures Representative, once the Trust has collected sufficient assets to make the expense and burden on claimants of a distribution worthwhile. The Funds Received Ratio will be calculated on the assumption that the Matrix's Average Values will be achieved with respect to existing present claims liquidated under the Matrix and projected future claims. The Funds Received Ratio shall be revised if and when material additional funds are received, subject to the terms of this TDP and the Trust Agreement. In addition, the Funds Received Ratio shall be revised if the Trustees determine, with consent of the TAC and the Futures Representative, that an adjustment is required. Commencing on the first day of January, after the Plan has been Confirmed, the Trustees shall reconsider the then applicable Funds Received Ratio to assure that it is based on accurate current information and may, after such reconsideration, change the Funds Received Ratio if necessary with the consent of the TAC and the Futures Representative. Thereafter, no less frequently than once every three years, commencing with the first day of January occurring after the Plan is consummated, the Trustees shall reconsider the then applicable Funds Received Ratio to assure that it is based on accurate, current information and may, after such reconsideration, change the Funds Received Ratio if necessary with the consent of the TAC and the Futures Representative. The Trustees shall also reconsider the then applicable Funds Received Ratio at shorter intervals if they deem such reconsideration to be appropriate or if requested to do so by the TAC or the Futures Representative. The Trustees must base their determination of the Funds Received Ratio on Funds Received, the current estimates of the number, types, and values of present and future Trust Claims, the value and liquidity of the assets then available to the 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 the full

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value of liquidated claims to all holders of Trust Claims. When making these determinations, the Trustees shall exercise common sense and flexibly evaluate all relevant factors. The Funds Received Ratio applicable to one category of claims may not be reduced to alleviate delays in another category claims' payments caused by a backlog in that category. All claims will receive the same Funds Received Ratio then in effect at the time of payment subject to provisions of Section 4.3.

4.3 Applicability of the Funds Received Ratio. No holder of a Trust Claim shall receive a payment that exceeds the Trust's determination of the then existing Funds Received Ratio unless a Reduced Payment Option applies. If a redetermination of the Funds Received Ratio has been proposed in writing by the Trustees to the TAC and the Futures Representative but has not yet been adopted, the claimant shall receive the lower of the current Funds Received Ratio or the proposed Funds Received Ratio. However, if the proposed Funds Received Ratio was the lower amount but is not subsequently adopted, the claimant shall thereafter receive the difference between the lower proposed amount and the higher current amount. Conversely, if the proposed Funds Received Ratio was the higher amount and is subsequently adopted, the claimant shall thereafter receive the difference between the lower current amount and the higher adopted amount.

SECTION V

Resolution of Trust Claims

5.0 General Requirements. Subject to the requirements of Section 5.11 below, all Trust Claims shall be resolved as set forth in this TDP and the Claims Matrix.

5.1 Threshold Requirement for Submitting a Claim to the Trust. If a Claimant or Injured Person has commenced litigation seeking compensation for asbestos-related injuries or death that are the subject of a claim in a court where one or more of the Debtors liable for such

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claim was subject to *in personam* jurisdiction as of October 15, 2007, then that jurisdiction shall determine which limitations period shall be used subject to the exceptions stated herein. If multiple pre-petition lawsuits in different jurisdictions naming one or more of the Debtors liable for such claim have been filed for an Injured Person or Claimant, then such Injured Person or Claimant may choose the pre-petition jurisdiction (from among the different jurisdictions in which the pre-petition lawsuits naming one or more of the Debtors liable for such claim were filed for that Injured Party or Claimant, so long as in personam jurisdiction existed) in which the limitations period shall be used. If a Claimant does not have a pending lawsuit against one or more of the Debtors at the time of the submission to the Trust, then in lieu of having a tort action filed for purposes of this TDP, the Claimant or Injured Person must submit a verified certification under penalty of perjury, either of counsel based upon counsel's records, or of Claimant or Injured Person stating facts which establish in personam jurisdiction in a court where one or more of the Debtors liable for such claim was subject to in personam jurisdiction as of October 15, 2007 or incorporate a lawsuit which asserts those facts, and therefore such person can meet the jurisdictional requirements of the particular state in which the tort claim would have been timely and properly filed. The Trust shall have the right to contest any such certification. The jurisdiction so certified shall determine which limitations period shall be used subject to the exceptions stated herein.

5.2 Statute of Limitations or Repose for Trust Claims. The statute of limitations and the choice of law determination applicable to claims against the Trust shall be determined by reference to the tort system where a claim against a Debtor was pending on the filing date of these cases, or where such a claim could have been timely and properly filed as asserted by the Claimant or Injured Person.

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5.3 Ordering, Processing and Payment of Claims.

5.3(a) Ordering of Claims.

5.3(a)(1) Establishment of the FIFO Processing Queue. The Trust will order unliquidated claims for processing purposes on a FIFO basis except as otherwise provided herein (the "FIFO Processing Queue"). For all claims filed on or before the date six months after the Effective Date (the "Initial Claims Filing Date"), a claimant's position in the FIFO Processing Queue shall be determined as of the earlier of (i) the date prior to October 15, 2007 "Petition Date" (if any) that the specific claim was either served or filed against Thorpe in a court in which Thorpe could properly have been sued or was actually submitted to Thorpe pursuant to an administrative processing agreement; (ii) the date before the Petition Date that a claim was filed or served against another defendant in the Tort System if at the time the claim was subject to a tolling agreement with Thorpe; (iii) the date after the Petition Date (if any) but before the Effective Date that the claim was filed or served against another defendant in a court in which Thorpe could properly have been sued; or (iv) the date after the Effective Date but on or before the Initial Claims Filing Date that the claim was served or filed with the Trust. Following the Initial Claims Filing Date, the claimant's position in the FIFO Processing Queue shall be determined by the date the claim was filed with the Trust. For all claims filed on the same date, the claimant's position in the FIFO Processing Queue shall be determined by the date of the diagnosis of the asbestos-related disease.

5.3(a)(2) Effect of Statutes of Limitations and Repose. All claims barred by the applicable statute of limitations or repose, as determined in Section 5.2 above, at the Petition Date shall remain barred on and after the Petition Date. All claims not so barred shall be tolled as of the Petition Date to and including April 20, 2012, without the need of

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the claimant to take any action whatsoever, including without limitation, filing a Proof of Claim in the Reorganization Cases.

5.3(b) Processing of Unliquidated Trust Claims. Within six months after the establishment of the Trust, the Trustees with the consent of the TAC and the Futures Representative shall adopt procedures for reviewing and liquidating all unliquidated Trust Claims, which shall include deadlines for processing such claims. Such procedures shall also require claimants seeking resolution of unliquidated Trust Claims to first file a Trust Claim form, together with the required supporting documentation, in accordance with the provisions of Sections 6.1 and 6.2 below. It is anticipated that the Trust shall provide an initial response to the claimant within six months of receiving the Trust Claim form. All claims filed with the Trust shall be deemed to be a claim for the highest Compensable Disease for which the claim qualifies at the time of filing, with all lower Compensable Diseases for which the claim then qualifies or may qualify in the future subsumed into the higher Compensable Disease for both processing and payment purposes. Upon filing of a valid Trust Claim form with the required supporting documentation, the claim shall be placed in the FIFO Processing Queue in accordance with the ordering criteria described in Section 5.3(a) above.

The five Compensable Diseases covered by this TDP are set forth in detail in the Matrix attached as Appendix I . The Compensable Diseases, Matrix Values, and Medical/ Exposure Criteria shall apply to all unliquidated claims filed with the Trust.

As a general practice, the 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.

5.3(c) Payment of Claims. Trust Claims shall be paid in FIFO order based on the date their liquidation became final (the "FIFO Payment Queue"), all such payments being

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subject to the applicable Funds Received Ratio, Maximum Annual Payment, and Disease Category Claims Payment Ratio, except as otherwise provided herein. For all claims liquidated on the same date, each claimant's position in the FIFO Payment Queue shall be determined by the date of the diagnosis of the claimant's asbestos-related disease.

5.3(d) Adjustment for Inflation. All payments made to holders of Trust Claims shall be adjusted for inflation annually beginning with the first calendar year after the Effective Date.

5.3(e) Post-Petition Interest No interest shall be paid on any post-petition Trust Claims.

5.4 Resolution of Pre-Petition Trust Claims. As soon as practicable after the Effective Date, the Trust shall pay all Trust Claims that were liquidated by (i) a settlement agreement entered into prior to the Petition Date for the particular claim, or (ii) a judgment of any kind entered on or before October 15, 2007 (collectively, "Pre-Petition Liquidated Claims"). Notwithstanding the foregoing, these payments shall be subject to the limitations set forth below in this section. The liquidated value of a Pre-Petition Liquidated Claim shall be the amount agreed to in the binding settlement agreement, or the amount of the judgment, as the case may be, plus interest, if any, that has accrued on that amount in accordance with the terms of the agreement, if any, or under applicable state law as of the Petition Date; however, pursuant to Section 7.2 below, the liquidated value of a Pre-Petition Liquidated Claim shall not include any punitive or exemplary damages.

Pre-Petition Liquidated Claims shall be processed and paid within 90 days of the Effective Date, if feasible, or as soon thereafter as is possible. The amounts payable with respect to such claims shall not be subject to or taken into account in consideration of the Maximum

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Annual Payment or the Disease Category Claims Payment Ratio, but shall be subject to the Funds Received Ratio provisions set forth in Section 4.2 above.

5.5 Hardship Claims. At any time the Trust may liquidate and pay certain Trust Claims that qualify as Hardship Claims. Such claims may be considered separately no matter what the order of processing otherwise would have been under this TDP. A Hardship Claim, following its liquidation, shall be placed at the head of the FIFO Liquidation Queue for purposes of payment, subject to the Maximum Annual Payment and Disease Category Claims Payment Ratio described above. A Trust Claim qualifies for payment as an Hardship Claim if the 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.

5.6 Contribution Claims. Contribution Claims that are asserted against the Trust based upon theories of contribution or indemnification under applicable law may not be processed or paid by the Trust (a) unless such claim would not be disallowed by Section 502(e) of the Code if the Trust were a debtor in a case under the Code, and (b) the holder of such claim (the "Indirect Claimant") establishes to the satisfaction of the Trustees that (i) the Indirect Claimant has paid in full the liability and obligations of the Trust to the direct claimant to whom the Trust would otherwise have had a liability or obligation under these Procedures, (ii) the direct claimant and the Indirect Claimant have forever released the 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 Trust superior to the rights of the related direct claimant against the Trust, including any rights with respect to the timing, amount or manner of payment.

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The Trust shall not pay any Indirect Claimant unless and until the Indirect Claimant's aggregate liability for the direct claimant's claim has been fixed, liquidated and paid by the Indirect Claimant pursuant to final judgment and not by settlement.

The credit or offset which a co-defendant is entitled in the Tort System for settlement with the trust is the amount of the Trust's Payment to the Claimant shall be (a) the actual amount received to date by the Claimant; or (b) if no funds have yet been received, the amount of the liquidated value agreed to by the Claimant and the Trust, multiplied by the pro rata share in effect at the time the set-off is being applied.

Contribution Claims shall be processed in accordance with procedures to be developed and implemented by the Trustees, which procedures (a) shall determine the validity, allowability and enforceability of such claims; and (b) only then shall otherwise provide the same liquidation and payment procedures and rights to the holders of such claims as the Trust would have afforded the holders of the underlying valid Trust Claims.

5.7 Claim Auditing and Review Procedures.

5.7(a) Claims Audit Program. The Trust with consent of the TAC and Futures Representative shall develop methods for auditing the reliability of evidence reasonably related to the value of the claim, including additional reading of x-rays and verification of pulmonary function tests, as well as the reliability of evidence of exposure to asbestos, including exposure to asbestos-containing products manufactured or distributed by Thorpe, and requesting from claimants or other Trusts, claims materials submitted to other Trusts. In the event that the Trust reasonably determines that any unreliable individual or entity has engaged in a pattern or practice of providing unreliable medical or other evidence to the 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 Trust, the Trust may penalize any responsible

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claimant or claimant's attorney by disallowing the related Trust Claim or by other means including, but not limited to, requiring the claimant or attorney submitting the fraudulent information to pay the costs associated with the audit and any future related audit or audits, reordering the priority of payment of all affected claimants' Trust Claims, raising the level of scrutiny of additional information submitted from the medical facility or other source, refusing to accept additional evidence from the same, 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 Rule 11 sanctions.

5.7(b) Review by the Trust for the benefit of the TAC and Futures Representative. The Trust shall cause a review of the filed claims, paid claims, average payments and disallowed claims by Compensable Disease to be performed bi-annually or upon the request of the TAC or the Futures Representative, sufficient to allow an estimation of the adequacy of the Trust fund to compensate Claimants as compared to the current claims forecast.

5.8 Second Disease Claims.

5.8(a) Second Disease (Malignancy) Claims. The holder of a claim involving a non-malignant asbestos-related disease may file a new claim for a malignant disease that is subsequently diagnosed ("Second Disease Claim"). Any payments to which such claimant may be entitled for such asbestos-related malignancy shall be reduced by the amount paid by the Trust for the non-malignant asbestos-related disease.

5.8(b) Second Disease Judgment Claims. Claimants who received personal injury judgments are allowed to file i) a wrongful death claim, if the claimant subsequently died of an asbestos-related disease; and/or ii) a Second Disease Claim. These claims will be valued, pursuant to the Matrix, at either i) one-half of the otherwise appropriate liquidated value of the wrongful death or Second Disease Claim award from the Trust; or ii) at full value of the new

claim, wrongful death claim or Second Disease Claim less a dollar for dollar credit on money actually received from the Trust pursuant to Section 5.4 above, as the claimant may elect.

5.9 Arbitration.

5.9(a) Establishment of Arbitration Procedures. The Trust, with the consent of the TAC and the Futures Representative, shall institute Arbitration Rules for resolving disputes concerning the Trust's outright rejection or denial of a claim, or concerning the claimant's medical condition or exposure history for purposes of categorizing a claim. Binding and non-binding arbitration shall also be available for resolving disputes over the liquidated value of a claim. In all arbitrations, the arbitrator shall consider the same medical and exposure evidentiary requirements that are set forth in the Matrix. In the case of an arbitration involving the liquidated value of a claim, the arbitrator shall consider the same valuation factors that are set forth in the Matrix. With respect to all claims eligible for arbitration, the claimant, but not the Trust, may elect either nonbinding or binding arbitration. If the claimant elects non-binding arbitration, claimant will be responsible for 1 /2 of arbitrator's fees and costs. The Arbitration Rules may be modified by the Trust with the consent of the TAC and the Futures Representative. Such amendments may also include adoption of mediation procedures, as well as establishment of an Extraordinary Claims Panel to review such claims pursuant to the Matrix.

5.9(b) Claims Eligible for Arbitration. A claim is eligible for arbitration, if it has been rejected by the Trust, or the Trust has made an offer which was rejected by the claimant. The claimant must notify the Trust of such rejection in writing.

5.9(c) Limitations on and Payment of Arbitration Awards. The arbitrator shall not return an award in excess of the appropriate Matrix Value for such claim based upon the facts as found by the arbitrator. For an Extraordinary Claim, the arbitrator shall not return an award greater than the Maximum Extraordinary Value for such a claim as set forth in the Matrix.

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A claimant who submits to arbitration and who accepts the arbitral award will receive payments in the same manner as one who accepts the Trust's original valuation of the claim.

5.10 Litigation. A claimant who elects non-binding arbitration and then rejects the arbitral award retains the right to exit to the Tort System pursuant to Sections 7.3 below. However, a claimant shall be eligible for payment of a judgment for monetary damages obtained in the Tort System from the Trust's available cash only as provided in Section 7.4 below.

5.11 Trust Claims Determined by the Trust to be Covered by Policies Issued by Non-Settling Insurers. The Trustees, with the consent of the TAC and the Futures Representative, may adopt alternative claims handling procedures to those set forth herein to be offered for Trust Claims determined by the Trust to be Covered by Policies Issued by Non-Settling Insurers.

SECTION VI

Claims Materials

6.1 Claims Materials. The Trust shall prepare suitable and efficient claims materials ("Claims Materials"), and shall provide such Claims Materials upon written request. The Trust Claim form to be submitted to the Trust shall 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. A copy of the Trust Claim forms to be used by the Trust for Pre-Petition Liquidated Claims and unliquidated Claims will be created with the consent of the TAC and the Futures Representative within three months of the establishment of the Trust. The Trust Claim forms may be changed by the Trust with the consent of the TAC and the Futures Representative. The Trust shall also establish procedures for electronic filing of claims.

6.2 Content of Claims Materials. The Claims Materials shall include a copy of this TDP, such instructions as the Trustees shall approve, and Trust Claim forms. The Trust Claim

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forms shall be submitted with supporting documentation in accordance with the relevant criteria used to liquidate Pre-Petition claims, as set forth below. At a minimum, the unliquidated Trust Claim form shall require:

- Claimant provide, in substance, all relevant information called for in the San Francisco Superior Court General Order 129 Form Interrogatories, Set 1 and Set 2 with the exposure used to qualify for the particular category highlighted and the pages tabbed.
- Medical records, medical reports and/or death certificates evidencing the claimed disease, with the diagnosis highlighted and the pages tabbed. For lung cancer and other cancer cases, evidence of markers or other factors which would lead to an upward adjustment under the Matrix will be highlighted and the pages tabbed. For Grade I claims, evidence of x-ray and PFT values that would lead to an increased award will be highlighted and the pages tabbed.
- For Serious Asbestosis claims, evidence to support this categorization will be highlighted and the pages tabbed.
- For an Injured Person seeking a multiplier for an economic loss in excess of the base case amount, an economic report of evidence supporting claimed wage/pension/home services loss, with total claimed loss highlighted and the page tabbed.
- For an Injured Person seeking a multiplier for medical expenses in excess of the base case amount, an affidavit summarizing medical expenses, or submission of medical bills to substantiate the total claimed amount.
- An endorsed/filed copy of the face page of the complaint or equivalent proof of commencement of litigation if applicable, or alternatively a certification under Section 5.1.

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- Social security records or equivalent information, if available, in evidentiary or affidavit form.

6.3 Withdrawal of Claims. A claimant can withdraw a Trust Claim at any time upon written notice to the Trust and file another claim subsequently without affecting the status of the claim for statute of limitations purposes, but any such claim filed after withdrawal shall be given a place in the FIFO Processing Queue based on the date of such subsequent filing. A claim will be deemed to have been withdrawn if the claimant neither accepts, rejects, nor initiates arbitration within six months of the Trust's offer of payment or rejection of the claim. Upon written request and good cause, the Trust may extend this period for an additional six months.

6.4 Filing Fees. There will be a filing fee of $250.00 for each unliquidated claim which will be refunded by the Trust if the claim is allowed. The Trust may waive the refundable filing fee if it is determined that such a fee would create undue hardship for the claimant. The size of the fee will be reviewed by the Trust on a yearly basis.

6.5 Confidentiality of Claimants' Submissions. All submissions to the Trust by a holder of a Trust Claim or a proof of claim form and materials related thereto shall be treated as made in the course of settlement discussions between the holder and the Trust and intended by the parties to be confidential and to be protected by all applicable state and federal privileges, including, but not limited to, those directly applicable to settlement discussions. The Trust will preserve the confidentiality of such claimant submissions, and shall disclose the contents thereof only, with the permission of the holder, to another trust established for the benefit of asbestos personal injury claimants pursuant to section 524(g) of the Bankruptcy Code or other applicable law, to such other persons as authorized by the holder, or in response to a valid subpoena of such materials issued by the Bankruptcy Court or any state or federal Court having personal

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jurisdiction over the Trust. Furthermore, the Trust shall provide counsel for the holder a copy of any such subpoena immediately upon being served. The Trust shall on its own initiative or upon request of the claimant in question take all necessary and appropriate steps to preserve said privilege before the Bankruptcy Court or any state or federal Court having personal jurisdiction over the Trust and before those courts having appellate jurisdiction related thereto. Nothing in the TDP, the Plan, or the Trust Agreement expands, limits or impairs the obligation under applicable law of a claimant to respond fully to lawful discovery in an underlying civil action regarding his or her submission of factual information to the Trust for the purpose of obtaining compensation for asbestos-related injuries from the Trust.

SECTION VII

General Guidelines for Liquidating and Paying Claims

7.1 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 Liquidation Queues, Maximum Annual Payment, and Disease Category Claims Payment Ratio requirements set forth above, the Trustees shall proceed with due diligence to liquidate valid Trust Claims, and shall make payments to holders of such claims in accordance with this TDP promptly as funds become available and as claims are liquidated, while maintaining sufficient resources to pay future valid claims in substantially the same manner. Because the Trust's income over time remains uncertain, and decisions about payments must be based on estimates that cannot be done precisely, they may have to be revised in light of experiences over time, and there can be no guarantee of any specific level of payment to claimants. However, the Trustees shall use their best efforts to treat similar claims in substantially the same manner, consistent with their duties as Trustees, the purposes of the Trust, the established allocation to Categories A and B, and the practical limitations imposed by the inability to predict the future with precision.

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In the event that the Trust faces temporary periods of limited liquidity, the Trustees may, with the consent of the TAC and the Futures Representative, suspend the normal order of payment and may temporarily limit or suspend payments altogether, and if appropriate, at any time may offer a Reduced Payment Option.

7.2 Punitive Damages. In determining the value of any liquidated or unliquidated Trust Claim, punitive or exemplary damages, i.e., damages other than compensatory damages, shall not be considered or allowed, notwithstanding their availability in the Tort System.

7.3 Suits in the Tort System.

7.3(a) Suits in the Tort System Not Involving Insurers. If the holder of a disputed claim disagrees with the Trust's determination regarding the Compensable Disease 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 nonbinding arbitration as provided in Section 5.9 above and rejected the resulting arbitration award, the holder may file a lawsuit in the jurisdiction where in personam jurisdiction over Trust can be obtained. 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. No such lawsuit may be consolidated with any other lawsuit, with the exception of a personal injury or survival claim which may be consolidated with a wrongful death claim brought as a result of the death of the Injured Party. If the claimant was alive at the earlier of the date on which the initial complaint was filed or the date the Trust Claim form was filed, the case will be treated as a personal injury case with all personal injury damages to be considered even if the claimant has died during the pendency of the claim. All defenses (including, with respect to the Trust, all defenses which could have been asserted by Thorpe) shall be available to the Trust at trial and the Trust may waive any defense and/or concede any issue of fact or law; provided, however that any such waiver or concession on the part of the Trust waives, to the extent provided by

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applicable law, the Trust's right to tender the defense to, or recoup any monies from, Non-Settling Insurers that may have otherwise had coverage liability under their applicable Insurance Policies with respect to such claim.

7.3(b) Suits in the Tort System Involving Insurers. An insurer as to which the Trust asserts coverage liability in respect to the claim of a claimant filing a lawsuit consistent with the provisions of this Section (a "Litigation Claim"), which insurer continues to be entitled under the terms of its policies and applicable state law to control or participate in the resolution of such claim against the Debtors or the Trust, shall have the right to control or participate in the resolution of the Litigation Claim according to the policy language in the insurer's applicable Insurance Policy and applicable law so long as it continues to be prosecuted in a court of law.

7.4 Payment of Judgments for Money Damages. If and when a claimant obtains a judgment in the Tort System, the claim shall be placed in the FIFO payment queue based on the date on which the judgment became final. Thereafter, the claimant shall receive from the Trust an initial payment (subject to the Funds Received Ratio, the Maximum Annual Payment and Disease Category Claims Payment Ratio provisions set forth above) of an amount equal to one-hundred percent (100%) of the lesser of a) the jury award or b) the greater of (i) the Trust's last offer to the claimant or (ii) the award that the claimant declined in non-binding arbitration. The claimant shall receive the balance of the judgment, if any, in ten (10) equal installments in years six (6) through fifteen (15) following the year of the initial payment (also subject to the Funds Received Ratio, the Maximum Annual Payment, and Disease Category Claims Payment Ratio provisions set forth above). Under no circumstances shall interest be paid under otherwise applicable law on any judgments obtained in the Tort System post-petition.

7.5 Releases. The Trustees shall have the discretion, with the consent of the TAC and Futures Representative, to determine the form and substance of the releases to be provided to

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the 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 Trust. The Release utilized by the Trust shall include all Personal Injury, Wrongful Death, and/or Derivative claims related to the Injured Party, with the exception of the Second Disease Claims, as described above in Section 5.8. As a condition to making any payment to a claimant, the Trust shall obtain a general, partial, limited, or other 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 shall constitute such a release.

7.6 Third-Party Services. Nothing in this TDP shall preclude the Trust from contracting with another asbestos claims resolution organization to provide services to the Trust so long as decisions about the categorization and liquidated value of Trust Claims are based on the relevant provisions of this TDP, including the Compensable Diseases, Matrix Values, Average Values, Maximum Values, and Medical/Exposure Criteria set forth in the Matrix.

7.7 Trust Disclosure of Information. Periodically, but not less often than once a year, the Trust shall make available to claimants and other beneficiaries, a statistical summary of the number of claims by Compensable Diseases that have been resolved by settlement, arbitration or trial by jurisdiction.

SECTION VIII

Miscellaneous

8.1 Amendments. Except as otherwise provided herein, the Trustees may amend, modify, delete, or add to any provisions of this TDP (including, without limitation, amendments to conform this TDP to advances in scientific or medical knowledge or other changes in circumstances), provided they first obtain the consent of the TAC and the Futures Representative pursuant to the Consent Process set forth in Sections 5.6 and 6.6 and, if necessary, Sections 5.7

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and 6.7 of the Trust Agreement, except that the right to amend the Disease Category Claims Payment Ratio provisions set forth above) are governed by the restrictions in Section 2.5 above, and the right to adjust the Funds Received Ratio as governed by Section 4.2 above.

8.2 Severability. Should any provision contained in this TDP be determined to be unenforceable, such determination shall in no way limit or affect the enforceability and operative effect of any and all other provisions of this TDP. Should any provision contained in this TDP be determined to be inconsistent with or contrary to Thorpe's obligations to any insurance company providing insurance coverage to Thorpe in respect of claims for personal injury based on Thorpe Exposure, no payment shall be made by the Trust in respect of any such claim from proceeds from said insurance coverage.

8.3 Governing Law. This TDP shall be governed by, and construed in accordance with, the laws of the State of California, without regard to California conflict of laws principles.

8.4 Attorneys' Fees. Attorneys' fees payable in connection with Trust claims paid through this TDP, whether based on hourly rates or where calculated as a percentage of recovery, shall be the lower of the fee provided in the contract between claimant and counsel or 25% of recovery, exclusive of costs chargeable to the claimant, which costs shall be deducted from the gross amount paid before computation of fees. This recovery shall be measured by the actual payments from the Trust to the claimant, not the liquidated value of the claim. Legal fees shall be paid as payment to claimants are made by the Trust.

8.5 Trust as Defendant The holder of an asbestos claim who is a citizen of the State of California has the option to name the Trust as a party defendant where the only claims against the Trust are for Thorpe related personal injury, wrongful death or derivative claim case filed or served in California. However, the Trust shall not participate in the litigation and shall be removed from all service lists. No payment shall be made to such holder of an asbestos claim

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except as provided by the Matrix and the TDP. In the event a California citizen opts to name the Trust in an action commenced in California state court, the Trust shall not consent to remove the action to any federal court and if requested to do so, shall provide a declaration that it did not consent to any removal. The Trust shall not be required to answer or participate in the litigation and no payment shall be made to such Injured Person except as provided by the TDP and Matrix.

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IN WITNESS WHEREOF, the Trustees of the Thorpe Insulation Company Asbestos Settlement Trust have executed this Third Amendment to and Complete Restatement of Thorpe Insulation Company Asbestos Personal Injury Settlement Trust Distribution Procedures this 16th day of September, 2011.

TRUSTEES:

By: _____
Stephen M. Snyder, Managing Trustee

By: _____
Dr. Sandra R. Hernandez

By: _____
John F. Luikart

Consented to by:

FUTURES REPRESENTATIVE:

By: _____
The Honorable Charles B. Renfrew (Ret.)

TRUST ADVISORY COMMITTEE:

By: _____
Alan R. Brayton
Its: Chair

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EXHIBIT 8

568838v.2

SECOND AMENDMENT TO AND COMPLETE RESTATEMENT OF THORPE INSULATION COMPANY ASBESTOS SETTLEMENT TRUST CASE VALUATION MATRIX

The Case Valuation Matrix ("Matrix") is designed to approximate Thorpe's several liability (as contrasted with joint and several liability) share of the value of asbestos personal injury and wrongful death claims ("Asbestos Claims") based on the level of settlements, verdicts or judgments historically received for substantially similar claims litigated under state tort law (the "Tort System"). To achieve this goal, historical settlements, verdicts and/or judgments have been evaluated in California where Thorpe performed significant work and had a history of being sued and settling cases. Because Thorpe's insurers have asserted that Thorpe's historical settlement history is confidential, plan proponents have used the average settlement value used in the Western Asbestos Settlement Trust Matrix, adjusted for inflation using the United States Department of Labor Statistics Urban Wage Earners and Clerical Workers index (CPI-W)("Inflation Adjustment"). Once additional data is available, these settlement values may be adjusted as appropriate to current settlement values using settlement data from Thorpe and derived from other defendants who remained active in the Tort System. Compensable diseases include mesothelioma, lung cancer, other cancers (as defined herein) and two grades of non-malignant asbestos-related disease. The Matrix establishes the minimum criteria which must be met in order to qualify in each disease category.

The following represents the Thorpe several share of the value of Asbestos Claims determined as described above ("Average Value") based upon the above described methodology:

Disease	Average Value for Thorpe Insulation Several Share
Mesothelioma	$597,913
Lung Cancer	$227,281
Other Cancer	$85,575
Grade I Non-Malignancy	$58,827
Grade II Non-Malignancy	$24,892

The Matrix is designed to value cases using base case values. These base case values are then increased and/or decreased by a series of adjustment factors that approximate factors which add or subtract value to cases in the Tort System. The base case values have been derived from the Western Asbestos Settlement Trust Matrix using the Inflation Adjustment. As other information becomes available, these base values may be adjusted:

Disease	Thorpe Insulation Company Base Case Value
Mesothelioma	$315,463
Lung Cancer	$70,794
Other Cancer	$25,442
Grade I Non-Malignancy	$36,661
Grade II Non-Malignancy	$21,193

I. GENERAL CLAIM PROVISIONS

a. All claims after being valued at their respective base case value and any appropriate adjustments are subject to the following minimum and maximum values.

(i) **Minimum Value.** Any Injured Person who has submitted an approved claim under a Compensable Disease category and has submitted a Trust Claim form to the trust

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with all required documentation as outlined in the Trust Distribution Plan and herein, will receive a minimum of 10% of the Average Value of the claim for that disease.

(ii) **Maximum Value.** Any Injured Person who has submitted an approved claim under a Compensable Disease category and has submitted a Trust Claim form to the trust with all required documentation as outlined in the Trust Distribution Plan and herein, will receive a maximum of four times the Average Value of the claim for that disease, unless it qualifies as an Extraordinary Claim as defined in Section IX of the Matrix.

b. Any diagnosis of pulmonary asbestosis shall be made by a (i) a Pathologist, who personally reviewed the Injured Person's pathology, or (ii) an Internist, Pulmonologist or Occupational Medicine Physician who actually examined the Injured Person. These findings will be contained in a detailed narrative written report of the examination. All medical diagnoses in the Matrix are required to be made by Board-Certified physicians in appropriate specialties to a level of reasonable medical probability. Specifically, medical reports that only come to a conclusion that findings are "consistent with" asbestos-related disease will not, standing alone, be sufficient to establish compliance with the medical criteria in the Matrix. Medical experts who are not Board-Certified but who meet equivalent medical experience and expertise requirements may be approved by the Trust with the consent of the TAC and Futures Representative upon application by a Claimant.

c. Notwithstanding subsection (b) above, in the event that the Trust determines upon adequate showing under penalty of perjury that good cause exists to excuse either (1) personal review of Injured Person's pathology by a Pathologist; and/or (2) actual examination of the Injured Person by an Internist, Pulmonologist or Occupational Medicine Physician, the Trust in its exercise of discretion may permit those medical professionals to submit their diagnosis of pulmonary asbestosis on the basis of a review of the Injured Person's medical records ("Record Review Claim"), provided however, the Maximum Value for any such claim shall be the limit set in Section VIII for Individual Review. Examples of record review claims would be wrongful death actions where no pathology exists, or Injured Persons who are such extremis that no such examination is practicable.

d. The Trust may require the submission of x-rays, laboratory tests, medical examinations or reviews, medical reports, other medical evidence, or any other evidence to support or verify the Trust Claim, and may further require that medical evidence submitted comply with recognized medical and/or legal standards regarding equipment, testing methods, and procedures to assure that such evidence is reliable.

e. Claims based on conspiracy theories that do not involve exposure to asbestos-containing materials sold, installed or removed by Thorpe are not compensable under this Matrix.

II. MESOTHELIOMA

a. **Base Case** ("M"). The base case value for a Mesothelioma case is referred to in this Agreement as "M". A case will be considered a base case Mesothelioma under this Matrix when it satisfies each of the following criteria:

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(i) Injured Person diagnosed with malignant Mesothelioma by a Pathologist, Internist, Pulmonologist or Occupational Medicine Physician;

(ii) Injured Person deceased at commencement of litigation or the time of filing of proof of claim, whichever is earlier;

(iii) Injured Person aged 75 years old at death;

(iv) Injured Person had a spouse;

(v) Injured Person had no other dependents or minor children at time of death;

(vi) Injured Person's loss of earnings, pension, social security and home services total up to, but no more than, $200,000;

(vii) Injured Person's medical and funeral expenses total up to, but no more than, $200,000;

(viii) Injured Person had Standard Exposure to Thorpe's asbestos-containing products in traditional occupations at traditional shipyard, refinery, power plants or other sites, as defined herein; and

(ix) The Injured Person had at least a 10-year latency period between the date of the first exposure to asbestos and the date of diagnosis of the disease.

(x) **Adjustments.** Certain features of a Mesothelioma case will warrant an adjustment in the liquidated value either above or below the base case Mesothelioma value, as set forth herein. The following adjustments are provided as multipliers of the base case value M. For example, an adjustment of 1.3M for a Living 55 year-old mesothelioma Injured Person indicates that such an Injured Person would receive 1.3 times the base case Mesothelioma value. In situations where numerous adjustments are required for an Injured Person's case, all of the applicable adjustment multipliers shall be multiplied together, and times the base case value M, to determine the liquidated value of the case. For example, an Injured Person who is age 55 (1.3M) and alive at the commencement of litigation or the time of filing of proof of claim, whichever is earlier (1.3M), and who had exposure at what is known to be a high exposure site (1.5M), would be eligible for a liquidated value of 1.3 times 1.3 times 1.5 or 2.535 M times the base case value.

(xi) **Age.** Age shall be determined as of the commencement of litigation or the time of filing of the proof of claim, whichever is earlier. The adjustment factor for age shall be decreased .015 for every year over 75 years of age up to a maximum downward adjustment to .7M, and shall be increased .015 for every year under 75 years of age up to a maximum upward adjustment to 1.4M.

(xii) **Exposure.** The following adjustments are based on exposure in traditional occupations at traditional shipyard, refinery, power plant, or other sites as set forth herein:

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Exposure Rating	Adjustment
Very high exposure sites, as defined herein	3.0 M
High exposure sites, as defined herein	1.5 M
Standard exposure sites, as defined herein	1.0 M
Low exposure sites, as defined herein	0.5 M
Very Low exposure sites, as defined herein	0.25 M

(xiii) If an Injured Person is living as of the date litigation commences or the proof of claim is filed, whichever is earlier, the Injured Person's case will be adjusted by 1.3 M.

(xiv) If an Injured Person does not have a spouse as of the date litigation commences or the proof of claim is filed, whichever is earlier, the Injured Person's case will be adjusted by .8 M. If an Injured Person has minor children, adult disabled dependent children or dependent minor grandchildren living with the Injured Person at the time of diagnosis, the Injured Person's case will be adjusted by 1.5 M. If an Injured Person can demonstrate to the Trust's satisfaction that he or she has minor children, adult disabled dependent children or dependent minor grandchildren not living with the Injured Person but for whom the Injured Person provides support to the same extent as if they were living with Injured Person, then the Injured Person's case may also be adjusted by 1.5 M but not otherwise.

(xv) **Total Economic Loss (excluding medical and funeral expenses).** An Injured Person who has incurred economic losses for loss of earnings, pension, social security and home services in an amount greater than $200,000, shall be adjusted upward .001 for every thousand dollars of economic loss over $200,000, up to a maximum upward adjustment to 2 M. For example, a total economic loss of $500,000 would result in an increase of .3 to 1.3 M. All claimed economic loss over $200,000 must be supported by adequate documentation. Total economic loss shall not include any amount for hedonic damages.

(xvi) **Medical and Funeral Expenses.** An Injured Person who has or will incur medical and funeral expenses in an amount greater than the base Mesothelioma case maximum of $200,000, shall be adjusted upward .001 for every thousand dollars of medical and funeral expenses over $200,000, up to a maximum adjustment to 2M. All claimed medical and funeral expenses over $200,000 must be supported by adequate documentation. Standard future medical expenses are presumed to be $75,000. Future medical expenses exceeding $75,000 require documentation supported by affidavit.

III. LUNG CANCER

a. **Base Case** ("LC"). The base case value for a Lung Cancer case is referred to in this Agreement as "LC". A case will be considered a base case Lung Cancer under this Matrix when it satisfies each of the following criteria:

(i) Injured Person diagnosed with primary lung cancer by a Pathologist, Internist, Pulmonologist or Occupational Medicine Physician who attributes or finds asbestos exposure to be a substantial contributing factor in the development of the primary cancer;

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(ii) Injured Person deceased at time of commencement of litigation or the time of filing of the proof of claim, whichever is earlier;

(iii) Injured Person aged 75 years old at death;

(iv) Injured Person had a spouse;

(v) Injured Person had no other dependents or minor children at time of death;

(vi) Injured Person's loss of earnings, pension, social security and home services total up to, but no more than, $200,000;

(vii) Injured Person's medical and funeral expenses total up to, but no more than, $200,000;

(viii) Injured Person had Standard Exposure to Thorpe's asbestos-containing products in traditional occupations at traditional shipyard, refinery, power plant or other sites, as defined herein;

(ix) Injured Person had a 20-80 pack-year history of smoking;

(x) Injured Person was still smoking at the time of diagnosis, or had quit smoking less than 10 years before diagnosis;

(xi) Injured Person had been not diagnosed with clinical or pathological asbestosis, but Injured Person had both:

(A) A reliable history of exposure to asbestos; and

(B) Evidence of asbestos-related anatomical changes, such as: asbestos-related pleural disease, chest X-ray abnormalities graded 1/0 or higher on the ILO scale attributed to prior asbestos exposure, computed tomography (CT) evidence of interstitial disease attributed to prior asbestos exposure, or asbestos bodies or increased fiber burden indicative of occupational exposure to asbestos; and

(xii) The Injured Person had at least a 10-year latency period between the date of the first exposure to asbestos and the date of diagnosis of the disease.

b. **Adjustments.** Certain features of a Lung Cancer Case will warrant an adjustment in the liquidated value either above or below the base case Lung Cancer value, as set forth herein. The following adjustments are provided as multipliers of the base case value LC. For example, an adjustment of 1.3 LC for a living 55 year-old lung cancer Injured Person **indicates that such an** Injured Person **would receive 1.3 times the base case Lung Cancer value.** In situations where numerous adjustments are required for an Injured Person's case, all of the applicable adjustment multipliers shall be multiplied together, and times the base case value LC, to determine the liquidated value of the case. For example, an Injured Person who is age 55 (1.3 LC) and alive at the commencement of litigation or the time of filing of proof of claim, whichever is earlier (1.3 LC), and who had exposure at what is known to be a high exposure site (1.5 LC), would be eligible for a liquidated value of 1.3 times 1.3 times 1.5 or 2.535 LC times the base case value.

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(i) **Age.** Age shall be determined as of the commencement of litigation or the time of filing of the proof of claim, whichever is earlier. The adjustment factor for age shall be decreased .015 for every year over 75 years of age up to a maximum downward adjustment to .7 LC, and shall be increased .015 for every year under 75 years of age up to a maximum upward adjustment to 1.4 LC.

(ii) **Exposure.** The following adjustments are based on exposure in traditional occupations at traditional shipyard, refinery or power plant, or other sites as set forth herein:

Exposure Rating	**Adjustment**
Very high exposure sites, as defined herein	3.0 LC
High exposure sites, as defined herein	1.5 LC
Standard exposure sites, as defined herein	1.0 LC
Low exposure sites, as defined herein	0.5 LC
Very Low exposure sites, as defined herein	0.25 LC

(iii) If an Injured Person is living as of the date litigation commences or the proof of claim is filed, whichever is earlier, the Injured Person's case will be adjusted by 1.3 LC.

(iv) If an Injured Person does not have a spouse as of the date litigation commences or the proof of claim is filed, whichever is earlier, the Injured Person's case will be adjusted by .8 LC. If an Injured Person has minor children, adult disabled dependent children or dependent minor grandchildren living with the Injured Person at the time of diagnosis, the Injured Person's case will be adjusted by 1.5 LC. If an Injured Person can demonstrate to the Trust's satisfaction that he or she has minor children, adult disabled dependent children or dependent minor grandchildren not living with the Injured Person but for whom the Injured Person provides support to the same extent as if they were living with Injured Person, then the Injured Person's case may also be adjusted by 1.5 LC but not otherwise.

(v) **Total Economic Loss (excluding medical and funeral expenses).** An Injured Person who has incurred economic losses for loss of earnings, pension, social security and home services in an amount greater than the greater than $200,000, shall be adjusted upward .001 for every thousand dollars of economic loss over $200,000, up to a maximum upward adjustment to 2 LC. For example, a total economic loss of $500,000 would result in an increase of .3 to 1.3 LC. All claimed economic loss over $200,000 must be supported by adequate documentation. Total economic loss shall not include any amount for hedonic damages.

(vi) **Medical and Funeral Expenses.** An Injured Person who has or will incur medical and funeral expenses in an amount greater than the base Lung Cancer case maximum of $200,000, shall be adjusted upward .001 for every thousand dollars of medical and funeral expenses over $200,000, up to a maximum adjustment to 2 LC. All claimed medical and funeral expenses over $200,000 must be supported by adequate documentation. Standard future medical expenses are presumed to be $75,000. Future medical expenses exceeding $75,000 require documentation supported by affidavit.

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(vii) **Medical Causation.** The following adjustments apply to Injured Persons who have different smoking histories and/or medical findings than those described for the base Lung Cancer case. In no event can any of the adjustments listed below be combined for an overall causation adjustment in excess of 3.0 LC.

Causation Information	Adjustment
Pathological diagnosis of asbestosis, or occupational levels of asbestos bodies or asbestos fibers in lung tissue	2.0 LC
Clinical diagnosis of asbestosis (in absence of pathological diagnosis)	1.5 LC
No radiographic evidence of asbestos exposure and no increased fiber burden as a marker of asbestos exposure (Applicable to smokers only)	0.5 LC
Lifetime non-smoker	2.0 LC
1-20 pack-years of smoking	1.2 LC
Over 80 pack-years of smoking	0.6 LC
Diagnosis over 10 years since Injured Person quit smoking	1.2 LC
Diagnosis over 15 years since Injured Person quit smoking	1.5 LC

IV. OTHER CANCER

a. **Base Case** ("OCA"). The base case value for an Other Cancer case is referred to in this Agreement as "OCA". A case will be considered a base case Other Cancer under this Matrix when it satisfies each of the following criteria:

(i) Injured Person diagnosed with laryngeal, esophageal, kidney, colo-rectal cancer, non-Hodgkin's lymphoma or chronic lymphocytic leukemia by a Pathologist, Internist, Pulmonologist or Occupational Medicine Physician who attributes or finds asbestos exposure to be a substantial contributing factor in the development of the primary cancer;

(ii) Injured Person deceased at commencement of litigation or the time of filing of proof of claim, whichever is earlier;

(iii) Injured Person aged 75 years old at death;

(iv) Injured Person had a spouse;

(v) Injured Person had no other dependents or minor children at time of death;

(vi) Injured Person's loss of earnings, pension, social security and home services total up to but no more than, $200,000;

(vii) Injured Person's medical and funeral expenses total up to, but no more than, $200,000;

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(viii) Injured Person had Standard Exposure to Thorpe's asbestos-containing products in traditional occupations at traditional shipyard, refinery, power plant or other sites, as defined herein;

(ix) Injured Person had a 20-80 pack-year history of smoking;

(x) Injured Person was still smoking at the time of diagnosis, or had quit smoking less than 10 years before diagnosis;

(xi) Injured Person not diagnosed with clinical or pathological asbestosis, but Injured Person had both:

(A) A reliable history of exposure to asbestos, and

(B) Evidence of asbestos-related anatomical changes, such as: asbestos-related pleural disease chest X-ray abnormalities graded 1/0 or higher attributed to prior asbestos exposure on the ILO scale, or computed tomography (CT) evidence of interstitial disease attributed to prior asbestos exposure; and

(xii) The Injured Person had at least a 10-year latency period between the date of the first exposure to asbestos and the date of manifestation of the disease.

b. **Adjustments.** Certain features of an Other Cancer case will warrant an adjustment in the liquidated value either above or below the base case Other Cancer value, as set forth herein. The following adjustments are provided as multipliers of the base case value OCA. For example, an adjustment of 1.3 OCA for a living 55 year-old other cancer Injured Person indicates that such an Injured Person would receive 1.3 times the base case Other Cancer value. In situations where numerous adjustments are required for an Injured Person's case, all of the applicable adjustment multipliers shall be multiplied together and times the base case value OCA, to determine the liquidated value of the case. For example, an Injured Person who is age 55 (1.3 OCA) and alive at the commencement of litigation or the time of filing of proof of claim, whichever is earlier (1.3 OCA), and who had exposure at what is known to be a high exposure site (1.5 OCA), would be eligible for a liquidated value of 1.3 times 1.3 times 1.5 or 2.535 OCA times the base case value.

(i) **Age.** Age shall be determined as of the commencement of litigation or the time of filing of the proof of claim, whichever is earlier. The adjustment factor for age shall be decreased .015 for every year over 75 years of age up to a maximum downward adjustment to .7 OCA, and shall be increased .015 for every year under 75 years of age up to a maximum upward adjustment to 1.4 OCA.

(ii) **Exposure.** The following adjustments are based on exposure in traditional occupations at traditional shipyard, refinery, power plant or other sites, as set forth herein:

Exposure Rating	**Adjustment**
Very high exposure sites, as defined herein	3.0 OCA
High exposure sites, as defined herein	1.5 OCA

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Exposure Rating	Adjustment
Standard exposure sites, as defined herein	1.0 OCA
Low exposure sites, as defined herein	0.5 OCA
Very Low exposure sites, as defined herein	0.25 OCA

(iii) If an Injured Person is living as of the date litigation commences or the proof of claim is filed, whichever is earlier, the Injured Person's case will be adjusted by 1.3 OCA.

(iv) If an Injured Person does not have a spouse as of the date litigation commences or the proof of claim is filed, whichever is earlier, the Injured Person's case will be adjusted by .8 OCA. If an Injured Person has minor children, adult disabled dependent children or dependent minor grandchildren living with the Injured Person at the time of diagnosis, the Injured Person's case will be adjusted by 1.5 OCA. If an Injured Person can demonstrate to the Trust's satisfaction that he or she has minor children, adult disabled dependent children or dependent minor grandchildren not living with the Injured Person but for whom the Injured Person provides support to the same extent as if they were living with Injured Person, then the Injured Person's case may also be adjusted by 1.5 OCA but not otherwise.

(v) **Total Economic Loss (excluding medical and funeral expenses).** An Injured Person who has incurred economic losses for loss of earnings, pension, social security and home services in an amount greater than $200,000, shall be adjusted upward .001 for every thousand dollars of economic loss over $200,000, up to a maximum upward adjustment to 2 OCA. For example, a total economic loss of $500,000 would result in an increase of .3 to 1.3 OCA. All claimed economic loss over $200,000 must be supported by adequate documentation. Total economic loss shall not include any amount for hedonic damages.

(vi) **Medical and Funeral Expenses.** An Injured Person who has or will incur medical and funeral expenses in an amount greater than the base Other Cancer case maximum of $200,000, shall be adjusted upward .001 for every thousand dollars of medical and funeral expenses over $200,000, up to a maximum adjustment to 2 OCA. All claimed medical and funeral expenses over $200,000 must be supported by adequate documentation. Standard future medical expenses are presumed to be $75,000. Future medical expenses exceeding $75,000 require documentation supported by affidavit.

(vii) **Medical Causation.** The following adjustments apply to Injured Persons who have different smoking histories and/or medical findings than those described for the base Other Cancer case. In no event can any of the adjustments listed below be combined for an overall causation adjustment in excess of 3.0 OCA.

Causation Information	Adjustment
Pathological diagnosis of asbestosis, or occupational levels of asbestos bodies or asbestos fibers in lung tissue	2.0 OCA
Clinical diagnosis of asbestosis (in absence of pathological diagnosis)	1.5 OCA

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Causation Information	Adjustment
No radiographic evidence of asbestos exposure and no increased fiber burden as a marker of asbestos exposure	0.25 OCA

For laryngeal, esophageal, kidney other cancers, the following additional adjustments shall be applied:

Causation Information	Adjustment
Lifetime non-smoker	2.0 OCA
1-20 pack-years of smoking	1.2 OCA
Over 80 pack-years of smoking	0.6 OCA
Diagnosis over 10 years since Injured Person quit smoking	1.2 OCA
Diagnosis over 15 years since Injured Person quit smoking	1.5 OCA

(viii) **Other Organ Cancers.** An Injured Person who has not been diagnosed with cancers of the organs described for the base Other Cancer case (i.e., laryngeal, esophageal kidney, colo-rectal cancers, non-Hodgkin's lymphoma and chronic lymphocytic leukemia) may still obtain compensation under this Matrix, if the Injured Person has been diagnosed with a primary cancer of a different organ and a Board-Certified specialist in an appropriate specialty or a Board-Certified occupational medicine physician at the time of the report attributes the malignancy to prior asbestos exposure. An Injured Person's case which meets the criteria set forth above, subject to the Trust's consent, shall be classified as an "Other Organ Cancer" and will be adjusted by .5 OCA.

V. GRADE I NON-MALIGNANCY

a. **Base Case** ("I"). The base case value for a Grade I Non-malignancy Case is referred to in this Matrix as "I". A case will be considered a base case Grade I Non-malignancy under this Matrix when it satisfies each of the following criteria:

(i) Injured Person aged 75 years old;

(ii) Injured Person has a spouse;

(iii) Injured Person has no other dependents or minor children;

(iv) Injured Person's loss of earnings, pension, social security and home services total up to, but no more than, $200,000;

(v) Injured Person's medical and funeral expenses total up to, but no more than, $200,000;

(vi) Injured Person had Standard Exposure to asbestos-products in traditional occupations at traditional shipyard, refinery, power plant or other sites, as defined herein;

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(vii) Injured Person satisfies all the following criteria of interstitial lung disease with impairment of lung function:

1. The Injured Person must establish at least a 10-year latency period between the date of the first exposure to asbestos and the date of diagnosis of the disease, and clinical evidence of asbestosis defined in subsection 2;

2. Clinical Evidence of Asbestosis. A diagnosis of pulmonary asbestosis by a Pulmonologist, Internist or Occupational Medicine Physician who actually examined the Injured Person based on the following minimum objective criteria:

(a) Chest X-rays which, in the opinion of a Certified B-reader, show small irregular opacities of ILO Grade 1/0 or greater, or a report from a Pulmonologist, Internist or Occupational Medicine Physician that the Injured Person has evidence of asbestos related interstitial fibrosis on high resolution CT scan; and

(b) Pulmonary Function Testing results demonstrating either:

1) FVC<80% of Predicted Value with FEV-1/FVC≥65% (actual value) if the individual tested is at least 70 years old at the date of testing, ≥70% (actual value) if the individual tested is at least 60 years old but less than 70 years old at the date of testing, and ≥75% (actual value) if the individual tested is less than 60 years old at the date of testing; or

2) TLC<80% of Predicted Value; or

3) DLCO<75% of Predicted Value with FEV-1/FVC≥65% (actual value) if the individual tested is at least 70 years old at the date of testing, ≥70% (actual value) if the individual tested is at least 60 years old but less than 70 years old at the date of testing, and ≥75% (actual value) if the individual tested is less than 60 years old at the date of testing and a statement by a Pulmonologist or an Occupational Medicine Physician stating that the asbestos-related lung disease is the probable explanation for the test result.

3. Pathological Evidence of Asbestosis. A diagnosis of asbestosis by a Pathologist that examined the pathology of the claimant. See also Section I(c) above.

4. Those claims wherein the Injured Person suffers from extensive disabling asbestos-related pleural disease may be submitted to the Individual Review process, as described in Section VIII of this Matrix, provided however such a claim shall not be limited to Average Value and may be awarded up to the Maximum Value for Grade I.

b. **Adjustments.** Certain features of a Grade I Non-malignancy Case will warrant an adjustment in the liquidated value either above or below the base case Grade I Non-malignancy value, as set forth herein. The following adjustments are provided as multipliers of the base case value I. For example, an adjustment of 1.3 I for a 55 year-old Grade I non-malignancy Injured Person indicates that such an Injured Person would receive 1.3 times the base case Grade I Non-malignancy value. In situations where numerous adjustments are required for an Injured Person's case, all of the applicable adjustment multipliers shall be multiplied together and times the base case value I, to determine the liquidated value of the case. For example, an Injured Person who is age 55 (1.3 I) and determined to be an Enhanced Grade I

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non- malignancy Injured Person as defined in section (vi) herein (1.5 I) and who had exposure at what is known to be a high exposure site (1.5 I), would be eligible for a liquidated value of 1.3 times 1.5 times 1.5, or 2.925 I, times the base case value.

(i) **Age.** Age shall be determined as of the commencement of litigation or the time of filing of the proof of claim, whichever is earlier. The adjustment factor for age shall be decreased .015 for every year over 75 years of age up to a maximum downward adjustment to .7 I, and shall be increased .015 for every year under 75 years of age up to a maximum upward adjustment to 1.4 I.

(ii) **Exposure.** The following adjustments are based on exposure in traditional occupations at traditional shipyard, refinery or power plant, or other sites as set forth herein:

Exposure Rating	**Adjustment**
Very high exposure sites, as defined herein	3.0 I
High exposure sites, as defined herein	1.5 I
Standard exposure sites, as defined herein	1.0 I
Low exposure sites, as defined herein	0.5 I
Very Low exposure sites, as defined herein	0.25 I

(iii) If an Injured Person does not have a spouse as of the date litigation commences or the proof of claim is filed, whichever is earlier, the Injured Person's case will be adjusted by .8 I. If an Injured Person has minor children, adult disabled dependent children or dependent minor grandchildren living with the Injured Person at the time of diagnosis, the Injured Person's case will be adjusted by 1.5 I. If an Injured Person can demonstrate to the Trust's satisfaction that he or she has minor children, adult disabled dependent children or dependent minor grandchildren not living with the Injured Person but for whom the Injured Person provides support to the same extent as if they were living with Injured Person, then the Injured Person's case may also be adjusted by 1.5I but not otherwise.

(iv) **Total Economic loss (excluding medical).** An Injured Person who has incurred economic losses for loss of earnings, pension, social security and home services in an amount greater than $200,000, shall be adjusted upward .001 for every thousand dollars of economic loss over $200,000, up to a maximum upward adjustment to 2 I. For example, a total economic loss of $500,000 would result in an increase of .3 to 1.3 I. All claimed economic loss over $200,000 must be supported by adequate documentation. Total economic loss shall not include any amount for hedonic damages.

(v) **Medical Expenses.** An Injured Person who has or will incur medical expenses in an amount greater than the base Grade I Non-malignancy case maximum of $200,000, shall be adjusted upward .001 for every thousand dollars of medical and funeral expenses over $200,000, up to a maximum adjustment to 2 I. All claimed medical and funeral expenses over $200,000 must be supported by adequate documentation. Standard future medical

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expenses are presumed to be $75,000. Future medical expenses exceeding $75,000 require documentation supported by affidavit.

(vi) **Enhanced Grade I Non-Malignancy.** If an Injured Person has evidence of asbestosis of a severity exceeding the following criteria, the liquidated value of that Injured Person's case will be adjusted by 1.5 I.

1. The Injured Person must establish at least a 10-year latency period between the date of first exposure to asbestos and the date of manifestation of the disease, and either clinical or pathological evidence of asbestosis as defined in subsection 2 or 3;

2. Clinical Evidence of Asbestosis. A diagnosis of pulmonary asbestosis by an Internist, Pulmonologist or an Occupational Medicine Physician who actually examined the Injured Person based on the following minimum objective criteria:

Chest X-rays which, in the opinion of a Certified B-reader, show small irregular opacities of ILO Grade 1/1 or greater, or asbestos related interstitial fibrosis on high resolution CT scan; and Pulmonary Function Testing results demonstrating either:

(a) FVC<60% of Predicted Value with FEV-1/FVC≥65% (actual value) if the individual tested is at least 70 years old at the date of testing, ≥70% (actual value) if the individual tested is at least 60 years old but less than 70 years old at the date of testing, and ≥75% (actual value) if the individual tested is less than 60 years old at the date of testing; or

(b) TLC≥70% of Predicted Value; or

(c) DLCO<60% of Predicted Value with FEV-1/FVC≥65% (actual value) if the individual tested at least 70 years old at the date of testing, ≥70% (actual value) if the individual tested is at least 60 years old but less than 70 years old at the date of testing, and ≥75% (actual value) if the individual tested is less than 60 years old at the date of testing and a statement by a Pulmonologist, Internist or an Occupational Medicine Physician at the time of the stating that the asbestos-related lung disease is the probable explanation for the test result; or

(d) VO MAX<20mL (kg•min) or<5.7 METS with FEV-1/FVC≥65% (actual value) if the individual tested is at least 70 years old at the date of testing, ≥70% (actual value) if the individual tested is at least 60 years old but less than 70 years old at the date of testing, and ≥75% (actual value) if the individual tested is less than 60 years old at the date of testing and a statement by a Pulmonologist, Internist or an Occupational Medicine Physician stating that the asbestos-related lung disease is the probable explanation for the test result.

3. Pathological Evidence of Asbestosis. A statement by a Pathologist, Pulmonologist, Internist or an Occupational Medicine Physician that a representative section of lung tissue demonstrates asbestosis as defined by the 1982 report of the Pneumoconiosis Committee of the College of American Pathologists and the National Institute for Occupational Safety and Health including the "demonstration of discrete foci of fibrosis in the walls of respiratory bronchioles associated with accumulations of asbestos bodies", and also

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that there is no more probable explanation for the presence of the fibrosis than prior asbestos exposure.

(vii) **"Serious asbestosis"** is asbestosis with ILO 2/2 or greater and AMA Class IV Impairment, or where the Injured Person is on oxygen with a report by a Pulmonologist, Internist or an Occupational Medicine Physician that asbestosis is the predominant cause of the need for oxygen. "Asbestosis death" is where asbestosis is listed as the cause or a substantial contributing factor to the death on the death certificate, or where a report from a Pathologist, Pulmonologist, Internist or an Occupational Medicine Physician states that asbestosis was a substantial contributing factor in the death. If an Injured Person has evidence of serious asbestosis or asbestosis death, and exposure to Thorpe products or conduct was a substantial contributing factor in the development of the serious asbestosis or asbestosis death, then the valuation criteria for lung cancer, including the base Lung Cancer case, as defined in (II)(a), shall be utilized to determine the value of the claim. An Injured Party who qualifies for Serious Asbestosis automatically meets the requirements for Grade I Non-Malignancy claims.

VI. GRADE II NON-MALIGNANCY

a. **Base Case** ("II"). The base case value for a Grade II Non-malignancy Case is referred to in this Matrix as "II". A case will be considered a base case Grade II Non-malignancy under this Matrix when it satisfies each of the following criteria:

(i) Injured Person aged 75 years old;

(ii) Injured Person had Standard Exposure to Thorpe asbestos-products in traditional occupations at traditional shipyard, refinery, power plant or other sites, as defined herein;

(iii) Injured Person satisfies the following criteria for asbestos-related disease:

1. The Injured Person must establish at least a 10-year latency period between the date of the first exposure to asbestos and the date of diagnosis of the disease; and

2. The Injured Person must establish evidence of an asbestos related disease including:

(a) Clinical Evidence of Asbestosis. A diagnosis of pulmonary asbestosis by an Internist, Pulmonologist or qualified Occupational Medicine Physician who actually examined the Injured Person based on the following minimum objective criteria:

1) Chest X-rays which, in the opinion of a Certified B-reader, show small irregular opacities of ILO Grade 1/0 or greater, or

2) Asbestos related interstitial fibrosis on high resolution CT scan or appropriate diagnostic imaging procedure; or

(b) Clinical Evidence of Asbestos-Related Pleural Disease. A diagnosis of asbestos-related pleural disease by an Internist, Pulmonologist or Occupational Medicine Physician.

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b. **Adjustments.** Certain features of a Grade II Non-malignancy case will warrant an adjustment in the liquidated value either above or below the base Grade II Non-malignancy value, as set forth herein. The following adjustments are provided as multipliers of the base case value II. For example, an adjustment of 1.3 II for a 55 year-old Grade II non-malignancy Injured Person indicates that such an Injured Person would receive 1.3 times the base case Grade II Non-malignancy value. In situations where numerous adjustments are required for an Injured Person's case, all of the applicable adjustment multipliers shall be multiplied together and times the base case value II, to determine the liquidated value of the case. For example, an Injured Person who is age 55 (1.3 II) and who had exposure at what is known to be a high exposure site (1.5 II), would be eligible for a liquidated value of 1.3 times 1.5, or 1.95 II, times the base case value.

(i) **Age.** Age shall be determined as of the commencement of litigation or the time of filing of the proof of claim, whichever is earlier. The adjustment factor for age shall be decreased .015 for every year over 75 years of age up to a maximum downward adjustment to .7 II, and shall be increased .015 for every year under 75 years of age up to a maximum upward adjustment to 1.4 II.

(ii) **Exposure.** The following adjustments are based on exposure in traditional occupations at traditional shipyard, refinery or power plant, or other sites as set forth herein:

Exposure Rating	**Adjustment**
Very high exposure sites, as defined herein	3.0 II
High exposure sites, as defined herein	1.5 II
Standard exposure sites, as defined herein	1.0 II
Low exposure sites, as defined herein	0.5 II
Very Low exposure sites, as defined herein	0.25 II

VII. EXPOSURE REQUIREMENTS

a. **Standard Exposure Criteria.** Exposure to asbestos-containing material for which Thorpe is responsible can be established by deposition testimony, invoices, affidavits, business records, deck logs, military service records or other credible evidence acceptable to the Trust, that establishes the Injured Person's presence at a particular ship, facility, job site, building or buildings, or location during a time period in which the asbestos-containing material for which Thorpe is responsible was present. The Trust shall have the right to consider all other appropriate evidence of exposure and may establish appropriate alternative exposure criteria after consultation with the Trust Advisory Committee ("TAC") and the Futures Representative. The burden shall be on the Claimant or Injured Person to establish exposure to Thorpe products.

1. **Ship Exposure.** Evaluation of shipboard exposure shall be as follows:

a) Claims of shipboard exposure will require evidence that Thorpe products were actually installed on the ship, and that the Injured Person can demonstrate presence in an area of the ship that would constitute an exposure to these products.

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b) Exposure on board a ship at a shipyard during a repair or overhaul will constitute an exposure at that shipyard if the Injured Person remained onboard during the repair or overhaul, subject to meeting the duration of exposure requirements outlined herein.

c) Evidence that an Injured Person was subsequently present on a ship that was repaired or overhauled at a shipyard where Thorpe products were used is not sufficient to constitute exposure. See Dumin v. Owens Coming Fiberglas Corp., 28 Cal. App. 4th 650 (1994).

d) It shall not be sufficient for an Injured Person to show that Thorpe products were generally used at a shipyard where a particular ship that the Injured Person worked on was repaired. Specific identification of Thorpe products on board the ship, and meeting the duration of exposure requirements on the ship are both required. See Dumin v. Owens Corning Fiberglas Corp., 28 Cal. App. 4th 650 (1994).

2. **Derivative Exposure.** An Injured Person exposed to Thorpe products solely from exposure to an occupationally exposed person, such as a family member, will have their claims valued by the trust as follows:

a) The Injured Person must establish that the occupationally exposed person would have met the exposure requirements under the Matrix that would have been applicable had that person filed a direct claim with the Trust.

b) The Injured Person must establish that he or she is suffering from one of the Compensable Diseases and that his or her own exposure to the occupationally exposed person occurred within the same time frame as the occupationally exposed person experienced Thorpe exposure as defined herein and that such exposure was a substantial contributing factor in the development of the disease. All other liquidation and payment rights and limitations under this Matrix shall be applicable to such claims.

3. **Longshore Exposure.** A Longshoreman working in Southern California ports with Thorpe exposure will be treated as a Standard exposure.

b. **Site List.** The Trust in consultation with the TAC will compile a list of the ships, facilities and other locations where Thorpe asbestos-containing materials were present including relevant dates when available. The Trust may use this list to establish and to characterize exposure and to create a list of sites where exposure is accepted. The Trust with consent of the TAC and Futures Representative may modify the list in light of additional evidence or experience with claims processing. Any Injured Person may submit additional evidence to establish Thorpe presence at a site, or in support of a higher exposure categorization in a particular case.

c. **Minimum Exposure Criteria.**

1. To meet the minimum exposure requirements, an Injured Person filing a claim as a Mesothelioma case must establish that the Injured Person's asbestos exposure at approved Thorpe sites totals at least three months or at least 10% of the Injured Person's total asbestos exposure. Notwithstanding the foregoing, an Injured Person filing a claim as a Mesothelioma case who can establish that the Injured Person's exposure at approved Thorpe

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sites totals at least one month (but less than three months) exposure shall be entitled to a reduced liquidated claim value.

2. An Injured person filing in any other Compensable Disease category must establish that the Injured Person's asbestos exposure at approved Thorpe sites totals at least one year or at least 25% of the Injured Person's total asbestos exposure. Notwithstanding the foregoing, an Injured Person filing in any other Compensable Disease category who can establish that the Injured Person's exposure at approved Thorpe sites totals at least three months (but less than one year) exposure shall be entitled to a reduced liquidated claim value.

3. If no one site is sufficient to establish the duration necessary, an Injured Person may aggregate exposure at multiple sites to meet the minimum exposure requirements. The Trust will use a blending formula to give credit for exposure time beginning with the highest rated site.

4. If the Injured Person has exposure at multiple sites, but there is no evidence supporting actual length of time at any of the sites, for purposes of applying the provisions 3, above, the Trust will allocate exposure based upon an even distribution of the total length of exposure among all sites claimed. The Injured Person's attorney and the Injured Person or Personal Representative must provide declarations stating that the work sites listed include all work sites where the Injured Person worked, and that there is no other information available to demonstrate actual work time at each site. In addition, the interrogatories accompanying the claim must contain the Injured Person's entire work history.

Nothing in sub-paragraphs 3 and 4, above, shall diminish the obligation of a claimant to offer evidence of exposure that meets the minimum required exposure at approved Thorpe's Sites set forth in paragraph c. above to qualify for a Matrix Claim.

d. **Exposure Site Rating.**

1. **Standard Exposure Sites.** Standard Sites include typical exposures to asbestos at shipyards, refineries, power plants and other industrial and commercial sites where Thorpe was determined by the Trust to be responsible for a significant portion of asbestos exposure at the worksite.

2. **High Exposure Sites.** High Exposure Sites include the same type of exposure settings as Standard Sites; except that in High Exposure Sites, Thorpe has been identified as a primary supplier such that Thorpe was responsible for a large portion of asbestos exposure at the work site.

3. **Very High Exposure Sites.** Very High Exposure Sites include the same type of exposure settings as High Exposure Sites, except that in Very High Exposure Sites, Thorpe has been identified as being responsible for the overwhelming majority of asbestos exposure at the work site.

4. **Low Exposure Sites.** Low Exposure Sites include exposures occurring at shipyards, refineries, power plants and other industrial and commercial sites settings where Thorpe was not a major source of exposure but has been identified as having some responsibility for the asbestos exposure at the site.

5. **Very Low Exposure Sites.** Very Low Exposure Sites include work sites with occupational asbestos exposure outside the typical exposures occurring at shipyards, refineries, power plants and other industrial and commercial sites. Very Low Exposure Sites

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include construction settings and other such settings where exposure was not primarily to products supplied and/or installed by Thorpe.

VIII. INDIVIDUAL REVIEW

Any Claimant or Injured Person whose claim does not meet the medical or exposure criteria for any Compensable Disease shall have the opportunity for individual consideration and evaluation of their claim. In such a case, the Trust shall either deny the claim or, if the Trust is satisfied that the Injured Person has presented a claim that would be cognizable and valid in the Tort System, the Trust can offer the Injured Person a liquidated value amount up to the Average Value for that Compensable Disease, unless the claim qualifies as an Extraordinary Claim as defined in IX below, in which case its liquidated value cannot exceed the maximum value specified for such a claim.

In special circumstances where it would be unjust to enforce the Individual Review cap, the cap may be relaxed if the Executive Director makes a recommendation to a panel, which shall consist of one Trustee, the Futures Representative and the Chair of the TAC. In the case of a claim submitted by the Chair of the TAC's firm, another member of the TAC will substitute. The Individual Review cap will be relaxed only if the decision of the panel is unanimous.

IX. EXTRAORDINARY CLAIMS PROVISION

a. **Extraordinary Claims.** In extraordinary situations such as where an Injured Person was exposed only to Thorpe, or where Thorpe exposure constituted over 80% of the Injured Person's asbestos exposure, where extraordinary present or future medical expenses are incurred, or where special damages are exceptionally large, the Trust may individually evaluate and liquidate a claim for an amount that exceeds the Maximum Value for the particular Compensable Disease asserted by the Injured Person. Any dispute as to Extraordinary Claim status shall be submitted to arbitration by a special Extraordinary Claims panel established by the Trust. Under no circumstances shall an Extraordinary Claim be valued at more than 8 times the Average Value for the particular Compensable Disease.

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EXHIBIT 9

568838v.2

FIRST AMENDMENT TO AND COMPLETE RESTATEMENT OF THORPE INSULATION COMPANY ASBESTOS SETTLEMENT TRUST BYLAWS

ARTICLE I - OFFICES

SECTION 1. Principal Office. The initial principal office of the Thorpe Insulation Company Asbestos Settlement Trust (the "Trust") shall be in the County of Washoe, the State of Nevada, or at such other place other than any location in California as the Trustees shall from time to time select.

SECTION 2. Other Offices. The Trust may have such other offices at such other places as the Trustees may from time to time determine to be necessary for the efficient and cost-effective administration of the Trust; provided that the Trust may not have any offices in California at any time.

ARTICLE II – TRUSTEES

SECTION 1. Control of Property, Business and Affairs. The property, business and affairs of the Trust shall be managed by or under the direction of the Trustees, provided that certain decisions of the Trustees shall be subject to the consent of the Futures Representative and the TAC, as provided in the Trust Agreement to which these Bylaws are attached as Annex A.

SECTION 2. Number, Resignation and Removal. The number of Trustees and the provisions governing the resignation and removal of a Trustee and the appointment of a successor Trustee shall be governed by the provisions of Article 4 of the Trust Agreement.

SECTION 3. Quorum and Manner of Acting. A majority of the Trustees shall constitute a quorum for the transaction of business. In the absence of a quorum, the Trustees present may adjourn the meeting from time to time until a quorum shall be present. The vote, at a meeting at which a quorum is present, of a majority of Trustees shall be an act of the Trustees.

SECTION 4. Regular Meetings. Regular meetings of the Trustees with the Futures Representative and TAC may be held at such time and place as shall from time to time be determined by the Trustees, provided that the Trustees shall meet at least four times a year, as close as practicable on a quarterly basis, pursuant to a schedule announced as soon as practicable after the Effective Date and each year thereafter, and provided further that all meetings shall be held in the State of Nevada or such other state (other than California) as may be selected by the Trustees. After there has been such determination, and a notice thereof has been once given to each Trustee, the Futures Representative and the TAC, regular meetings may be held without further notice being given. The Futures Representative and the TAC shall have the right to attend and participate in Regular Meetings of the Trust.

SECTION 5. Special Meeting Notice. Special meetings of the Trustees shall be held whenever called by one or more of the Trustees. Notice of each such meeting shall be delivered by overnight courier to each Trustee, the Futures Representative and the TAC, addressed to each such party at the place designated by such party for receipt of such notice, or, failing such designation, at such party's residence or usual place of business, at least three days before the date on which the meeting is to be held, or shall be sent to such party at such place by

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personal delivery or by telephone or telecopy not later than two days before the day on which such meeting is to be held. Such notice shall state the place, date and hour of the meeting and the purposes for which it is called. In lieu of the notice to be given as set forth above, a waiver thereof in writing, signed by the Trustee or Trustees, the Futures Representative or the TAC, entitled to receive such notice, whether before or after the meeting, shall be deemed equivalent thereto for purposes of this Section 5. No notice or waiver by any Trustee, the Futures Representative or the TAC, with respect to any special meeting shall be required if such person or entity shall be present at said meeting. The Futures Representative and the TAC shall be entitled to attend every special meeting of the Trustees. All special meetings shall be held in the State of Nevada or such other state (other than California) as may be selected by the Trustees.

SECTION 6. Action without a Meeting; Meeting by Conference Call. Any action required or permitted to be taken at any meeting of the Trustees may be taken without a meeting if all Trustees, after notice to the Futures Representative and the TAC, consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the Trustees; provided that no such consents may be provided by a Trustee acting in the State of California.

The Trustees also may take action required or permitted to be taken at any meeting by means of conference telephone or similar communication equipment provided that all persons participating in the meeting can hear each other and provided that no Trustee shall participate in such a meeting from the State of California. Participation in a meeting pursuant to this paragraph shall constitute presence in person at such meeting.

ARTICLE III – OFFICERS

SECTION 1. Principal Officers. The principal officer of the Trust shall be the Managing Trustee, as appointed pursuant to Section 4.1 of the Trust Agreement. The Trust may also have such other officers as the Trustees may appoint after determining that such appointment will promote the efficient and cost-effective administration of the Trust.

SECTION 2. Election and Term of Office. The principal officers of the Trust shall be chosen by the Trustees. Each such officer shall hold office until his or her successor shall have been duly chosen and qualified or until the earlier of his or her death, resignation, retirement or removal.

SECTION 3. Subordinate Officers. In addition to the principal officer enumerated in Section 1 of this Article III, the Trust may have such other subordinate officers, agents and employees as the Trustees may deem necessary for the efficient and cost-effective administration of the Trust, each of whom shall hold office for such period, have such authority, and perform such duties as the Trustees may from time to time determine. The Trustees may delegate to any principal officer the power to appoint and to remove any such subordinate officers, agents or employees.

SECTION 4. Removal. The Managing Trustee or any other officer may be removed with or without cause, at any time, by resolution adopted by the Trustees at any regular meeting of the Trustees or at any special meeting of the Trustees called for that purpose; provided, however, that the consent of the TAC and the Futures Representative shall be required for the removal of the Managing Trustee without cause.

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SECTION 5. Resignations. Any officer may resign at any time by giving written notice to the Trustees. The resignation of any officer shall take effect upon receipt of notice thereof or at such later time as shall be specified in such notice and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

SECTION 6. Powers and Duties. The officers of the Trust shall have such powers and perform such duties as may be conferred upon or assigned to them by the Trustees.

ARTICLE IV – AMENDMENTS

The Bylaws of the Trust, other than Article I, Article II, Article III Section 4, and this Article IV and any provisions relating to the activities of the Trustees in California, may be amended by the Trustees at any meeting of the Trustees, provided that notice of the proposed amendment is contained in the notice of such meeting. The remaining Bylaws may be amended by the Trustees only after receipt of the consent of the Approving Entities to the proposed amendment.

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CERTIFICATION

Each of the undersigned hereby certifies that he or she is a duly-selected and Bankruptcy Court-approved Trustee for the Trust and that the foregoing is a true and correct copy of the First Amendment to and Complete Restatement of Thorpe Insulation Company Asbestos Settlement Trust Bylaws authorized by action of the Trust.

IN WITNESS WHEREOF, each of the undersigned Trustees set his or her hand this 27th day of October, 2010.

By: _____
Dr. Sandra R. Hernandez

By: _____
John F. Luikart

EXHIBIT 10

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Proponent of the Plan

FILED & ENTERED

FEB 01 2010

CLERK U.S. BANKRUPTCY COURT
Central District of California
BY Wesley DEPUTY CLERK

CHANGES MADE BY COURT

PACHULSKI STANG ZIEHL & JONES LLP
ATTORNEYS AT LAW
SAN FRANCISCO, CALIFORNIA

UNITED STATES BANKRUPTCY COURT

CENTRAL DISTRICT OF CALIFORNIA

LOS ANGELES DIVISION

In re

THORPE INSULATION COMPANY,[1]

Debtor.

Case No. 2:07-19271-BB

Chapter 11

(Jointly Administered with
Case No. 2:07-20016-BB)

ORDER CONFIRMING FIFTH AMENDED JOINT PLAN OF REORGANIZATION OF THORPE INSULATION COMPANY AND PACIFIC INSULATION COMPANY

Date: December 17, 2009
Time: 10:00 a.m.
Place: United States Bankruptcy Court
255 East Temple St., Courtroom 1475
Los Angeles, CA
Judge: Honorable Sheri Bluebond

[1] The Debtors are Thorpe Insulation Company, a California corporation, 5608 Bayshore Walk, Long Beach, CA 90803, Fed. Tax ID No. 95-1559386 (Main Debtor), and Pacific Insulation Company, a California corporation, 2741 Yates Ave., Los Angeles, CA 90040, Fed. Tax ID No. 95-4812741.

84264-002\DOCS_SF:60214.14

The Court has entered its *Findings of Fact and Conclusions of Law in Support of Confirmation of Fifth Amended Joint Plan of Reorganization of Thorpe Insulation Company and Pacific Insulation Company* (the "Findings and Conclusions"), in connection with the *Fifth Amended Joint Plan of Reorganization of Thorpe Insulation Company and Pacific Insulation Company* dated December 17, 2009 (the "Plan"). The Plan was filed by Thorpe Insulation Company ("Thorpe") and Pacific Insulation Company ("Pacific" and, together with Thorpe, the "Debtors"), the Official Committees of Unsecured Creditors ("Committee"), and the Futures Representative appointed in the above-captioned cases. Unless otherwise defined, a capitalized term used in this Order shall have the meaning set forth in the Plan. Appearances are noted on the record of the proceedings of the Confirmation Hearing. The Court has further examined the entire record compiled in the Chapter 11 Cases and has considered the offers of proof and the arguments and representations of counsel at the Confirmation Hearing. Based upon the foregoing matters, due deliberation having been given to the transactions set forth in the Plan and good cause appearing, the Court makes the following order confirming the Plan:[2]

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ATTORNEYS AT LAW
SAN FRANCISCO, CALIFORNIA

I.

ORDER CONFIRMING PLAN

Based upon the record of the Confirmation Hearing, all the proceedings held before this Court in the Chapter 11 Cases, and the Findings and Conclusions:

IT IS HEREBY ORDERED THAT:

1. Plan Confirmed.

The Plan is confirmed. Any objections to confirmation of the Plan, or to the adequacy of the Disclosure Statement, as supplemented, unless previously withdrawn, are overruled. The Reorganized Debtor and the Debtors are authorized to (a) take such actions as may be necessary or appropriate to carry out the Plan, and (b) execute such documents and instruments as may be required to implement the Plan. Pursuant to Section 1142(b) of the Bankruptcy Code, the Trust shall assist the Debtors and the Reorganized Debtor by providing such entities with reasonable and

[2] **Text, other than section headings, that appears in bold represents inserts or changes made by the Court to the form of proposed order lodged by plan proponents. The use of this font was not intended to convey emphasis.**

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continuing cooperation as contemplated by the Plan and the Trust Documents. The Debtors, the Reorganized Debtor, and any other entity designated pursuant to the Plan are authorized, empowered and directed to execute, deliver, file and record any document, and to take any action necessary or appropriate, to implement, consummate and otherwise effect the Plan in accordance with its terms in all material respects, and all such entities shall be bound by the terms and provisions of all documents executed and delivered by them that are necessary or appropriate to effectuate the transactions contemplated by the Plan.

2. Confirmed Plan Binding.

Pursuant to Section 1141(a) of the Bankruptcy Code, and subject to Section 5.4.2 of the Plan, upon the Effective Date, the provisions of the Plan shall bind (a) the Debtors, the Reorganized Debtor and the Trust, and (b) any Creditor of the Debtors and any holder of any Interests, whether or not (i) such Creditor or holder has filed a proof of Claim or interest or is deemed to have filed a proof of Claim or interest under Sections 501 or 1111 of the Bankruptcy Code, (ii) the Claim or interest of such Creditor or holder is allowed under Section 502 of the Bankruptcy Code, (iii) such Creditor or holder has accepted the Plan, or (iv) such Creditor or holder is impaired under the Plan.

3. Revesting of Property of Estates.

Pursuant to Section 1141(b) of the Bankruptcy Code, upon the Effective Date, with the exception of all Trust Assets that are transferred to the Trust pursuant to Section 5.4.1 of the Plan, title to (i) all remaining Thorpe Assets, and (ii) all remaining Pacific Assets (following the consummation of the Merger), shall vest in the Reorganized Debtor for the purposes contemplated under the Plan and shall no longer constitute property of the Estates created for Thorpe and Pacific in their respective Chapter 11 Cases. Pursuant to Section 1141(c) of the Bankruptcy Code, upon the Effective Date, all property dealt with by the Plan shall revest in the Reorganized Debtor or be transferred to the Trust free and clear of all Claims and Interests, including Liens, charges or other encumbrances of Creditors.

4. Discharge.

Pursuant to Section 1141(d) of the Bankruptcy Code, upon the Effective Date, the Confirmation of the Plan shall discharge Thorpe, Pacific and the Reorganized Debtor from all

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Claims or other debts that arose at any time before the Effective Date, and all debts of the kind specified in Sections 502(g), 502(h) or 502(i) of the Bankruptcy Code, whether or not: (i) a proof of claim based on such debt is filed or deemed filed under Section 501 of the Bankruptcy Code; (ii) a Claim based on such debt is Allowed under Section 502 of the Bankruptcy Code; or (iii) the holder of a Claim has accepted the Plan. As of the Effective Date, all entities that have held, currently hold or may hold a Claim or other debt or liability that is discharged or any other right that is terminated under the Bankruptcy Code or the Plan are permanently enjoined, to the full extent provided under Section 524(a) of the Bankruptcy Code, from "the commencement or continuation of an action, the employment of process, or an act, to collect, recover or offset any such debt as a personal liability" of Thorpe, Pacific or the Reorganized Debtor.

5. Establishment of the Trust Approved.

On the Effective Date, the Trust shall be created in accordance with the Plan and the Trust Documents. Upon the creation of the Trust, all right, title, and interest in and to the Trust Assets shall be transferred to, and vested in, the Trust. The Trust and the Trustees are hereby authorized and empowered to receive the Trust Assets. The Trust shall be a "qualified settlement fund" within the meaning of the QSF Law. The purposes of the Trust shall be, among other things, to assume Asbestos Related Claims, subject to the terms of the Plan, and to use the Trust Assets to pay the holders of Asbestos Related Claims that are submitted for payment by the Trust in accordance with the Trust Documents. The appointment of the initial Trustees of the Trust is hereby approved. As of the Effective Date, the initial Trustees shall serve as Trustees in accordance with the terms of the Trust Agreement. In consideration for the property transferred to the Trust pursuant to Section 5.1.2 of the Plan, on the Effective Date, and without any further action of the Bankruptcy Court or further act or agreement of any entity, (i) all Asbestos Related Claims shall be assumed by the Trust, subject in all respects to the terms of the Plan and any Asbestos Related Defenses, (ii) all Asbestos Related Claims shall thereafter automatically and perpetually be transferred and channeled to the Trust, and (iii) the Trust shall be solely responsible for any and all obligations of the Trust under the terms of the Asbestos Insurance Settlements and the Trust Agreement.

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6. Means of Implementation Approved.

The Debtors are authorized to take all actions necessary or appropriate to implement, effectuate and consummate the Plan in accordance with its terms.

a. Merger.

Upon the Effective Date, each of the Debtors shall be, and hereby is, authorized and directed to (a) enter into and consummate the Merger Agreement, and (b) file articles of merger conforming to the requirements of the California general corporation law with the Secretary of State of the State of California. Pursuant to the Merger, all Intercompany Claims between the Debtors shall be deemed extinguished, Pacific shall be merged into Thorpe, the separate existence of Pacific shall thereupon cease, and Thorpe, as the Surviving Corporation in the Merger, shall continue its separate corporate existence with all the powers of a corporation under the laws of the State of California. Upon the completion of the Merger, Thorpe shall be the Reorganized Debtor for purposes of consummating the transactions required in connection with this Plan. The Charter of the Reorganized Debtor shall be deemed amended to provide that the name of the Reorganized Debtor shall be "Pacific Insulation Company." Following the Merger, the Reorganized Debtor may continue to engage in business and may use, acquire and dispose of the Thorpe Assets, and all Pacific Assets acquired pursuant to the Merger, that are all revested in the Reorganized Debtor pursuant to the Plan, without further supervision by the Bankruptcy Court and free of any restrictions under the Bankruptcy Code or the Bankruptcy Rules.

b. Farwest Settlement Approved.

The Farwest Settlement is reasonable and in the best interests of the Estates and Creditors and is hereby approved.

c. Appointment of Reorganized Debtor Officers and Directors.

The initial board of directors of the Reorganized Debtor shall be composed of the Reorganized Debtor Directors. Each of the members of such initial board of directors shall serve in accordance with applicable nonbankruptcy law and the Reorganized Debtor's Charter, as the same may be amended from time to time. The Reorganized Debtor Officers shall be deemed appointed to

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serve as officers of the Reorganized Debtor without further action under applicable law, regulation, order or rule including, without limitation, any action by the stockholders or directors of the Reorganized Debtor.

d. Fulfillment of Duties by Debtors' Officers and Directors.

Upon the Effective Date, and without any further action by the shareholders or directors of either of the Debtors, the Pacific Officers, the Pacific Directors, the Thorpe Officer and the Thorpe Directors shall each be deemed to have fulfilled their respective duties and shall be released and discharged from all further responsibilities with respect to the management, business and affairs of the Debtors.

e. Charter.

The Reorganized Debtor's Charter shall be deemed amended as of the Effective Date to prohibit the issuance of nonvoting equity securities.

7. Tax Exemption.

Pursuant to Section 1146(c) of the Bankruptcy Code, the making or delivery of an instrument of transfer related to any property dealt with by the Plan shall not be taxed under any law imposing a stamp tax or similar tax.

8. Plan Exoneration and Release Provisions

The Court expressly approves the exonerations and releases set forth in Section 8.7 of the Plan and the Bankruptcy Court expressly retains jurisdiction to enforce and protect such exonerations and releases.

9. Channeling Injunction

a. Terms.

Pursuant to Sections 524(g) and 105(a) of the Bankruptcy Code, upon the Effective Date, all entities (except as expressly allowed below) which have held or asserted, which hold or assert, or which may in the future hold or assert any Asbestos Related Claim shall be, and hereby are, permanently stayed, restrained and enjoined from taking any legal action for the purpose of directly or indirectly collecting, recovering or receiving payment or recovery with respect to any such claim from or against any Protected Party, including, but not limited to:

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(i) commencing, conducting or continuing in any manner any action or other proceeding of any kind (including a judicial arbitration or other proceeding) against any Protected Party, or against the property of any Protected Party, with respect to any Asbestos Related Claim;

(ii) enforcing, attaching, levying, collecting or recovering, by any manner or means, any judgment, award, decree, or other order against any Protected Party, or against the property of any Protected Party, with respect to any Asbestos Related Claim;

(iii) creating, perfecting, or enforcing in any manner any Lien of any kind against any Protected Party, or against the property of any Protected Party, with respect to any Asbestos Related Claim;

(iv) asserting or accomplishing any setoff, right of subrogation, indemnity, contribution or recoupment of any kind, directly or indirectly, against any obligation due any Protected Party, or against the property of any Protected Party, with respect to any Asbestos Related Claim; and

(v) taking any act, in any manner, in any place whatsoever, that does not conform to, or comply with, the provisions of the Plan relating to any Asbestos Related Claim.

b. **Reservations.**

The provisions of this Channeling Injunction shall not shall bar (i) any action pursuant to Section 5.1.6 of the Plan against the Reorganized Debtor that strictly conforms to the pleading requirements of Section 5.1.6 of the Plan, and/or (ii) any action against any Asbestos Insurer that is neither a Settling Asbestos Insurer nor an Asbestos Insurer protected, at the time such action is brought, by the Asbestos Insurer Injunction.

10. **Settling Asbestos Insurer Injunction**

a. **Terms.**

Pursuant to Sections 524(g) and 105(a) of the Bankruptcy Code, upon the Effective Date, all entities which have held or asserted, which hold or assert, or which may in the future hold or assert

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any Asbestos Insurance Policy Claim shall be, and hereby are, permanently stayed, restrained and enjoined from taking any legal action for the purpose of directly or indirectly collecting, recovering or receiving payment or recovery with respect to any such claim from or against any Settling Asbestos Insurer, only to the extent that such Settling Asbestos Insurer has been released from any claim under one or more Asbestos Insurance Policies pursuant to one or more Asbestos Insurance Settlements, including, but not limited to:

(i) commencing, conducting or continuing in any manner any action or other proceeding of any kind (including a judicial arbitration or other proceeding) against any Settling Asbestos Insurer, or against the property of any Settling Asbestos Insurer, with respect to any Asbestos Insurance Policy Claim;

(ii) enforcing, attaching, levying, collecting or recovering, by any manner or means, any judgment, award, decree, or other order against any Settling Asbestos Insurer, or against the property of any Settling Asbestos Insurer, with respect to any Asbestos Insurance Policy Claim;

(iii) creating, perfecting, or enforcing in any manner any Lien of any kind against any Settling Insurer, or against the property of any Settling Asbestos Insurer, with respect to any Asbestos Insurance Policy Claim;

(iv) asserting or accomplishing any setoff, right of subrogation, indemnity, contribution or recoupment of any kind, directly or indirectly, against any obligation due any Settling Asbestos Insurer, or against the property of any Settling Asbestos Insurer, with respect to any Asbestos Insurance Policy Claim; and

(v) taking any act, in any manner, in any place whatsoever, that does not conform to, or comply with, the provisions of the Plan relating to any Asbestos Insurance Policy Claim.

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b. Reservations.

If a Non-Settling Asbestos Insurer asserts that it has an Asbestos Insurance Policy Claim against a Settling Asbestos Insurer, (i) such Asbestos Insurance Policy Claim may be asserted as a defense or counterclaim against the Trust or the Reorganized Debtor (as applicable) in any Asbestos Insurance Litigation involving such Non-Settling Asbestos Insurer, and the Trust or the Reorganized Debtor (as applicable) may assert the legal or equitable rights, if any, of the Settling Asbestos Insurer in response thereto, and (ii) to the extent such Asbestos Insurance Policy Claim is determined to be valid by the court presiding over the Asbestos Insurance Litigation initiated by the Trust or the Reorganized Debtor (as applicable), the liability (if any) of such Non-Settling Asbestos Insurer to the Trust or the Reorganized Debtor (as applicable) shall be reduced dollar for dollar by the amount so determined of such Asbestos Insurance Policy Claim.

11. Asbestos Insurer Injunction

a. Terms.

Pursuant to Section 105(a) of the Bankruptcy Code, in order to carry out the provisions of Section 524(g) of the Bankruptcy Code, upon the Effective Date, all entities (except as expressly allowed below), which have held or asserted, which hold or assert, or which may in the future hold or assert any Asbestos Related Claim shall be, and hereby are, permanently stayed, restrained and enjoined from taking any legal action for the purpose of directly or indirectly collecting, recovering or receiving payment or recovery with respect to any such claim from or against any Asbestos Insurer, including, but not limited to:

(i) commencing, conducting or continuing in any manner any action or other proceeding of any kind (including a judicial arbitration or other proceeding) against any Asbestos Insurer, or against the property of any Asbestos Insurer, with respect to any Asbestos Related Claim;

(ii) enforcing, attaching, levying, collecting or recovering, by any manner or means, any judgment, award, decree, or other order against any Asbestos Insurer, or against the property of any Asbestos Insurer, with respect to any Asbestos Related Claim;

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(iii) creating, perfecting, or enforcing in any manner any Lien of any kind against any Asbestos Insurer, or against the property of any Asbestos Insurer, with respect to any Asbestos Related Claim;

(iv) asserting or accomplishing any setoff, right of subrogation, indemnity, contribution or recoupment of any kind, directly or indirectly. against any obligation due any Asbestos Insurer, or against the property of any Asbestos Insurer, with respect to any Asbestos Related Claim; and

(v) taking any act, in any manner, in any place whatsoever, that does not conform to, or comply with, the provisions of the Plan relating to any Asbestos Related Claim.

b. Reservations.

The provisions of this Asbestos Insurer Injunction shall not preclude the Trust from pursuing any claim that may exist under any Asbestos Insurance Policy against any Asbestos Insurer. The provisions of this Asbestos Insurer Injunction shall not impair or affect (i) any Asbestos Insurance Litigation brought by the Trust or the Reorganized Debtor against any Asbestos Insurer, or (ii) any Asbestos Insurance Rights held by the Trust or on behalf of the Reorganized Debtor. Except for the immediately following two sentences, the provisions of this Asbestos Insurer Injunction are not issued for the benefit of any Asbestos Insurer and no such insurer is a third-party beneficiary of this Asbestos Insurer Injunction. The Trust shall have the sole and exclusive authority at any time, upon written notice to any affected Asbestos Insurer, to terminate, or reduce or limit the scope of this Asbestos Insurer Injunction with respect to any Asbestos Insurer, provided, however, that the Trust may not permit the assertion of any Asbestos Related Claim by an Asbestos Claimant against a Non-Settling Asbestos Insurer unless and until such Asbestos Claimant agrees in writing to be bound by the proviso in the next-to-last sentence of Section 5.1.6 of the Plan, and provided further that, in the event an Asbestos Related Claim results in a claim based on contribution, subrogation or indemnity in favor of a Non-Settling Asbestos Insurer against a Settling Asbestos Insurer to share in the costs of resolving or satisfying such an Asbestos Related Claim (including, without limitation, attorneys' fees and expenses incurred in defense of such Asbestos Related Claim) (a "Contribution Claim") that

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such Non-Settling Asbestos Insurer is unable to fully satisfy by the judgment reduction provided by Section 5.1.6 of the Plan, such Non-Settling Asbestos Insurer may bring an action to recover the unsatisfied portion of such Contribution Claim against the Trust in any non-bankruptcy forum of competent jurisdiction notwithstanding any of the injunctions contained in the Plan, and the Trust shall be obligated to pay the full unsatisfied amount of any such Contribution Claim to the extent determined to be valid by such nonbankruptcy forum (including any appeals therefrom). For the avoidance of doubt, the provisions of this Asbestos Insurer Injunction shall not impair or affect any Claims between or among Non-Settling Asbestos Insurers. Notwithstanding any provision of the Plan to the contrary, including the Asbestos Insurer Injunction set forth in this paragraph 11, no new equitable contribution rights are created in favor of the Non-Settling Asbestos Insurers but instead the two preceding sentences allocate who is responsible, if anybody, for such equitable contribution claims that can be established by Non-Settling Asbestos Insurers against Settling Asbestos Insurers pursuant to existing law.

12. Resumption of Coverage Litigation in State Court.

Upon the Effective Date, (a) any injunction that stays the prosecution of the Coverage Litigation shall be deemed dissolved, without any further action of the Bankruptcy Court, (b) the Injunction Action shall be dismissed without prejudice, and Proponents shall lodge an order of dismissal without prejudice, which the Bankruptcy Court shall sign, and (c) the parties to the Coverage Litigation shall resume the prosecution and defense of such litigation in the State Court, at such times and according to the procedures that may be established by such court. Nothing in this paragraph shall be deemed to limit the ability of the Bankruptcy Court, on motion by a party or on its own motion, to dissolve, terminate, annul, or decline to extend any such injunction before the Effective Date.

13. Plan Is Insurance Neutral.

All Asbestos Insurance Defenses shall be adjudicated in the Asbestos Insurance Litigation. No provision of the Plan, the Findings and Conclusions or this Order shall diminish or impair the right of any Asbestos Insurer, in any Asbestos Insurance Litigation or otherwise, to assert any Asbestos Insurance Defense, and all of such defenses shall be preserved in all respects. **As set forth**

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in Section 1.12 of the Plan, notwithstanding anything in the Plan to the contrary, Fireman's Fund and Continental shall have the right to contest and defend any claim authorized by Section 1.16(g) of the Plan that the Wellington Settlement, the Wellington Ruling or the Wellington Agreements are unenforceable or should be set aside under applicable law or in equity, but shall not have the right to assert that the transfer of such claims, if any, to the Trust pursuant to the Plan violated the Wellington Settlement, the Wellington Ruling or the Wellington Agreements.

Any evidence adduced as part of the Confirmation Hearing with respect to the Asbestos Related Claims, and any findings of the court related to that evidence, shall be solely for the purpose of establishing the requirements of Sections 524(g) and 1129 of the Bankruptcy Code in connection with Confirmation and shall not (a) bind any Asbestos Insurer in any Asbestos Insurance Litigation, or (b) limit the right of any Asbestos Insurer to assert any Asbestos Insurance Defense. Neither the assumption by the Trust of the Asbestos Related Claims, nor the fact that it is the Trust, and not the Debtors, that is liquidating, resolving, paying and satisfying all Asbestos Related Claims in accordance with the TDP, shall be construed in any way to diminish any obligation of any Asbestos Insurer under any Asbestos Insurance Policy to any of the Debtors or the Trust, subject to any applicable Asbestos Insurance Settlement or Asbestos Insurance Defense. The duties and obligations, if any, of each Asbestos Insurer under such insurer's Asbestos Insurance Policies shall not be impaired, altered, reduced or diminished by the: (1) discharge granted to the Debtors under the Plan pursuant to Section 1141(d) of the Bankruptcy Code, (2) exonerations and releases contained in Section 8.7 of the Plan, (3) Injunctions granted under the Plan pursuant to Section 524(g) of the Bankruptcy Code, or (4) termination of the protections afforded under the Asbestos Insurer Injunction in accordance with its terms as set forth on **Exhibit C** to the Plan. This paragraph 12 shall not, however, affect or limit, or be construed as affecting or limiting, (i) the binding effect of the Plan, this Order and the Injunctions on the Debtors, the Reorganized Debtor, the Trust or the beneficiaries of the Trust; (ii) the protections afforded to entities addressed by the Injunctions, or (iii) the binding effect of the Findings and Conclusions, specifically including the determination that the vesting of the Asbestos Insurance Rights in and for the benefit of the Trust pursuant to Section 5.4.1

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of the Plan is valid and enforceable and otherwise does not breach the terms of any Asbestos Insurance Policy, Asbestos Insurance Settlement, or any other agreement with any Asbestos Insurer.

14. Assumption Approved.

As of the Effective Date, the assumption by Thorpe and Pacific, as the case may be, pursuant to Sections 365(a) and 1123(b)(2) of the Bankruptcy Code, of the executory contracts and unexpired leases identified pursuant to Section 6.1 of the Plan, is approved and authorized. The Debtors have not identified any executory contracts and unexpired leases for rejection pursuant to Section 6.2 of the Plan.

15. Post-Confirmation Bar Dates.

The following deadlines are hereby fixed for the actions described below. Any holder of a Claim of a kind described in this paragraph, for which a proof of Claim, motion or application (as the case may be) is not filed on or before the applicable date set forth below, shall not participate in any distribution under the Plan and shall be forever barred from asserting such Claim against the Reorganized Debtor, the Debtors, and any property of the Debtors.

a. Administrative Claim Bar Date.

Any entity asserting an Administrative Claim against any of the Debtors must file a request for payment pursuant Section 503(a) of the Bankruptcy Code on or before **60 days after service of a notice of administrative bar date**, or be forever barred from asserting an Administrative Claim against the Debtors or any property of the Debtors and from sharing in any distributions under the Plan.

b. Professional Fees Bar Date.

Any Professional asserting a claim for compensation for services rendered and reimbursement for expenses submitted in accordance with Sections 330, 331 or 503(b) of the Bankruptcy Code must file its application for allowance of compensation for services rendered and reimbursement of expenses incurred through the Effective Date of the Plan on or before **60 days after the Effective Date of the Plan**, or be forever barred from asserting a claim for Professional Fees against the Debtors or any property of the Debtors and from sharing in any distributions under the Plan.

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c. Post Effective Date Notices.

Following the Effective Date, notices will only be served on the Reorganized Debtor, the Office of the United States Trustee and those Persons who file with the Court and serve upon the Reorganized Debtor ~~on or before [Date],~~ a request, which includes such Person's name, contact person, address, telephone number and facsimile number, that such Person receive notice of post-Effective Date matters. Persons who had previously filed with the Court requests for special notice of the proceedings and other filings in the Chapter 11 Cases will not receive notice of post-Confirmation matters unless **and until** such Persons file a new request, in accordance with Section 11.10.2 of the Plan~~, on or before [Date]~~.

16. Entry of Confirmation Order and Notice of Effective Date.

As soon as practicable after the Confirmation Date, the Reorganized Debtor shall file and mail the notice of entry of the Confirmation Order to all parties entitled to notice pursuant to Bankruptcy Rules 2002(f) and 3020(c). The notice shall further identify the Effective Date and shall set forth the Injunctions and any deadlines that may be established under the Plan or the Confirmation Order

17. Retention of Jurisdiction.

This Court shall retain jurisdiction over the Chapter 11 Cases and all matters arising out of or related to the Chapter 11 Cases to the fullest extent permissible under (i) Section 105(a) of the Bankruptcy Code, (ii) Bankruptcy Rule 3020(d), and (iii) Article 9 of the Plan, and as otherwise necessary or useful to aid in the confirmation and consummation of the Plan.

18. United States Trustee Fees and Reports.

All fees payable under 28 U.S.C. § 1930(a)(6) shall be paid by the Debtors in the amounts and at the times such fees may become due up to and including the Effective Date. Thereafter, the Reorganized Debtor shall pay all fees payable under 28 U.S.C. § 1930(a)(6) until the Chapter 11 Cases are closed, dismissed or converted. Upon the Effective Date, the Reorganized Debtor shall be relieved from the duty to make the reports and summaries required under Bankruptcy Rule 2015(a). Notwithstanding the foregoing, the Reorganized Debtor shall file and serve the status reports required by Local Bankruptcy Rule 3020-1(b) commencing after the first full calendar quarter

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following the Effective Date. The status report shall be made, and the fees shall be payable, on a consolidated basis by the Reorganized Debtor.

19. Construction of Order.

The failure to reference a particular provision of the Plan in this Order shall not affect the validity or enforceability of such provision. Each provision of the Plan shall be deemed authorized and approved by this Order, whether or not mentioned in this Order.

20. Role of Committee.

On the Effective Date, the Committee shall be dissolved and the members of the Committee shall be released and discharged from any further authority, duties, responsibilities, liabilities and obligations related to, or arising from, the Chapter 11 Cases, except that the Committee shall continue in existence for the purposes, and shall remain authorized and empowered to take any actions, set forth in Section 5.8.4 of the Plan.

21. Disbursing Agent.

The Reorganized Debtor will act as Disbursing Agent under the Plan.

22. Trust Appointed As Estate Representative.

The Trust is appointed as the representative of the Debtors under Section 1123(b)(3)(B) of the Bankruptcy Code to enforce, manage, settle, transfer or otherwise dispose of all Asbestos Insurance Litigation including, without limitation, the Coverage Litigation, at its sole direction and expense. The Trust shall be permitted, if necessary or appropriate, to substitute as the real party in interest for the Debtors in the Coverage Litigation. All Proceeds of any Asbestos Insurance Litigation shall be paid to the Trust or to the Reorganized Debtor for remittance to the Trust consistent with the Plan. The Reorganized Debtor shall assist and cooperate with the Trust in the prosecution of the Asbestos Insurance Litigation.

23. Reorganized Debtor Appointed As Estate Representative.

The Reorganized Debtor is appointed as the representative of Pacific under Section 1123(b)(3) of the Bankruptcy Code to carry out the Plan. The Reorganized Debtor shall be authorized to: (i) make all Distributions required to be made on or after the Effective Date to the holders of Allowed Claims against Pacific in the amounts, at the times and according to the

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treatment provisions of this Plan; (ii) settle, resolve and object to Disputed Claims against Pacific; (iii) pay all fees payable by Pacific under 28 U.S.C. § 1930; (iv) file any post-confirmation reports on behalf of Pacific required by the Bankruptcy Code or the Bankruptcy Court; and (vii) close Pacific's Chapter 11 Case.

24. Post-Confirmation Reporting and Status Conference.

Not later than May 20, 2010, Reorganized Debtor will file a status report explaining what progress has been made toward consummation of the Plan. The initial report shall be served on the Office of the United States Trustee, the Committee, and the Futures Representative (provided such entities are still in existence at such time), and those parties who have requested special notice. A post-confirmation status conference will be held on **June 3, 2010 at 10:00 a.m.** in Courtroom 1475 at which time, among other things, the Court shall determine what additional reports, if any, shall be filed either by the Trust or the Reorganized Debtor with respect to the status and consummation of the Plan.

Submitted by:

PACHULSKI STANG ZIEHL & JONES LLP

By *_/s/ Jeremy V. Richards_*
Jeremy V. Richards
Attorneys for Thorpe Insulation Company,
Debtor and Debtor in Possession

####

DATED: February 1, 2010

United States Bankruptcy Judge

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In re: Thorpe Insulation Company, Debtor(s).	CHAPTER 11 CASE NUMBER: 2:09-bk-19271-BB

NOTE: When using this form to indicate service of a proposed order, **DO NOT** list any person or entity in Category I. Proposed orders do not generate an NEF because only orders that have been entered are placed on the CM/ECF docket.

PROOF OF SERVICE OF DOCUMENT

I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My business address is: **10100 Santa Monica Boulevard, 11th Floor, Los Angeles, California 90067**

A true and correct copy of the foregoing document described ***ORDER CONFIRMING FIFTH AMENDED JOINT PLAN OF REORGANIZATION OF THORPE INSULATION COMPANY AND PACIFIC INSULATION COMPANY*** will be served or was served **(a)** on the judge in chambers in the form and manner required by LBR 5005-2(d); and **(b)** in the manner indicated below:

I. **TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING ("NEF")** – Pursuant to controlling General Order(s) and Local Bankruptcy Rule(s) ("LBR"), the foregoing document will be served by the court via NEF and hyperlink to the document. On _____ checked the CM/ECF docket for this bankruptcy case or adversary proceeding and determined that the following person(s) are on the Electronic Mail Notice List to receive NEF transmission at the email address(es) indicated below:

☐ Service information continued on attached page

II. **SERVED BY U.S. MAIL OR OVERNIGHT MAIL** (indicate method for each person or entity served):
On **December 28, 2009**, I served the following person(s) and/or entity(ies) at the last known address(es) in this bankruptcy case or adversary proceeding by placing a true and correct copy thereof in a sealed envelope in the United States Mail, first class, postage prepaid, and/or with an overnight mail service addressed as follows. *Listing the judge here constitutes a declaration that mailing to the judge will be completed no later than 24 hours after the document is filed.*

☒ Service information continued on attached page

III. **SERVED BY PERSONAL DELIVERY, FACSIMILE TRANSMISSION OR EMAIL** (indicate method for each person or entity served): Pursuant to F.R.Civ.P. 5 and/or controlling LBR, on **December 28, 2009** I served the following person(s) and/or entity(ies) by personal delivery, or (for those who consented in writing to such service method), by facsimile transmission and/or email as follows. *Listing the judge here constitutes a declaration that personal delivery on the judge will be completed no later than 24 hours after the document is filed.*

Via Personal Delivery
Honorable Sheri Bluebond
United States Bankruptcy Court
Edward R. Roybal Federal Building and Courthouse
255 E. Temple Street, Suite 1482
Los Angeles, CA 90012

☒ Service information continued on attached page

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

December 28, 2009	Sophia L. Lee	/s/ Sophia L. Lee
Date	*Type Name*	*Signature*

This form is mandatory. It has been approved for use by the United States Bankruptcy Court for the Central District of California

In re: Thorpe Insulation Company, Debtor(s).	CHAPTER 11 CASE NUMBER: 2:09-bk-19271-BB

NOTE TO USERS OF THIS FORM:

1) Attach this form to the last page of a proposed Order or Judgment. Do not file as a separate document.
2) The title of the judgment or order and all service information must be filled in by the party lodging the order.
3) **Category I.** below: The United States trustee and case trustee (if any) will always be in this category.
4) **Category II.** below: List ONLY addresses for debtor (and attorney), movant (or attorney) and person/entity (or attorney) who filed an opposition to the requested relief. DO NOT list an address if person/entity is listed in category I.

NOTICE OF ENTERED ORDER AND SERVICE LIST

Notice is given by the court that a judgment or order entitled (*specify*) ***ORDER CONFIRMING FIFTH AMENDED JOINT PLAN OF REORGANIZATION OF THORPE INSULATION COMPANY AND PACIFIC INSULATION COMPANY*** was entered on the date indicated as "Entered" on the first page of this judgment or order and will be served in the manner indicated below:

I. **SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING ("NEF")** – Pursuant to controlling General Order(s) and Local Bankruptcy Rule(s), the foregoing document was served on the following person(s) by the court via NEF and hyperlink to the judgment or order. As of **December 28, 2009**, the following person(s) are currently on the Electronic Mail Notice List for this bankruptcy case or adversary proceeding to receive NEF transmission at the email address(es) indicated below.

☒ Service information continued on attached page

II. **SERVED BY THE COURT VIA U.S. MAIL:** A copy of this notice and a true copy of this judgment or order was sent by United States Mail, first class, postage prepaid, to the following person(s) and/or entity(ies) at the address(es) indicated below:

☐ Service information continued on attached page

III. **TO BE SERVED BY THE LODGING PARTY:** Within 72 hours after receipt of a copy of this judgment or order which bears an "Entered" stamp, the party lodging the judgment or order will serve a complete copy bearing an "Entered" stamp by U.S. Mail, overnight mail, facsimile transmission or email and file a proof of service of the entered order on the following person(s) and/or entity(ies) at the address(es), facsimile transmission number(s) and/or email address(es) indicated below:

☐ Service information continued on attached page

In re: Thorpe Insulation Company, Debtor(s).	CHAPTER 11 CASE NUMBER: 2:09-bk-19271-BB

2:07-bk-19271-BB Notice will be electronically mailed to:

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This form is mandatory. It has been approved for use by the United States Bankruptcy Court for the Central District of California

Karen Rinehart on behalf of Creditor Central National Insurance Company of Omaha
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Nathan Q Rugg on behalf of Interested Party Maine Bonding Insurance Company, solely as successor-in-interest to Northbrook Excess & Surplus Insurance Company, formerly known as Northbrook Insurance Company
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David M Wiseblood on behalf of Creditor Continental Insurance Company as successor in interest to certain policies issued by Harbor Insurance Company and Transcontinental Insurance Company
dwiseblood@seyfarth.com

EXHIBIT 11

568838v.2

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PACHULSKI STANG ZIEHL & JONES LLP ATTORNEYS AT LAW LOS ANGELES, CALIFORNIA

UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA
LOS ANGELES DIVISION

In re	Case No.: 2:07-19271-BB
THORPE INSULATION COMPANY,[1]	Chapter 11
Debtor.	(Jointly Administered with Case No. 2:07-20016-BB)
	FIFTH AMENDED JOINT PLAN OF REORGANIZATION OF THORPE INSULATION COMPANY AND PACIFIC INSULATION COMPANY
	Dated: December 17, 2009

[1] The Debtors are Thorpe Insulation Company, a California corporation, 5608 Bayshore Walk, Long Beach, CA 90803, Fed. Tax ID No. 95-1559386 (Main Debtor) and Pacific Insulation Company, a California corporation, 2741 South Yates Ave., Los Angeles, CA 90040, Fed. Tax ID No. 95-4812741.

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Thorpe Insulation Company, Pacific Insulation Company, the Official Committees of Unsecured Creditors appointed in these Chapter 11 cases, and the appointed legal representative for the holders of future demands for payment on account of asbestos injuries, collectively propose the following plan of reorganization under Sections 524(g) and 1121(a) of the Bankruptcy Code for the resolution of the Debtors' outstanding Claims and Interests. All Creditors and other parties-in-interest should refer to the Disclosure Statement for a discussion of each Debtor's history, business, properties, results of operations, events leading up to the contemplated restructuring and for a summary and analysis of the Plan and certain related matters. ***All holders of Claims against, and Interests in, either of the Debtors are encouraged to read the Plan, the Disclosure Statement and the related solicitation materials in their entirety before voting to accept or reject the Plan.***

Subject to the restrictions on modifications set forth in Section 1127 of the Bankruptcy Code and Bankruptcy Rule 3019, and those restrictions on modifications set forth in Section 10.1 of this Plan, the Proponents expressly reserve the right to alter, amend or modify the Plan one or more times before its substantial consummation.

The Plan provides, among other matters, for the issuance of injunctions under Section 524(g) of the Bankruptcy Code that will result in the channeling of certain asbestos-related liabilities of the Debtors (excluding, for example, any liabilities for workers' compensation claims or asbestos-related property damage) to a newly created Trust, as more fully described herein. The terms, conditions and entities subject to the foregoing injunctions are set forth in Exhibit A, Exhibit B, Exhibit C, and Exhibit D to this Plan. Except as expressly permitted by the terms of the injunctions, the injunctions will prohibit any acts to collect, recover or offset any asbestos-related liabilities of the Debtors against the Debtors, the Reorganized Debtor, certain third parties, and various persons and entities related to such parties. Pursuant to Section 524(g), all distributions under the Plan to the holders of asbestos-related personal injury claims will be the sole responsibility of the Trust, and the Debtors and the Reorganized Debtor shall have no further personal liability for such claims. All other claims against the Debtors, with certain exceptions, will be satisfied by the Reorganized Debtor pursuant to the Plan. This general description of the Plan is qualified in its entirety by the terms, conditions

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and definitions set forth below in the Plan.

ARTICLE 1

DEFINITIONS AND RULES OF INTERPRETATION

For purposes of this Plan, except as expressly provided or unless the context otherwise requires, all capitalized terms not otherwise defined herein have the meanings ascribed to them in Article 1 of the Plan. Any term used in the Plan that is not defined herein but is defined in the Bankruptcy Code or the Bankruptcy Rules retains the meaning specified for such term in the Bankruptcy Code or the Bankruptcy Rules, as applicable. Whenever the context requires, each of the terms defined herein includes the plural as well as the singular, the masculine gender includes the feminine gender, and the feminine gender includes the masculine gender.

As used in this Plan, the following terms have the meanings specified below:

1.1 Administrative Claim.

A Claim for any expense of administration of the Chapter 11 Cases under Section 503(b) of the Bankruptcy Code and entitled to priority under Section 507(a)(2) of the Bankruptcy Code, including, without limitation: (a) actual and necessary costs and expenses incurred in the ordinary course of the Debtors' businesses; (b) actual and necessary costs and expenses of preserving the Estates or administering the Chapter 11 Cases, and (c) all Professional Fees. For purposes of this Plan, Administrative Claims shall also include fees payable under 28 U.S.C. § 1930.

1.2 Administrative Claim Bar Date.

The sixtieth (60^{th}) day after the Effective Date, which shall be the date by which certain entities asserting an Administrative Claim against either of the Debtors must have filed a request for payment with the Bankruptcy Court under Section 503(a) of the Bankruptcy Code, or be forever barred from asserting an Administrative Claim against the Debtors and/or sharing in any distribution under the Plan.

1.3 Affiliate.

Has the meaning set forth in Section 101(2) of the Bankruptcy Code.

1.4 Agent.

Any shareholder, director, officer, employee, partner, member, agent, attorney, accountant,

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advisor or other representative of any person or entity (solely in their respective capacities as such, and not in any other capacity).

1.5 Allowed.

With respect to any Claim against the Debtors (except for Asbestos Related Claims, which are being channeled to the Trust for payment and processing by the Trust), or Interest in the Debtors: (a) proof of which, request for payment of which, or application for allowance of which, was filed on or before the Bar Date, Administrative Claim Bar Date, or Professional Fees Bar Date, as applicable, for Claims of such type against the Debtors; (b) if no proof of Claim or Interest is filed, which has been or is listed by the Debtors in the Schedules as liquidated in amount and not disputed or contingent; (c) provided that, if either such Claim or Interest under *(a)* or *(b)* is Disputed, a Claim that has been allowed by a Final Order (unless the Debtors or the Reorganized Debtor, in their (or its) sole and absolute discretion, waive the requirement that the order be a Final Order), but only to the extent that such Claim or Interest has been so allowed; or (d) a Claim or Interest that is expressly allowed by the Plan or under any agreement entered into in connection with the Plan. The term "Allowed," when used to modify a reference in the Plan to any Claim, Interest, Class of Claims or Class of Interests, means a Claim or Interest (or any Claim or Interest in any such Class) that is so allowed. The term "Allowed Claim," will not, for purposes of computing distributions under the Plan, include interest on such claim from and after the respective Petition Dates, other than as permitted under Section 506(b) of the Bankruptcy Code, provided that, the holders of Allowed Class 3 and Class 4 Claims shall be entitled to an additional distribution of interest on account of such claims as provided in Sections 4.3 and 4.4 of the Plan.

1.6 Asbestos Available Insurance.

Any Asbestos Insurance Policy that remains available for ongoing or additional Asbestos Insurance Coverage, to the extent that such policy has not otherwise been settled, reduced to Cash proceeds, repurchased or commuted, provided that, Asbestos Available Insurance shall not include any Asbestos Insurance Policy issued by Fireman's Fund or Continental so long as the Wellington Settlement and the Wellington Ruling are enforceable against the Debtors and the Trust or are not set aside.

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1.7 Asbestos Claimant.

A holder of an Asbestos Related Claim.

1.8 Asbestos Indirect Claim.

Any Claim against the Debtors (or either of them) for contribution, reimbursement, indemnity, subrogation or under any other legal or equitable theory based on, arising under or attributable to the payment of all or any part of any Asbestos Injury Claim or Asbestos Injury Demand.

1.9 Asbestos Injury Claim.

Any Claim against the Debtors (or either of them) seeking, directly or indirectly, recovery for damages for personal injury, bodily harm or wrongful death allegedly caused by the presence of, or exposure to, asbestos or asbestos-containing products, provided that, such Claims shall **not** include (i) any Claim under, or covered by, any state or federal workers' compensation program, insurance or law, and (ii) any Asbestos Property Damage Claim.

1.10 Asbestos Injury Demand.

Any demand for payment, present or future, against the Debtors (or either of them) that (i) was not an Asbestos Injury Claim during the Chapter 11 Cases, (ii) arises out of the same or similar conduct or events that gave rise to the Asbestos Injury Claims, and (iii) pursuant to the Plan, is to be paid by the Trust.

1.11 Asbestos Insurance Coverage.

All rights, obligations and amounts provided under any Asbestos Insurance Policy for the defense, payment, indemnity or reimbursement of any Asbestos Related Claim.

1.12 Asbestos Insurance Defenses.

Any legal, equitable or contractual defense that any Asbestos Insurer may have under applicable non-bankruptcy law to Business Loss or to an assertion that such Asbestos Insurer is obligated to defend, pay, indemnify or reimburse, or provide insurance coverage for, any Asbestos Related Claim under any Asbestos Insurance Policy, *except* for any defense (a) that is based on the assertion that the transfer of the Asbestos Insurance Rights to the Trust pursuant to Section 5.4 of the Plan is invalid, unenforceable or otherwise breaches the terms of any Asbestos Insurance Policy,

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Asbestos Insurance Settlement, or any other agreement with any Asbestos Insurer, (b) that has been released, waived, altered or otherwise resolved, in full or in part, in any Asbestos Insurance Settlement, or any other agreement with any Asbestos Insurer, (c) to the extent affected by application of principles of res judicata, collateral estoppel, claim preclusion or issue preclusion, or (d) premised upon the commencement of the Chapter 11 Cases under Section 301 of the Bankruptcy Code. Notwithstanding anything in the Plan to the contrary, Fireman's Fund and Continental shall have the right to contest and defend any claim authorized by Section 1.16(g) of the Plan that the Wellington Settlement, the Wellington Ruling or the Wellington Agreements are unenforceable or should be set aside under applicable law or in equity, but shall not have the right to assert that the transfer of such claims, if any, to the Trust pursuant to the Plan violated the Wellington Settlement, the Wellington Ruling or the Wellington Agreements.

1.13 Asbestos Insurance Litigation.

Any Claim, counterclaim, demand or cause of action of the Debtors, the Trust or any Asbestos Claimant against an Asbestos Insurer, including, without limitation, (i) those claims asserted by the Debtors in the Coverage Litigation as of the Effective Date, (ii) any other Asbestos Insurance Policy Claims of the Debtors and (iii) any direct action commenced by an Asbestos Claimant against an Asbestos Insurer.

1.14 Asbestos Insurance Policy.

Any insurance policy of the Debtors providing, or potentially providing, for Asbestos Insurance Coverage.

1.15 Asbestos Insurance Policy Claim.

Any Claim against any Asbestos Insurer based on, arising under, or related to any Asbestos Insurance Policy or Asbestos Insurance Settlement, including any Claim (i) for "bad faith," or extra-contractual liability, (ii) under Section 11580 of the California Insurance Code, its subdivisions or any related or similar statute in any jurisdiction, (iii) for Asbestos Insurance Coverage, damages or equitable relief related to any Asbestos Insurance Policy, or (iv) for contribution, reimbursement, indemnity or subrogation related to any Asbestos Insurance Policy.

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1.16 Asbestos Insurance Rights.

Any and all of the Debtors' rights, titles, privileges, interests, claims, demands or entitlements to any Proceeds, payments, initial or supplemental dividends, scheme payments, supplemental scheme payments, state guaranty fund payments, causes of action and choses in action under, for, or related to the following: (a) the Asbestos Insurance Policies; (b) any Asbestos Available Insurance; (c) any coverages under insurance policies other than Asbestos Insurance Policies; (d) the Asbestos Insurance Settlements; (e) any other settlement agreements with respect to any Asbestos Insurance Policy (excluding, however, the Wellington Settlement); (f) the Asbestos Insurance Litigation; and (g) the right, if any, to seek to set aside or challenge the enforceability against the Debtors and the Trust of the Wellington Agreements, the Wellington Settlement and/or the Wellington Ruling as permitted under applicable law or in equity; provided, however, that Asbestos Insurance Rights shall *not* include (i) any Asbestos Insurance Policy, Asbestos Insurance Settlement, or other insurance policy or settlement agreement itself, or (ii) any rights under any Asbestos Insurance Policy issued by Fireman's Fund or Continental so long as the Wellington Settlement and the Wellington Ruling are enforceable against the Debtors and the Trust or are not set aside (provided that, with respect to this subclause *(ii)*, to the extent that either of the Debtors may succeed to any contribution, reimbursement, indemnity, subrogation or similar rights against Fireman's Fund or Continental from third parties pursuant to an Asbestos Insurance Settlement or otherwise, then such contribution, reimbursement, indemnity, subrogation or similar rights shall constitute Asbestos Insurance Rights). For the avoidance of doubt, Asbestos Insurance Rights shall also *not* include any cause of action or right to bring a cause of action held by any Asbestos Claimant directly against any Asbestos Insurer on account of such claimant's Asbestos Related Claim, all of which shall be retained by Asbestos Claimants (subject, however, to the applicable terms of the Injunctions), and shall not be transferred to the Trust.

1.17 Asbestos Insurance Settlement.

Each agreement between the Debtors and the Asbestos Insurers listed in **Exhibit D** to the Plan, including any ancillary agreements to such agreements, as such exhibit may be amended from time to time up to and including, but not after, the conclusion of the Confirmation Hearing before the

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Bankruptcy Court.

1.18 Asbestos Insurer.

Any entity that has issued an Asbestos Insurance Policy, and each of its Affiliates, predecessors in interest and Agents, but only in relation to such Asbestos Insurance Policy.

1.19 Asbestos Insurer Injunction.

The supplemental injunction issued in connection with the Confirmation Order set forth in **Exhibit C** to the Plan.

1.20 Asbestos Property Damage Claim.

Any Claim seeking, directly or indirectly, recovery for damages for property damage allegedly caused by the presence of, exposure to, or the removal or abatement of asbestos or asbestos-containing products.

1.21 Asbestos Related Claim.

Any Asbestos Injury Claim, Asbestos Injury Demand or Asbestos Indirect Claim.

1.22 Asbestos Related Defenses.

Any legal, equitable or contractual defense that either of the Debtors may have under applicable non-bankruptcy law to the validity or amount of, or liability for, any Asbestos Related Claim, including any applicable statutes of limitation or repose.

1.23 Assumption Obligations.

Any monetary amounts payable to the non-debtor party to any executory contract or unexpired lease, pursuant to Section 365(b)(1) of the Bankruptcy Code, as a condition to the assumption of such contract or lease.

1.24 Avoidance Actions.

All causes of actions of the Estates under Sections 506(c), 510, 542, 543, 544, 545, 547, 548, 549, 550 and 553 of the Bankruptcy Code, whether or not such actions seek an affirmative recovery or are raised as a defense to or offset against the allowance of a Claim.

1.25 Bankruptcy Code.

Title 11 of the United States Code, 11 U.S.C. §§ 101-1330, as amended from time to time and as applicable to the Chapter 11 Cases.

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1.26 Bankruptcy Court.

The United States Bankruptcy Court for the Central District of California having jurisdiction over the Chapter 11 Cases.

1.27 Bankruptcy Rules.

Collectively, the Federal Rules of Bankruptcy Procedure as promulgated under 28 U.S.C. § 2075 and any Local Rules of the Bankruptcy Court, as applicable to the Chapter 11 Cases.

1.28 Bar Date.

March 7, 2008, which is the date fixed by the Bankruptcy Court by which all Persons (except governmental units or holders of Claims that appear in the Schedules and are **not** scheduled as disputed, contingent or unliquidated) asserting a Claim against the Debtors (except Administrative Claims or Asbestos Related Claims) must file a proof of claim or be forever barred from asserting a Claim against the Debtors or their property, voting on the Plan, and sharing in distributions under the Plan.

1.29 Business Day.

Any day other than a Saturday, Sunday, or legal holiday, as defined in Bankruptcy Rule 9006(a).

1.30 Business Loss.

Any Claim for damages for lost business opportunities, business interruption or other cost, loss or damage to the Debtors' businesses, or impairment of Asbestos Insurance Coverage, based on, arising under or related to any Asbestos Insurance Litigation.

1.31 Business Loss Allocation.

The portion of the aggregate Business Losses sustained by the Debtors that shall be paid by the Trust to the Reorganized Debtor, determined as follows: The sum of (i) 2% of all Net Recoveries up to $200 million, plus (ii) .75% of all Net Recoveries between $200 million and $300 million, plus (iii) .25% of all Net Recoveries between $300 million and $500 million. The Trust shall not pay the Reorganized Debtor any amounts for Business Losses on account of any Net Recoveries in excess of $500 million. For the purposes of this definition, there shall be excluded from Net Recoveries the following: (a) the sum of $35 million due from Great American Insurance

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Company and Republic Indemnity Company of America pursuant to paragraph 2.1.1 of that certain *Settlement Agreement, Buy Back of Policies, Release of Claims and Covenant Not to Sue Between Thorpe Insulation Company, et al. and Great American Insurance Company and Republic Indemnity Company of America*, (b) the sum of $5 million received from Pacific Indemnity Company pursuant to paragraph 2 of that certain *Final Settlement Agreement and Mutual Releases by and Between Thorpe Insulation Company and Pacific Indemnity Company*, and (c) the sum of $2.5 million received from Associated International Insurance Company pursuant to paragraph 2 of that certain *Settlement Agreement by and Between Thorpe Insulation Company and Associated International Insurance Company*. For the avoidance of doubt, all sums due under the agreements listed above, other than those referred to in the immediately preceding sentence, shall be included in the term Net Recoveries as used in this Section 1.31 and the Business Loss Allocation shall not exceed, under any circumstances, $5.25 million.

1.32 Cash.

Currency, checks drawn on a bank insured by the Federal Deposit Insurance Corporation, certified checks, money orders, negotiable instruments, and wire transfers of immediately available funds.

1.33 Channeling Injunction.

The channeling injunction issued in connection with the Confirmation Order set forth in Exhibit A to the Plan.

1.34 Chapter 11 Case(s).

The case(s) under Chapter 11 of the Bankruptcy Code in which each Debtor is a debtor and debtor-in-possession pending before the Bankruptcy Court.

1.35 Charter.

The articles or certificate of incorporation and the by-laws of a company, and any amendments to the foregoing.

1.36 Claim.

A claim as defined in Section 101(5) of the Bankruptcy Code, including, without limitation: (a) any right to payment, whether or not such right is reduced to judgment, liquidated, unliquidated,

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fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, or unsecured, arising at any time before the Effective Date; or (b) any right to an equitable remedy for breach of performance if such breach gives rise to a right to payment, whether or not such right to an equitable remedy is reduced to judgment, fixed, contingent, matured, unmatured, disputed, undisputed, secured, or unsecured.

1.37 Class.

A category of holders of Claims or Interests which are substantially similar in nature to the Claims or Interests of other holders placed in such category, as designated in Article 3 of this Plan.

1.38 Committee.

The Official Committees of Unsecured Creditors, appointed by the United States Trustee in the Chapter 11 Cases of Thorpe and Pacific in accordance with Section 1102(a)(1) of the Bankruptcy Code, as they may be reconstituted from time to time.

1.39 Confirmation.

Entry of the Confirmation Order by the District Court.

1.40 Confirmation Date.

The date on which the District Court enters the Confirmation Order.

1.41 Confirmation Findings.

The findings of fact and conclusions of law made in support of the Confirmation Order, including those findings required by Section 524(g) of the Bankruptcy Code.

1.42 Confirmation Hearing.

The hearing or hearings to consider confirmation of the Plan under Section 1129 of the Bankruptcy Code, as such hearing(s) may be adjourned from time to time.

1.43 Confirmation Order.

The order of the District Court confirming the Plan, or affirming the order of the Bankruptcy Court confirming the Plan.

1.44 Continental.

Continental Insurance Company, as successor in interest to certain insurance policies issued by Harbor Insurance Company.

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1.45 Contingent Claim.

Any Claim for which a proof of Claim has been filed with the Bankruptcy Court which (a) has not accrued and is dependent on a future event that has not occurred and may never occur, and (b) has not been Allowed on or before the Confirmation Date, or such other date as the Bankruptcy Court may establish.

1.46 Coverage Litigation.

The following civil actions captioned: (i) *Thorpe Insulation Company v. Allstate Insurance Company, et al.* (No. CGC-05-446 682), originally filed in the California Superior Court for the County of San Francisco; (ii) *Chicago Insurance Company, et al. v. Allstate Insurance Company, et al.* (No. BC343014), pending in the California Superior Court for the County of Los Angeles; (iii) *Chicago Insurance Company v. Pacific Insulation Company, et al.* (No. BC346667), pending in the California Superior Court for the County of Los Angeles; and (iv) *In re: Thorpe Insulation Asbestos Coverage Cases*, Judicial Counsel Coordination Proceeding No. 4458, pending in the California Superior Court for the County of Los Angeles.

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1.47 Creditor.

Has the meaning set forth in Section 101(10) of the Bankruptcy Code.

1.48 Debtors.

Collectively, Thorpe and Pacific.

1.49 DIP Lender.

California Bank & Trust.

1.50 DIP Loan.

The $2 million debtor-in-possession secured, super-priority, revolving loan provided to Pacific by the DIP Lender pursuant to the *Business Loan Agreement*, dated as of April 25, 2008, between Pacific and the DIP Lender, including any ancillary agreements to such agreement, as such agreements may be amended, supplemented or otherwise modified from time to time.

1.51 Disbursing Agent.

The Reorganized Debtor, or such other person or persons designated by the Reorganized Debtor to act as, or assist, the disbursing agent under the Plan for the purpose of making the

Distributions required under the Plan.

1.52 Disclosure Statement.

The disclosure statement relating to the Plan including, without limitation, all exhibits and schedules to such disclosure statement, in the form approved by the Bankruptcy Court under Section 1125 of the Bankruptcy Code and Bankruptcy Rule 3017.

1.53 Disclosure Statement Order.

The *Order Approving First Amended Disclosure Statement Concerning the First Amended Joint Plan of Reorganization of Thorpe Insulation Company and Pacific Insulation Company Under Chapter 11 of the Bankruptcy Code,* entered by the Bankruptcy Court on August 12, 2008.

1.54 Disputed.

With respect to Claims, any Claim: (a) as to which the Debtor or any other proper party-in-interest has interposed a timely objection or request for estimation, or has sought to equitably subordinate or otherwise limit recovery in accordance with the Bankruptcy Code and the Bankruptcy Rules, or which is otherwise disputed by the Debtor in accordance with applicable law, and such objection, request for estimation, action to limit recovery or dispute has not been withdrawn or determined by a Final Order; or (b) that is a Contingent Claim. The term "Disputed," when used to modify a reference in the Plan to any Claim, Interest, Class of Claims or Class of Interests, means a Claim or Interest (or any Claim or Interest in any such Class) that is so disputed.

1.55 Distribution.

A payment of Cash to the holder of an Allowed Claim pursuant to the Plan.

1.56 District Court.

The United States District Court for the Central District of California having jurisdiction over the Chapter 11 Cases.

1.57 Effective Date.

The date the Merger Agreement is effective pursuant to Section 1103 of the California Corporations Code.

1.58 Employee Benefit Programs.

All health, dental, flexible medical payment, pension, welfare and retirement plans, and life

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and disability insurance policies, established by the Debtors for the benefit of their employees, whether or not such plans or programs were or had been terminated according to their terms before the pertinent Petition Date or during the Chapter 11 Cases.

1.59 Estates.

The estates for the Debtors created in the Chapter 11 Cases in accordance with Section 541 of the Bankruptcy Code or otherwise.

1.60 Farwest.

Farwest Insulation Contracting, a California corporation, formerly known as Far West Insulation Contracting and also formerly known as Tico Group, Inc.

1.61 Farwest Contribution.

The Cash payment made by Farwest to the Trust on behalf of Farwest and the Identified Parties in the amount of $500,000.

1.62 Farwest Settlement.

The compromise and release of Intercompany Claims between the Debtors, on the one hand, and Farwest, on the other hand, set forth in **Exhibit G** to the Plan and implemented pursuant to Section 5.9 of the Plan.

1.63 Final Order.

An order or judgment of the Bankruptcy Court (or, in the case of the Confirmation Order, the District Court) that has been entered upon the docket in the Chapter 11 Cases (or, in the case of the Confirmation Order, on the docket of the District Court) and (a) as to which the time to appeal, petition for certiorari, or move for reargument or rehearing has expired and as to which no appeal, petition for certiorari, or other proceedings for reargument or rehearing shall then be pending, or (b) in the event that an appeal, writ of certiorari, reargument or rehearing has been sought, such order or judgment shall have been affirmed by the highest court to which such order or judgment was appealed, or certiorari has been denied, or from which reargument or rehearing was sought, and the time to take any further appeal, petition for certiorari, or move for reargument or rehearing shall have expired; provided, however, that the possibility that a motion under Rule 59 or Rule 60 of the Federal Rules of Civil Procedure or any analogous rule under the Bankruptcy Rules may be filed

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with respect to such order or judgment shall not cause such order or judgment not to be a "final order."

1.64 Fireman's Fund.

Fireman's Fund Insurance Company, provided that, any references in the Plan to Fireman's Fund by name or as the holder of a Wellington Settlement Claim shall apply only in the event the Fireman's Fund Settlement is terminated.

1.65 Fireman's Fund Settlement.

The settlement set forth in that certain *Term Sheet Among TBFP Parties, Fireman's Fund, and Chicago* dated December 16, 2009 (including the full formal settlement agreement contemplated thereby), among the Debtors, certain third parties identified therein, and the Fireman's Fund Entities (as defined therein) or in such other and further agreement that may be entered into by the parties to such term sheet to replace such term sheet, as such other and further agreement may be approved by the Bankruptcy Court.

1.66 Futures Representative.

The Honorable Charles B. Renfrew (Ret.), acting as the legal representative on behalf of persons holding potential Asbestos Injury Demands against Thorpe or Pacific, appointed by the Bankruptcy Court under Section 524(g)(4)(B)(i) of the Bankruptcy Code pursuant to orders entered on December 21, 2007 in each of the Bankruptcy Cases or such successor representative as may be appointed by the Bankruptcy Court prior to the Effective Date, or in accordance with the Trust Agreement following the Effective Date.

1.67 Identified Parties.

Bayshore Partners, LLC, formerly known as Bayshore Group, which was formerly known as Fults Development Co.; Robert W. Fults; Debra Fults; Linda E. Fults; Eric W. Fults; Vicky Fults; David A. Fults; and Stacie Fults.

1.68 Indemnity Election.

The indemnification to be provided by the Trust to the Reorganized Debtor set forth in **Exhibit H** to the Plan and implemented pursuant to Section 7.4 of the Plan.

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1.69 Injunction Action.

The adversary proceeding filed in the Chapter 11 Cases entitled *Thorpe Insulation Company, et al. v. Argonaut Insurance Company, et al.*, Adv. No. 08-01850.

1.70 Injunctions.

The Channeling Injunction, the Settling Asbestos Insurer Injunction and the Asbestos Insurer Injunction.

1.71 Intercompany Claims.

All Claims (whether arising from contract, tort or otherwise, including claims for Business Losses) and Avoidance Actions held by any of Thorpe, Pacific or Farwest against each other, whether or not a proof of Claim is filed or deemed filed pursuant to Section 501 of the Bankruptcy Code in either of the Chapter 11 Cases, provided that, the Intercompany Claims do **not** include: (1) any Asbestos Insurance Rights; and (2) any accounts receivable or other obligations owed by or between either of the Debtors and Farwest and incurred in the ordinary course of business.

1.72 Interests.

Collectively, all Thorpe Interests and Pacific Interests.

1.73 Lien.

A lien as defined in Section 101(37) of the Bankruptcy Code, but not including a lien that has been avoided in accordance with Sections 544, 545, 546, 547, 548, 553, or 549 of the Bankruptcy Code.

1.74 Merger.

The merger of Thorpe and Pacific that is to be consummated pursuant to the Merger Agreement.

1.75 Merger Agreement.

The *Agreement and Plan of Merger* providing for the merger of Pacific into Thorpe (with Thorpe to be the surviving corporation), in form and substance satisfactory to the Proponents and in substantially the form attached as **Exhibit J** to the Plan.

1.76 Net Recoveries.

All Cash Proceeds received on account of Asbestos Insurance Rights and Asbestos Insurance

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Settlements, less any expenses incurred by the Debtors, or either of them, or the Trust in pursuing such amounts including, without limitation: (a) attorneys' fees of coverage and litigation counsel (but not general bankruptcy counsel or appellate counsel retained in the Chapter 11 Cases), and (b) costs of suit.

1.77 Non-Settling Asbestos Insurer.

An Asbestos Insurer that is not a Settling Asbestos Insurer.

1.78 Notice Procedures.

Those procedures governing notice of certain post-Effective Date matters set forth in Section 11.10.3 of the Plan.

1.79 Pacific.

Pacific Insulation Company, a California corporation.

1.80 Pacific Assets.

All of the property of the Estate of Pacific under Section 541 of the Bankruptcy Code.

1.81 Pacific Directors.

The following members of the board of directors of Pacific: Robert W. Fults and Linda E. Fults.

1.82 Pacific Equity Security.

(i) Any share of common or preferred stock of Pacific issued and outstanding as of the Petition Date, and (ii) any unexpired and enforceable right, put, award, option or warrant, whether under one or more contracts or plans in existence on the Petition Date of the Chapter 11 Case of Pacific, to purchase, sell, grant or otherwise transfer any such shares.

1.83 Pacific Interests.

The rights of an owner and holder of a Pacific Equity Security.

1.84 Pacific Officers.

(i) Robert W. Fults, in his capacity as President and Chief Executive Officer of Pacific, (ii) Stephen C. Butler, in his capacity as Vice President/General Manager of Pacific, (iii) Eric W. Fults, in his capacity as Secretary of Pacific, and (iv) Linda D. Chavarria, in her capacity as Assistant Secretary/Controller of Pacific.

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1.85 Permitted Employee Payments.

All amounts paid by Pacific during its Chapter 11 Case on account of Claims arising prior to its Petition Date in the amounts and according to the conditions set forth in the *Order Authorizing Debtor to Honor Certain Prepetition Employee-Related Obligations* entered by the Bankruptcy Court on December 13, 2007 (Docket No. 309).

1.86 Person.

Any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated association or organization, or other "person" as defined in Bankruptcy Code § 101, as well as any governmental agency, governmental unit or associated political subdivision.

1.87 Petition Date(s).

(i) October 15, 2007, in the case of Thorpe, and (ii) October 31, 2007, in the case of Pacific.

1.88 Plan.

This Chapter 11 plan of reorganization, either in its present form or as it may be amended, supplemented or modified from time to time, including all of its annexed exhibits and schedules (*e.g.*, the Injunctions, the Trust Documents, the Merger Agreement).

1.89 Plan Interest Rate.

The greater of (a) the federal statutory rate of interest pursuant to 28 U.S.C. § 1961(a) as of the applicable Petition Date, or (b) the rate of interest determined in accordance with the underlying agreement or the nonbankruptcy law applicable to a particular Claim.

1.90 Priority Employee Claim.

Any Claim (or portion of such Claim) entitled to priority under Sections 507(a)(3) and (a)(4) of the Bankruptcy Code.

1.91 Priority Tax Claim.

Any Claim (or portion of such Claim) of a governmental unit entitled to priority under Section 507(a)(8) of the Bankruptcy Code.

1.92 Proceeds.

All Cash, interest, profits, dividends, proceeds, products, and rents earned, accrued, collected, derived, received or recovered on account of the liquidation, sale, transfer, enforcement or other

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disposition of property, including all "proceeds" as defined under Section 9102(a)(64) of the California Uniform Commercial Code.

1.93 Professional.

Each Person (a) employed in accordance with an order of the Bankruptcy Court under Sections 327 or 1103 of the Bankruptcy Code and to be compensated for services under Sections 327, 328, 329, 330, 331 and 504 of the Bankruptcy Code, or (b) for which compensation or reimbursement is requested under Section 503(b) of the Bankruptcy Code.

1.94 Professional Fee Reserve.

A reserve set aside from the Cash proceeds of Asbestos Insurance Settlements existing as of the Effective Date, in an amount sufficient to pay all anticipated Allowed Professional Fees outstanding as of the Effective Date and to reimburse Pacific for all Allowed Professional Fees paid by it in connection with its Chapter 11 Case, provided that, such reimbursement shall be reduced by $250,000 on account of amounts previously funded by Pacific for retainers to Professionals.

1.95 Professional Fees.

Any claim by a Professional for compensation for services rendered and reimbursement for expenses submitted in accordance with Sections 330, 331, or 503(b) of the Bankruptcy Code.

1.96 Professional Fees Bar Date.

The date fixed under the Confirmation Order, approximately sixty (60) days following the Effective Date, by which any Professional seeking an award of Professional Fees must have filed an application with the Bankruptcy Court under Section 330(a) of the Bankruptcy Code, or be forever barred from an award of Professional Fees against the Debtors and/or sharing in any distribution under the Plan, provided that, the Professional Fees Bar Date shall not apply to certain Professional Fees as described in Section 2.5 of the Plan.

1.97 Proponents.

Collectively, the Debtors, the Committee and the Futures Representative, provided that, a Proponent may withdraw as a Proponent by written notice to the other Proponents delivered prior to the commencement of the Confirmation Hearing, in which case the remaining Proponents shall constitute the Proponents.

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1.98 Protected Party.

The following entities, and any Related Party, Affiliate or Agent of each such entity or person, that, pursuant to Section 524(g)(4)(A)(i) of the Bankruptcy Code, are addressed by the Channeling Injunction: (i) Thorpe, (ii) Pacific, (iii) the Reorganized Debtor, (iv) Farwest, (v) the Identified Parties, and (vi) each Settling Asbestos Insurer.

1.99 QSF Law.

Section 468B of the Internal Revenue Code and all applicable regulations promulgated thereunder (*e.g.*, 26 C.F.R. §1.468B-1(c), *et seq.*).

1.100 QSF Opinion.

An opinion of counsel that the Trust will qualify as a "qualified settlement fund" under the QSF Law.

1.101 Rejection Claim Bar Date.

The date fixed under the Confirmation Order, which is expected to be approximately thirty (30) days following the Confirmation Date, by which any Person asserting a Claim for damages arising from the rejection of an executory contract or unexpired lease under this Plan must have filed a proof of Claim with the Bankruptcy Court under Section 502(g) of the Bankruptcy Code, or be forever barred from asserting such Claim against the Debtors and sharing in any distribution under the Plan.

1.102 Related Party.

Has the meaning set forth in Section 524(g)(4)(A)(iii) of the Bankruptcy Code.

1.103 Reorganization Law.

Section 1400 of the California Corporations Code.

1.104 Reorganized Debtor.

Thorpe, as revested with the Thorpe Assets and Merged with Pacific pursuant to the Plan, on the Effective Date.

1.105 Reorganized Debtor Directors.

Robert W. Fults and Eric W. Fults.

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1.106 Reorganized Debtor Earnout Note.

The promissory note made by the Reorganized Debtor and payable to the order of the Trust, in substantially the form attached as **Exhibit L** to the Plan, with the following terms: (i) principal amount of $500,000.00, (ii) interest at a rate per annum which shall be 3% above the "discount rate" established by the Federal Reserve Bank of San Francisco in effect on the Confirmation Date, (iii) term of ten (10) years, subject to voluntary prepayment at any time without penalty, and (iv) payable in annual principal installments equal to 50% of annual profits earned by the Reorganized Debtor, not to exceed $50,000, as further specified in the note.

1.107 Reorganized Debtor Expenses.

The expenses incurred by the Reorganized Debtor, the Disbursing Agent, the Committee or the Futures Representative on and after the Effective Date that are related to the implementation of the Plan (including the fees and costs of their respective attorneys, advisors and other professionals), provided that, Reorganized Debtor Expenses do not include any Trust Expenses.

1.108 Reorganized Debtor Notes.

The Reorganized Debtor Earnout Note and the Reorganized Debtor Promissory Note.

1.109 Reorganized Debtor New Common Stock.

The new shares of common stock of the Reorganized Debtor authorized and issued in connection with the Merger.

1.110 Reorganized Debtor Officers.

(i) Robert W. Fults, in his capacity as President and Chief Executive Officer, (ii) Stephen C. Butler, in his capacity as Vice President/General Manager, (iii) Eric W. Fults, in his capacity as Secretary, and (iv) Linda D. Chavarria, in her capacity as Assistant Secretary/Controller.

1.111 Reorganized Debtor Promissory Note.

The promissory note made by the Reorganized Debtor and payable to the order of the Trust, in substantially the form attached as **Exhibit K** to the Plan, with the following terms: (i) principal amount of $750,000.00, (ii) interest at a rate per annum which shall be 3% above the "discount rate" established by the Federal Reserve Bank of San Francisco in effect on the Confirmation Date, (iii) term of five (5) years, subject to voluntary prepayment at any time without penalty, (iv) payable in

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annual principal installments of $150,000, and (v) secured by 51% of the issued and outstanding Reorganized Debtor New Common Stock pursuant to the terms and conditions of the Reorganized Debtor Stock Pledge Agreement.

1.112 Reorganized Debtor Stock Pledge Agreement.

The stock pledge agreement, in substantially the form attached as **Exhibit M** to the Plan, pursuant to which 51% of the Reorganized Debtor New Common Stock is pledged to the Trust as security for the payments due pursuant to the Reorganized Debtor Promissory Note.

1.113 Retained Claims and Defenses.

All claims, causes of action, defenses, counterclaims, cross-claims, third-party claims, or rights of offset, recoupment, subrogation or subordination held by the Debtors against third parties arising in the ordinary course of business of the Debtors, provided that, the Retained Claims and Defenses do not include any Asbestos Insurance Litigation.

1.114 Schedules.

The schedules of assets and liabilities, the list of holders of Interests, and the statements of financial affairs filed by Thorpe on November 28, 2007, and Pacific on November 29, 2007, under Section 521 of the Bankruptcy Code and Bankruptcy Rule 1007, as such schedules, lists, and statements may have been or may be supplemented or amended from time to time.

1.115 Settling Asbestos Insurer.

The Asbestos Insurers listed in **Exhibit D** to the Plan, as such exhibit may be amended from time to time up to and including, but not after, the conclusion of the Confirmation Hearing before the Bankruptcy Court.

1.116 Settling Asbestos Insurer Injunction.

The supplemental injunction issued in connection with the Confirmation Order set forth in **Exhibit B** to the Plan.

1.117 Secured Claim.

Any Claim secured by a valid, perfected and enforceable Lien that is not subject to avoidance under bankruptcy or non-bankruptcy law, equal to the lesser of (a) the Allowed amount of such Claim, or (b) the value, as determined by the Bankruptcy Court pursuant to Sections 506(a) and

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1129(b) of the Bankruptcy Code and Bankruptcy Rule 3012, of: (i) the interest of the holder of such Claim in the property of the Debtor securing such Claim, or (ii) the amount subject to setoff under Section 553 of the Bankruptcy Code.

1.118 State Court.

The California Superior Court for the County of Los Angeles having jurisdiction over the Coverage Litigation.

1.119 Surviving Corporation.

Thorpe, in its capacity as the "surviving corporation" following the Merger of Pacific into Thorpe, pursuant to Section 1101(c) of the California Corporations Code.

1.120 TDP.

The *Thorpe Insulation Company Asbestos Personal Injury Settlement Trust Distribution Procedures*, as it may be amended or modified from time to time, in substantially the form attached as **Exhibit I** to the Plan.

1.121 Thorpe.

Thorpe Insulation Company, a California corporation, formerly known as Plant Insulation Company.

1.122 Thorpe Assets.

All of the property of the Estate of Thorpe under Section 541 of the Bankruptcy Code including, without limitation, any applicable Asbestos Insurance Rights.

1.123 Thorpe Directors.

Robert W. Fults and Linda E. Fults, in their capacities as the directors of Thorpe

1.124 Thorpe Equity Security.

(i) Any share of common or preferred stock of Thorpe issued and outstanding as of the Petition Date, and (ii) any unexpired and enforceable right, put, award, option or warrant, whether under one or more contracts or plans in existence on the Petition Date of the Chapter 11 Case of Thorpe (including the Thorpe Stock Plan), to purchase, sell, grant or otherwise transfer any such shares.

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1.125 Thorpe Interests.

The rights of an owner and holder of a Thorpe Equity Security.

1.126 Thorpe Officer.

Robert W. Fults, in his capacity as the President of Thorpe.

1.127 Trust.

The trust established by the Trust Agreement.

1.128 Trust Agreement.

The *Thorpe Insulation Company Asbestos Settlement Trust Agreement*, as it may be amended or modified from time to time, in substantially the form attached as **Exhibit I** to the Plan.

1.129 Trust Assets.

The following assets to be delivered to the Trust, and any Proceeds thereof: (a) the Asbestos Insurance Rights, (b) cash as of the Effective Date (including qualified settlement funds) constituting the proceeds of Asbestos Insurance Settlements, less amounts deposited in the Professional Fee Reserve, (c) the Reorganized Debtor Notes, (d) the Farwest Contribution, (e) the Debtors' rights of contribution, reimbursement, indemnity or subrogation on account of the payment by or on behalf of the Debtors prior to the Petition Dates of all or any part of any Asbestos Related Claim, other than rights against the Protected Parties, (f) all Business Losses, subject to the Business Loss Allocation payable to the Reorganized Debtor, and (g) the Debtors' rights to future payments from the Manville Personal Injury Settlement Trust.

1.130 Trust Documents.

The Trust Agreement, the TDP, and any related agreements, instruments and documents governing the establishment, administration and operation of the Trust.

1.131 Trust Expenses.

Any fees, costs, charges or other expenses incurred by the Trust.

1.132 Unsecured Claim.

Any Claim that is *not* (i) an Administrative Claim, (ii) a Secured Claim, (iii) a Priority Employee Claim, (iv) a Priority Tax Claim, (v) an Asbestos Injury Claim, (vi) an Asbestos Indirect Claim, or (vii) an Intercompany Claim. Unsecured Claims shall include Asbestos Property Damage

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Claims.

1.133 Unsecured Deficiency Claim.

Any Claim by a Person holding a Secured Claim to the extent the value of such Creditor's collateral, as determined in accordance with Section 506(a) of the Bankruptcy Code, is less than the Allowed amount of such Creditor's Claim as of the Petition Date, after taking into account any election made pursuant to Section 1111(b) of the Bankruptcy Code.

1.134 Wellington Agreements.

The (i) *Agreement Concerning Asbestos Related Claims* dated as of June 19, 1985, among Thorpe, Fireman's Fund and Continental (among other parties), and (ii) *Claim Handling and Settlement Agreement* signed by Thorpe on February 13, 1985.

1.135 Wellington Ruling.

The *Findings of Fact and Conclusions of Law* dated as of October 28, 2002, and related opinion issued by the arbitrator in certain arbitration proceedings commenced under the Wellington Agreements by Fireman's Fund on or about May 25, 1999.

1.136 Wellington Settlement.

The *Settlement Agreement and Release* dated as of April 17, 2003, among Thorpe, Fireman's Fund and Continental.

1.137 Wellington Settlement Claims.

The Claims of (a) Fireman's Fund filed on or about February 7, 2008, for alleged damages relating to Thorpe's alleged breach of the Wellington Settlement, and (b) Continental filed on or about February 6, 2008, for alleged damages relating to Thorpe's alleged breach of the Wellington Settlement.

1.138 Wellington Settlement Claims Favorable Determination.

The entry of a Final Order disallowing, in full, both of the Wellington Settlement Claims.

ARTICLE 2

TREATMENT OF UNCLASSIFIED CLAIMS

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2.1 Unclassified Claims.

As provided in Section 1123(a)(1) of the Bankruptcy Code, Administrative Claims and Priority Tax Claims against the Debtors are not classified for purposes of voting on, or receiving distributions under, the Plan. Holders of such Claims are not entitled to vote on the Plan. All such Claims are instead treated separately in accordance with this Article 2 and in accordance with the requirements set forth in Section 1129(a)(9) of the Bankruptcy Code.

2.2 Administrative Claims.

2.2.1 Generally.

Each Allowed Administrative Claim (except for Professional Fees, which shall be treated as set forth in Section 2.4 of the Plan) shall, unless the holder of such Claim shall have agreed to different treatment of such Claim, be paid in full in Cash by the Reorganized Debtor on the latest of: (a) the Effective Date, or as soon thereafter as practicable; (b) such date as may be fixed by the Bankruptcy Court, or as soon thereafter as practicable; (c) the tenth Business Day after such Claim is Allowed, or as soon thereafter as practicable; (d) such date as the holder of such Claim and the Reorganized Debtor may agree; and (e) the date such Claim is otherwise due according to its terms.

2.2.2 Administrative Claim Bar Date.

All requests for payment of Administrative Claims (except with respect to Professional Fees, which shall instead be subject to the Professional Fees Bar Date) must be filed by the Administrative Claim Bar Date or the holders thereof shall be forever barred from asserting such Administrative Claims against the Debtors or the Reorganized Debtor or from sharing in any distribution under the Plan. Holders of Administrative Claims based on liabilities incurred in the ordinary course of the Debtors' businesses following the applicable Petition Date shall not be required to comply with the Administrative Claim Bar Date, provided that, (i) such holders have otherwise submitted an invoice, billing statement or other evidence of indebtedness to the applicable Debtor in the ordinary course of business, and (ii) such Claims are not past due according to their terms on the Administrative Claim Bar Date.

2.2.3 Source of Payment.

Distributions to the holders of Allowed Administrative Claims against the Debtors shall be

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paid solely by the Reorganized Debtor (except for Professional Fees, which shall be payable pursuant to Section 2.4 of the Plan). No holder of an Administrative Claim (except for Professional Fees, pursuant to Sections 2.4 and 2.5 of the Plan) shall be entitled to receive or recover any amounts from the Trust on account of such claim.

2.3 Allowed Priority Tax Claims.

2.3.1 Generally.

Each Allowed Priority Tax Claim shall, at the option of the Reorganized Debtor, unless the holder of such Claim shall have agreed to different treatment of such Claim, (i) be paid in full in Cash, without interest, by the Reorganized Debtor on the latest of: (a) the Effective Date, or as soon thereafter as practicable; (b) such date as may be fixed by the Bankruptcy Court, or as soon thereafter as practicable; (c) the tenth Business Day after such Claim is Allowed, or as soon thereafter as practicable; and (d) such date as the holder of such Claim and the Reorganized Debtor may agree, or (ii) receive deferred cash payments to the extent permitted by Section 1129(a)(9) of the Bankruptcy Code with interest on the unpaid portion of such Claim at the statutory rate under applicable nonbankruptcy law or at a rate to be agreed upon by the Reorganized Debtor and the appropriate governmental unit or, if they are unable to agree, to be determined by the Bankruptcy Court; provided, however, that the Reorganized Debtor may prepay any or all such Claims at any time, without premium or penalty. For the purpose of option *(ii)*, the payment of each Allowed Priority Tax Claim shall be made in equal quarterly installments with the first installment due on the latest of: (i) the first Business Day following the end of the first full calendar quarter following the Effective Date, (ii) the first Business Day following the end of the first full calendar quarter following the date an order allowing such claim becomes a Final Order, and (iii) such other time or times as may be agreed with the holder of such claim. Each installment shall include simple interest on the unpaid balance of the Allowed Priority Tax Claim, without penalty of any kind, at the non-default rate of interest prescribed, agreed to or determined under option *(ii)*.

2.3.2 Source of Payment.

Distributions to the holders of Allowed Priority Tax Claims against the Debtors shall be paid solely by the Reorganized Debtor. No such holder of an Allowed Priority Tax Claim shall be

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entitled to receive or recover any amounts from the Trust on account of such claim.

2.3.3 Existence of Priority Tax Claims.

The Debtors are not currently aware of the existence of any Priority Tax Claims against either of the Debtors.

2.4 Claims for Professional Fees.

Each Professional seeking an award by the Bankruptcy Court of Professional Fees (except to the extent described in Section 2.5 of the Plan): (a) must file its final application for allowance of compensation for services rendered and reimbursement of expenses incurred through the Effective Date on or before the Professional Fees Bar Date; and (b) if the Bankruptcy Court grants such an award, each such Person will be paid in full in Cash from the Professional Fee Reserve in such amounts as are allowed by the Bankruptcy Court as soon as practicable following the first day after such order has been entered by the Bankruptcy Court and is not stayed. All Allowed Professional Fees shall be paid from the Professional Fee Reserve and Pacific shall be reimbursed (from the Professional Fee Reserve) for all Allowed Professional Fees previously paid by it during the course of its Chapter 11 Case, provided that, such reimbursement shall be reduced by $250,000 on account of amounts previously funded by Pacific for retainers to Professionals. Subject to Section 7.3(ii) of the Plan, the Professional Fee Reserve shall be established and funded in an amount that is sufficient (as determined by the Debtors, in their reasonable discretion, based on conservative estimates obtained from all Professionals) to pay all anticipated Allowed Professional Fees accrued through the Effective Date and to reimburse Pacific for all Allowed Professional Fees previously paid by it during the course of its Chapter 11 Case, provided that, such reimbursement shall be reduced by $250,000 on account of amounts previously funded by Pacific for retainers to Professionals. To the extent funds remain in the Professional Fee Reserve after payment of all Allowed Professional Fees, such excess shall be promptly transferred to the Trust. All final applications for allowance and disbursement of Professional Fees must be in compliance with all of the terms and provisions of any applicable order of the Bankruptcy Court, including the Confirmation Order.

2.5 Certain Professional Fees Related to Coverage Litigation.

Notwithstanding any provisions to the contrary in Section 2.4 of the Plan, the Professional

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Fees Bar Date shall apply to Morgan, Lewis & Bockius and Snyder, Miller & Orton only to the extent of fees and expenses that have been actually earned and paid to those law firms on or before the Effective Date. The Trust shall assume the Debtors' post-petition retention agreements with Morgan, Lewis & Bockius and Snyder, Miller & Orton and shall agree to pay, as and when due thereunder in accordance with such agreements, contingent fees for services rendered and reimbursement of expenses incurred on account of any Asbestos Insurance Settlements consummated by the Trust following the Effective Date (or amounts due under Asbestos Insurance Settlements consummated prior to the Effective Date for which payment is not due or received prior to the Effective Date). None of the fees and expenses that become due and payable to Morgan, Lewis & Bockius and Snyder, Miller & Orton after the Effective Date shall be subject to review or approval by the Bankruptcy Court and shall be paid by the Trust in accordance with the terms and conditions of the respective post-petition retention agreements with Morgan, Lewis & Bockius and Snyder, Miller & Orton.

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2.6 DIP Loan.

The DIP Lender shall (i) be paid by Pacific at the time, in the amount and in accordance with the terms and conditions of the DIP Loan, in full satisfaction, settlement, release and discharge of and in exchange for all Claims under the DIP Loan, or (ii) receive such other treatment as to which the DIP Lender and Pacific shall have agreed upon in writing.

ARTICLE 3

CLASSIFICATION OF CLAIMS AND EQUITY INTERESTS

3.1 Summary of Classification.

In accordance with Section 1123(a)(1) of the Bankruptcy Code, all Claims of Creditors (except those Claims receiving treatment as set forth in Article 2) and holders of Interests are placed in the Classes described below for all purposes, including voting on, confirmation of, and distribution under, the Plan:

Class 1	Priority Employee Claims	Unimpaired, deemed to accept
Class 2	Miscellaneous Secured Claims (each secured creditor in a separate class	Unimpaired, deemed to accept

	identified as class 2a, class 2b, etc.)	
Class 3	Pacific Unsecured Claims	Unimpaired, deemed to accept
Class 4	Thorpe Unsecured Claims	Unimpaired, deemed to accept
Class 5	Asbestos Injury Claims	Impaired, entitled to vote
Class 6	Pacific Interests	Impaired, entitled to vote
Class 7	Thorpe Interests	Impaired, entitled to vote

3.2 Specific Classification.

3.2.1 Class 1 – Priority Employee Claims.

Class 1 consists of all Priority Employee Claims against Thorpe and Pacific.

3.2.2 Class 2 – Miscellaneous Secured Claims.

Class 2 consists of all Secured Claims against Thorpe and Pacific. Each holder of a Secured Claim is considered to be in its own separate subclass within Class 2, and each such subclass is deemed to be a separate Class for purposes of the Plan and is numbered Class 2A, Class 2B, etc.

3.2.3 Class 3 – Pacific Unsecured Claims.

Class 3 consists of all Unsecured Claims against Pacific.

3.2.4 Class 4 – Thorpe Unsecured Claims.

Class 4 consists of all Unsecured Claims against Thorpe.

3.2.5 Class 5 – Asbestos Injury Claims.

Class 5 consists of all Asbestos Injury Claims and Asbestos Indirect Claims against Thorpe and Pacific.

3.2.6 Class 6 – Pacific Interests.

Class 6 consists of all Pacific Interests.

3.2.7 Class 7 – Thorpe Interests.

Class 7 consists of all Thorpe Interests.

ARTICLE 4

TREATMENT OF CLAIMS AND EQUITY INTERESTS

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4.1 Class 1 -- Priority Employee Claims.

4.1.1 Impairment and Voting.

Class 1 is unimpaired under the Plan. Holders of Allowed Priority Employee Claims are deemed to have accepted the Plan under Section 1126(f) of the Bankruptcy Code and are not entitled to vote on the Plan.

4.1.2 Treatment.

Each holder of an Allowed Priority Employee Claim shall, unless the holder of such Claim shall have agreed to different treatment of such Claim, receive a Cash payment in an amount equal to the difference between (i) such Allowed Employee Priority Claim, and (ii) the amount of any Permitted Employee Payments made to the holder of such Claim, on the latest of: (a) the Effective Date, or as soon thereafter as practicable; (b) such date as may be fixed by the Bankruptcy Court, or as soon thereafter as practicable; (c) the tenth Business Day after such Claim is Allowed, or as soon thereafter as practicable; and (d) such date as the holder of such Claim and the Reorganized Debtor may agree.

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4.1.3 Source of Payment.

Distributions to the holders of Allowed Priority Employee Claims against Thorpe and Pacific shall be paid solely by the Reorganized Debtor. No such holder of an Allowed Priority Employee Claim shall be entitled to receive or recover any amounts from the Trust on account of such claim.

4.1.4 Existence of Priority Employee Claims.

The Debtors are not currently aware of the existence of any Priority Employee Claims against either of the Debtors.

4.2 Class 2 -- Miscellaneous Secured Claims.

4.2.1 Impairment and Voting.

Class 2 is unimpaired under the Plan. Holders of Allowed Secured Claims are deemed to have accepted the Plan under Section 1126(f) of the Bankruptcy Code and are not entitled to vote on the Plan. For purposes of distributions under the Plan, each holder of a Secured Claim in Class 2 against Thorpe or Pacific is considered to be in its own separate subclass within Class 2, and each

such subclass is deemed to be a separate Class for purposes of the Plan.

4.2.2 Alternative Treatment.

On or before the date of a distribution to each holder of an Allowed Secured Claim in Class 2, the Reorganized Debtor shall select, in its discretion, one of the following alternative treatments for each Allowed Secured Claim in Class 2:

(a) Abandonment or Surrender.

The Reorganized Debtor will abandon or surrender to the holder of such Claim the property securing such Claim, in full satisfaction and release of such Claim.

(b) Cash Payment.

The Reorganized Debtor will pay to the holder of such Claim Cash equal to the amount of such Claim, or such lesser amount to which the holder of such Claim and the applicable Debtor shall agree, in full satisfaction and release of such Claim.

4.2.3 Source of Payment.

Distributions to the holders of Allowed Secured Claims against Thorpe and Pacific under the treatment option set forth in Section 4.2.2(b) of the Plan shall be paid solely by the Reorganized Debtor. No such holder of an Allowed Secured Claim shall be entitled to receive or recover any amounts from the Trust on account of such claim.

4.2.4 Existence of Class 2 Claims.

The Debtors are not currently aware of the existence of any Class 2 Claims against either of the Debtors.

4.2.5 Unsecured Deficiency Claim.

Any Unsecured Deficiency Claim asserted by a holder of an Allowed Secured Claim in Class 2 shall be filed with the Bankruptcy Court within thirty (30) days following the date of the abandonment or surrender of such Creditor's collateral or such Creditor's receipt of its Distribution. Any such Allowed Unsecured Deficiency Claim shall be treated in accordance with Section 4.3 or 4.4 of the Plan, as applicable.

4.3 Class 3 – Pacific Unsecured Claims.

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4.3.1 Impairment and Voting.

Class 3 is unimpaired under the Plan. Holders of Allowed Unsecured Claims against Pacific are deemed to have accepted the Plan under Section 1126(f) of the Bankruptcy Code and are not entitled to vote on the Plan.

4.3.2 Treatment.

Each holder of an Allowed Unsecured Claim against Pacific shall receive, in exchange for, and in full and final satisfaction of, such Claim, a Cash payment equal to the sum of (a) 100% of the amount of such Claim, and (b) interest at the Plan Interest Rate from the applicable Petition Date through the date of Distribution on such Claim or portion thereof.

4.3.3 Source of Payment.

Distributions to the holders of Allowed Unsecured Claims against Pacific shall be paid solely by the Reorganized Debtor. No such holder of an Allowed Unsecured Claim shall be entitled to receive or recover any amounts from the Trust on account of such claim.

4.4 Class 4 – Thorpe Unsecured Claims.

4.4.1 Impairment and Voting.

Class 4 is unimpaired under the Plan. Holders of Allowed Unsecured Claims against Thorpe are deemed to have accepted the Plan under Section 1126(f) of the Bankruptcy Code and are not entitled to vote on the Plan.

4.4.2 Treatment.

Each holder of an Allowed Unsecured Claim against Thorpe shall receive, in exchange for and in full and final satisfaction of such Claim, a Cash payment equal to the sum of (a) 100% of the amount of such Claim, and (b) interest at the Plan Interest Rate from the applicable Petition Date through the date of Distribution on such Claim or portion thereof.

4.4.3 Source of Payment.

Distributions to the holders of Allowed Unsecured Claims against Thorpe shall be paid solely by the Reorganized Debtor. No such holder of an Allowed Unsecured Claim shall be entitled to receive or recover any amounts from the Trust on account of such claim.

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4.5 Class 5 – Asbestos Injury Claims and Asbestos Indirect Claims.

4.5.1 Impairment and Voting.

Class 5 is impaired under the Plan and all holders of Asbestos Injury Claims and Asbestos Indirect Claims against Thorpe and Pacific are entitled to vote on the Plan.

4.5.2 Treatment.

Upon the Effective Date, the Trust shall assume responsibility for all Asbestos Injury Claims and Asbestos Indirect Claims without further notice, approval or other act. The amount that each of holder of an Asbestos Injury Claim or Asbestos Indirect Claim shall be entitled to receive from the Trust shall be determined in accordance with the TDP, shall remain subject to the Asbestos Related Defenses and shall be paid at the times and in the manner set forth in the TDP. In no event shall the Trust's obligation to pay the holder of an Asbestos Injury Claim or Asbestos Indirect Claim the amount of such claim as determined in accordance with the TDP be satisfied other than by the payment in full of such amount.

4.5.3 Source of Payment.

Distributions to the holders of Allowed Asbestos Injury Claims and Asbestos Indirect Claims against Pacific and Thorpe shall be paid solely from the Trust. No holder of an Allowed Asbestos Injury Claim or Allowed Asbestos Indirect Claim against Pacific or Thorpe shall be entitled to receive or recover any amounts from the Debtors, their respective Estates, the Reorganized Debtor or the Settling Asbestos Insurers on account of such claims.

4.6 Class 6 – Pacific Interests.

4.6.1 Impairment and Voting.

Class 6 is impaired under the Plan and all holders of Pacific Interests are entitled to vote on the Plan.

4.6.2 Treatment.

On the Effective Date, the Merger shall be consummated and all Pacific Equity Securities shall automatically be terminated and extinguished and Pacific shall be merged into Thorpe with Thorpe to be the Surviving Corporation. Pursuant to the Merger Agreement, each holder of a Pacific Interest shall receive, in exchange for such interest, the Reorganized Debtor New Common Stock

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identified in the Merger Agreement. Upon and following the occurrence of the Effective Date, the Reorganized Debtor New Common Stock shall be subject to the Reorganized Debtor Stock Pledge Agreement, which shall encumber 51% of the Reorganized Debtor New Common Stock held by each holder of such stock.

4.7 Class 7 – Thorpe Interests.

4.7.1 Impairment and Voting.

Class 7 is impaired under the Plan and all holders of Thorpe Interests are entitled to vote on the Plan.

4.7.2 Treatment.

On the Effective Date, the Merger shall be consummated and all Thorpe Equity Securities shall automatically be terminated and extinguished and Pacific shall be merged into Thorpe with Thorpe to be the Surviving Corporation. Pursuant to the Merger Agreement, each holder of a Thorpe Interest shall receive, in exchange for such interest, the Reorganized Debtor New Common Stock identified in the Merger Agreement. Upon and following the occurrence of the Effective Date, the Reorganized Debtor New Common Stock shall be subject to the Reorganized Debtor Stock Pledge Agreement, which shall encumber 51% of the Reorganized Debtor New Common Stock held by each holder of such stock.

4.8 Nonconsensual Confirmation.

The Proponents hereby request confirmation of the Plan pursuant to Section 1129(b) of the Bankruptcy Code in the event that not all impaired classes of Claims and Interests vote to accept the Plan in accordance with Section 1126 of the Bankruptcy Code.

ARTICLE 5

IMPLEMENTATION OF THE PLAN

The Plan shall be implemented on the Effective Date. In addition to the provisions set forth elsewhere in this Plan regarding means of execution, the following shall constitute the principal means for the implementation of the Plan.

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5.1 Establishment of the Trust.

5.1.1 Formation and Purpose.

On the Effective Date, the Trust shall be established in accordance with the Trust Documents. The Trust shall be a "qualified settlement fund" within the meaning of the QSF Law. The purposes of the Trust shall be, among other things, to (a) liquidate, resolve, pay and satisfy all Asbestos Related Claims in accordance with the TDP; (b) preserve and maximize the Trust Assets; (c) manage the disposition of the Asbestos Insurance Rights; (d) prosecute or settle the Asbestos Insurance Litigation; and (e) aid in the defense and enforcement of the Injunctions.

5.1.2 Delivery of Trust Assets.

On the Effective Date, all Trust Assets shall be paid, transferred to, vested in, and assumed by the Trust, provided, however, that to the extent certain Trust Assets, because of their nature or because they will accrue subsequent to the Effective Date, cannot be transferred to, vested in, and assumed by the Trust on the Effective Date, such Trust Assets shall be transferred to, vested in, and assumed by the Trust as soon as practicable after the Effective Date. Any excess funds remaining in the Professional Fee Reserve after all Allowed Professional Fees have been paid shall promptly be transferred to the Trust.

5.1.3 Assumption of Asbestos Related Claims.

On the Effective Date, and without any further action of the Bankruptcy Court or further act or agreement of any entity, (i) all Asbestos Related Claims shall be assumed by the Trust, subject in all respects to any Asbestos Related Defenses, (ii) all Asbestos Related Claims shall thereafter automatically and perpetually be transferred and channeled to the Trust, and (iii) the Trust shall be solely responsible for any and all obligations of the Trust under the terms of the Asbestos Insurance Settlements and the Trust Agreement. Notwithstanding the Trust's assumption of liability for all Asbestos Related Claims, such assumption shall not itself operate or be construed (x) as a release, accord or novation of the Debtors' obligations on account of such Claims for purposes of any Asbestos Insurance Coverage (subject, however, to the discharge of any "personal liability" of the Debtors under Section 8.4 of the Plan), or (y) to bar any actions against the Reorganized Debtor as permitted by Section 5.1.6 of the Plan.

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5.1.4 Implementation of Reorganized Debtor and Farwest Contributions to Trust.

On the Effective Date, (a) the Farwest Contribution shall be paid to the Trust, and (b) the Reorganized Debtor Notes and the Reorganized Debtor Stock Pledge Agreement shall be delivered to the Trust. Any amounts due and outstanding by the Trust to the Reorganized Debtor on account of the Business Loss Allocation shall, as long as the Reorganized Debtor Promissory Note remains unpaid and outstanding, be retained by the Trust and offset against amounts due to the Trust by the Reorganized Debtor under the Reorganized Debtor Promissory Note (as such offset may be effectuated pursuant to the terms specified in the Reorganized Debtor Promissory Note).

5.1.5 Implementation of Business Loss Allocation.

On the Effective Date, and from time to time thereafter as it receives Net Recoveries, the Trust shall promptly pay the Business Loss Allocation to the Reorganized Debtor (subject to the offset provisions under Section 5.1.4 of the Plan). All other amounts attributable to Business Losses sustained by the Debtors in excess of the Business Loss Allocation shall be deemed contributed by the Debtors to the Trust.

5.1.6 Prosecution of Actions.

In the event that an Asbestos Claimant elects, consistent with the TDP and as otherwise permitted by the Injunctions, to commence an action with respect to an Asbestos Related Claim (in order to obtain the benefit of Asbestos Insurance Coverage or to establish the amount of an Asbestos Related Claim), any complaint commencing such an action shall name as a defendant, in lieu of the Debtor(s) allegedly liable for such Claim, the Reorganized Debtor, provided, however, that, consistent with the Injunctions, no party may identify the Reorganized Debtor using the terms "Thorpe Insulation" or "Pacific Insulation" or any variation thereof in the caption of any pleading or other filing in connection with the action commenced by such complaint and shall only identify the Reorganized Debtor in such caption as "RTI Company" or such other trade name for the Reorganized Debtor as may be specified in the Confirmation Order. Such action shall be deemed by operation of law to be an action against the Debtor(s) allegedly liable for the alleged Asbestos Related Claim (except that any judgment that may be obtained in such action may not be enforced against the assets of the Reorganized Debtor or the Trust). Subject to the Injunctions, nothing in this

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Section 5.1.6 is intended to bar any cause of action, or right to bring a cause of action, held by any Asbestos Claimant directly against any Asbestos Insurer in the event that an Asbestos Claimant obtains a judgment in any action permitted under this Section 5.1.6, provided, however, that to the extent such Asbestos Claimant seeks to initiate Asbestos Insurance Litigation in order to collect such a judgment against a Non-Settling Asbestos Insurer, the right of such Asbestos Claimant to recover from such a Non-Settling Asbestos Insurer shall be subject to the following limitations: if the Non-Settling Asbestos Insurer asserts that it has an Asbestos Insurance Policy Claim against a Settling Asbestos Insurer with respect to such Asbestos Claimant's Asbestos Related Claim (a) such Asbestos Insurance Policy Claim may be asserted as a defense or counterclaim against such Asbestos Claimant in such Asbestos Insurance Litigation and the Asbestos Claimant may assert the legal or equitable rights, if any, of the Settling Asbestos Insurer in response thereto, and (b) to the extent such Asbestos Insurance Policy Claim is determined to be valid by the court presiding over the Asbestos Insurance Litigation initiated by such Asbestos Claimant, the liability (if any) of such Non-Settling Asbestos Insurer to the Asbestos Claimant shall be reduced dollar for dollar by the amount so determined of such Asbestos Insurance Policy Claim. Further, the provisions of this Section 5.1.6 shall not apply to actions against the Trust pursuant to section 7.3 of the TDP.

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5.2 Issuance of Injunctions.

On the Effective Date, the Injunctions shall be deemed issued, entered, valid and enforceable according to their terms. The Injunctions shall be permanent and irrevocable and may only be modified by the District Court to the extent permitted under Section 524(g)(2)(A) of the Bankruptcy Code.

5.3 Management and Operation of the Trust.

5.3.1 Trust Representatives.

The initial trustees of the Trust shall be selected and disclosed (in a notice filed with the Bankruptcy Court) by the Committee and the Futures Representative on or before the thirtieth (30^{th}) day prior to the commencement of the Confirmation Hearing. If the Committee and the Futures Representative cannot agree on the initial trustees of the Trust, the Bankruptcy Court shall appoint the initial trustees of the Trust from among the individuals nominated by the Committee and the

Futures Representative. Any successor trustees shall be appointed in accordance with the terms of the Trust Agreement. For purposes of performing their duties and fulfilling their obligations under the Trust Agreement and the Plan, any trustee of the Trust shall be deemed to be a "party in interest" within the meaning of Section 1109(b) of the Bankruptcy Code.

5.3.2 Trust Expenses.

The Trust shall pay all Trust Expenses from the Trust Assets. The Reorganized Debtor shall have no obligation to pay any Trust Expenses.

5.3.3 TDP Provisions.

The TDP shall provide for the liquidation, resolution, payment and satisfaction (or denial) of all Asbestos Related Claims, subject to all Asbestos Related Defenses.

5.3.4 Futures Representative.

Prior to the Effective Date, the Futures Representative shall have the functions, rights and obligations as set forth in the Bankruptcy Code. Following the Effective Date, the Futures Representative shall serve pursuant to the Trust Agreement and shall have the rights, duties and responsibilities provided in the Trust Agreement. The Futures Representative shall be released and discharged from any further rights and duties under the Trust Agreement at the time, and under the circumstances, set forth in the Trust Agreement.

5.3.5 No Liability for Other Claims.

Except as expressly provided under the Plan (including Section 2.5 of the Plan) or the Trust Agreement, the Trust shall have no responsibility for any Claims against the Debtors other than the Asbestos Related Claims.

5.3.6 Certain Provisions Regarding Settling Asbestos Insurers.

The Trust Documents shall provide that Asbestos Claimants receiving payments from the Trust shall execute a release in favor of Thorpe, Pacific, the Reorganized Debtor, Farwest, the Identified Parties and each Settling Asbestos Insurer. The Trust shall be the only party with the right to recover from a Settling Asbestos Insurer for any Asbestos Related Claims. Such right of recovery shall be only as set forth in the applicable Asbestos Insurance Settlement.

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5.4 Vesting of Asbestos Insurance Rights.

5.4.1 Transfer of Asbestos Insurance Rights to Trust.

Upon the Effective Date, pursuant to Sections 1123(a)(5)(B) and 1123(b)(3)(B) of the Bankruptcy Code and without any further action of the Bankruptcy Court or further act or agreement of any entity, the Debtors automatically and irrevocably transfer to the Trust all of their Asbestos Insurance Rights, subject to any Asbestos Insurance Defenses. The foregoing transfer is made, and shall be effective, to the maximum extent permissible under applicable law and the terms of the Asbestos Insurance Policies, and shall not be construed (a) as an assignment of any Asbestos Insurance Policy, Asbestos Insurance Settlement, or other settlement agreement itself, or (b) to entitle any other person or entity to any Asbestos Insurance Coverage. The Trust shall assume responsibility for, and be bound by, all obligations of the Debtors under any Asbestos Insurance Settlement, any other settlement agreement with an Asbestos Insurer, and any Asbestos Insurance Policy, provided however, that the Trust's assumption of such responsibility shall not relieve the Debtors or the Reorganized Debtor from any obligation that the Debtors or the Reorganized Debtor may have under such agreements. In the event that the Reorganized Debtor incurs any out of pocket cost or expense in performing any obligation that the Debtors or Reorganized Debtor may have under any Asbestos Insurance Settlement, any other settlement agreement with an Asbestos Insurer, or any Asbestos Insurance Policy, the Trust shall reimburse the Reorganized Debtor for such cost or expense. In the event that the Reorganized Debtor is required to pay any cost, expense, loss, damages or other liability (i) as a result of the Trust's efforts to challenge the Wellington Settlement, the Wellington Ruling or the Wellington Agreements, or to seek insurance coverage for Asbestos Related Claims from Fireman's Fund or Continental primary insurance policies pursuant to Section 1.16(g) above, or (ii) as a result of the Wellington Settlement Claims in the event that all or any portion of the Wellington Settlement Claims are or become Allowed Claims under the Plan, the Trust shall reimburse and hold harmless the Reorganized Debtor for such cost, expense, loss, damages or other liability. The Trust's obligation under the preceding two sentences to reimburse and hold harmless the Reorganized Debtor shall be binding and effective upon the Effective Date, without any further action of the Bankruptcy Court or further act or agreement of any entity. As part

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of the consideration for the above described indemnity provided to the Reorganized Debtor with respect to Fireman's Fund, Continental and the Wellington Settlement Claims, the Reorganized Debtor agrees to comply with and be bound by the applicable provisions of the Procedures paragraph set forth in **Exhibit H** to the Plan.

5.4.2 Plan Is Insurance Neutral.

All Asbestos Insurance Defenses shall be adjudicated in the Asbestos Insurance Litigation. No provision of the Plan shall diminish or impair the right of any Asbestos Insurer, in any Asbestos Insurance Litigation or otherwise, to assert any Asbestos Insurance Defense, and all of such defenses shall be preserved in all respects. Any evidence adduced as part of the Confirmation Hearing with respect to the Asbestos Related Claims, and any findings of the court related to that evidence, shall be solely for the purpose of establishing the requirements of Sections 524(g) and 1129 of the Bankruptcy Code in connection with Confirmation and shall not (a) bind any Asbestos Insurer in any Asbestos Insurance Litigation, or (b) limit the right of any Asbestos Insurer to assert any Asbestos Insurance Defense. Neither the assumption by the Trust of the Asbestos Related Claims, nor the fact that it is the Trust, and not the Debtors, that is liquidating, resolving, paying and satisfying all Asbestos Related Claims in accordance with the TDP, shall be construed in any way to diminish any obligation of any Asbestos Insurer under any Asbestos Insurance Policy to any of the Debtors or the Trust, subject to any applicable Asbestos Insurance Settlement or Asbestos Insurance Defense. The duties and obligations, if any, of each Asbestos Insurer under such insurer's Asbestos Insurance Policies shall not be impaired, altered, reduced or diminished by the: (1) discharge granted to the Debtors under the Plan pursuant to Section 1141(d) of the Bankruptcy Code, (2) exonerations and releases contained in Section 8.7 of the Plan, (3) Injunctions granted under the Plan pursuant to Section 524(g) of the Bankruptcy Code, or (4) termination of the protections afforded under the Asbestos Insurer Injunction in accordance with its terms as set forth on **Exhibit C** to the Plan. Notwithstanding the foregoing, this Section 5.4.2 shall not affect or limit, or be construed as affecting or limiting, (i) the binding effect of the Plan and Confirmation Order and the Injunctions on the Debtors, the Reorganized Debtor, the Trust or the beneficiaries of the Trust; (ii) the protections afforded to entities addressed by the Injunctions, or (iii) the binding effect of any finding in the

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Confirmation Order that the vesting of the Asbestos Insurance Rights in and for the benefit of the Trust pursuant to Section 5.4.1 of the Plan is valid and enforceable and otherwise does not breach the terms of any Asbestos Insurance Policy, Asbestos Insurance Settlement, or any other agreement with any Asbestos Insurer.

5.5 Merger of Thorpe and Pacific.

5.5.1 Merger.

Upon the Effective Date, without further action of the Debtors or the shareholders of the Debtors, Pacific shall be merged into Thorpe, the separate existence of Pacific shall thereupon cease (*i.e.*, Pacific shall be the "disappearing corporation" under the Merger), and Thorpe, as the Surviving Corporation in the Merger, shall continue its corporate existence under the laws of the State of California. Upon the completion of the Merger, Thorpe shall be the Reorganized Debtor for purposes of consummating the transactions required in connection with this Plan. In order to consummate the Merger, each of the Debtors shall be, and hereby is, authorized and directed to (a) enter into the Merger Agreement, and (b) file articles of merger conforming to the requirements of the California general corporation law with the Secretary of State of the State of California.

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5.5.2 Charter.

Upon the Effective Date, and without any further action by the shareholders or directors of Pacific, the Charter of Pacific shall cease to have any force or effect. The Charter of Thorpe immediately prior to the Merger shall be the Charter of the Surviving Corporation; provided that, upon the Effective Date, such Charter shall be deemed amended (a) as provided in the Merger Agreement, and (b) to prohibit the issuance by the Reorganized Debtor of nonvoting securities to the extent required under Section 1123(a)(6) of the Bankruptcy Code, subject to further amendment of such Charter as permitted by applicable law.

5.5.3 Renaming.

Upon the Effective Date, and without any further action by the shareholders or directors of the Reorganized Debtor, the Charter of the Surviving Corporation shall be deemed amended to provide that the name of the Surviving Corporation shall be "Pacific Insulation Company."

5.5.4 Intercompany Claims Extinguished.

Upon the Effective Date, pursuant to the Merger, all Intercompany Claims between Thorpe and Pacific shall be deemed extinguished.

5.5.5 Pacific Officers and Pacific Directors.

Upon the Effective Date, and without any further action by the shareholders or directors of Pacific, the Pacific Officers and the Pacific Directors shall be deemed to have fulfilled their respective duties and shall be released and discharged from all further responsibilities with respect to the management, business and affairs of Pacific, as the "disappearing corporation" under the Merger, provided that, all outstanding amounts that may be due the Pacific Officers and the Pacific Directors shall remain payable according to the terms, and subject to the conditions of, such service.

5.5.6 No Liability.

The Reorganized Debtor shall, pursuant to Section 524(g)(3)(A)(ii) of the Bankruptcy Code, have no liability for any Asbestos Related Claims against Pacific.

5.6 Resumption of Coverage Litigation.

5.6.1 Continuation in State Court.

Upon the Effective Date, (a) any injunction that stays the prosecution of the Coverage Litigation shall be deemed dissolved, without any further action of the Bankruptcy Court, (b) the Injunction Action shall be dismissed without prejudice, and Proponents shall lodge an order of dismissal without prejudice, which the Bankruptcy Court shall sign, and (c) the parties to the Coverage Litigation shall resume the prosecution and defense of such litigation in the State Court, at such times and according to the procedures that may be established by such court.

5.6.2 Trust As Representative of Debtors.

The Trust is appointed as the representative of the Debtors under Section 1123(b)(3)(B) of the Bankruptcy Code to enforce, manage, settle, transfer or otherwise dispose of all Asbestos Insurance Litigation including, without limitation, the Coverage Litigation, at its sole direction and expense. The Trust shall be permitted, if necessary or appropriate, to substitute as the real party in interest for the Debtors in the Coverage Litigation. All Proceeds of any Asbestos Insurance Litigation shall be paid to the Trust or to the Reorganized Debtor for remittance to the Trust

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consistent with the Plan. The Trust shall require the release by Asbestos Claimants of Settled Asbestos Insurers (consistent with the scope of the release of such insurers on **Exhibit D** to the Plan) as a condition of payment by the Trust of an Asbestos Related Claim. The Reorganized Debtor shall assist and cooperate with the Trust in the prosecution of the Asbestos Insurance Litigation.

5.7 Transfer and Retention of Property of the Estates.

5.7.1 Revesting of Pacific Assets.

Upon the Effective Date, with the exception of all Trust Assets that are transferred to the Trust pursuant to Section 5.4.1 of the Plan, Pacific shall be vested with all right, title and interest in the Pacific Assets (and all such property shall be deemed to vest concurrently with the Merger), and all such property shall become the property of the Reorganized Debtor pursuant to the Merger.

5.7.2 Revesting of Thorpe Assets.

Upon the Effective Date, with the exception of all Trust Assets that are transferred to the Trust pursuant to Section 5.4.1 of the Plan, Thorpe shall be vested with all right, title and interest in the Thorpe Assets subject to the obligations to make (a) the Reorganized Debtor Contribution to the Trust, and (b) Distributions to the Creditors of the Debtors at the times, in the amounts and according to the treatment provisions of the Plan.

5.8 Postconfirmation Operations.

5.8.1 Continued Business of Reorganized Debtor.

Following the Merger, the Reorganized Debtor shall continue to maintain its separate corporate existence for all purposes under this Plan with all the powers of a corporation under applicable law in the jurisdiction in which it is incorporated. The Reorganized Debtor shall continue to engage in business and may use, acquire and dispose of the Thorpe Assets (and all Pacific Assets acquired pursuant to the Merger), to the extent revested in the Reorganized Debtor pursuant to Section 5.7 of the Plan, without supervision by the Bankruptcy Court, free of any restrictions under the Bankruptcy Code or the Bankruptcy Rules.

5.8.2 Final Decree in Pacific Chapter 11 Case.

At any time following the Effective Date, the Reorganized Debtor shall be authorized to file a motion for the entry of a final decree closing the Chapter 11 case of Pacific pursuant to Section

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350 of the Bankruptcy Code.

5.8.3 Payment of Reorganized Debtor Expenses.

All Reorganized Debtor Expenses shall be paid directly by the Trust (or, to the extent previously paid by the Reorganized Debtor, shall be reimbursed in full by the Trust from the Trust Assets, provided that, if such payments were made from funds contributed, or to be contributed, to the Trust as Trust Assets, no reimbursement shall be made), in the ordinary course of business without further notice to Creditors or approval of the Bankruptcy Court. The fees and expenses incurred after the Effective Date by any Professionals that remain employed as a professional, following the Effective Date, by any of the Reorganized Debtor, the Disbursing Agent, the Committee or the Futures Representative shall constitute Reorganized Debtor Expenses payable according to this Section 5.8.3.

5.8.4 Creditors' Committee.

On the Effective Date, the Committee shall be dissolved and the members of the Committee shall be released and discharged from any further authority, duties, responsibilities, liabilities and obligations related to, or arising from, the Chapter 11 Cases, except that the Committee shall continue in existence and have standing and capacity to: (i) prosecute its pre-Effective Date intervention in any adversary proceedings; (ii) object to any proposed modification of the Plan; (iii) participate in any appeals of the Confirmation Order; (iv) participate as a party in interest in any proceeding involving Section 524(g) of the Bankruptcy Code; (v) participate as a party in interest in any applications for interim or final award of compensation and reimbursement of expenses to the members of the Committee and any Professional for services rendered prior to the Effective Date, and prepare and prosecute applications for the payment of fees and reimbursement of expenses; and (vi) participate as a party in interest in any proceeding relating to the Trust.

5.8.5 Management of Reorganized Debtor.

(a) New Board of Directors.

Upon the Effective Date, the Thorpe Directors shall be deemed to have fulfilled their respective duties and shall be released and discharged from all further responsibilities with respect to the management, business and affairs of Thorpe, as the Surviving Corporation. Immediately

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thereafter, the management, control and operation of the Reorganized Debtor shall become the general responsibility of the board of directors of the Reorganized Debtor. The initial board of directors of the Reorganized Debtor shall be composed of the Reorganized Debtor Directors. Each of the members of such initial board of directors shall serve in accordance with applicable nonbankruptcy law and the Reorganized Debtor's Charter, as the same may be amended from time to time. From and after the Effective Date, the members of the board of directors of the Reorganized Debtor shall be selected and determined in accordance with the provisions of applicable law and the Reorganized Debtor's Charter. Entry of the Confirmation Order shall ratify and approve all actions taken by the board of directors of Pacific and Thorpe from the Petition Date through and until the conclusion of the Confirmation Hearing.

(b) New Officers.

Upon the Effective Date, the Thorpe Officer shall be deemed to have fulfilled his duties and shall be released and discharged from all further responsibilities with respect to the management, business and affairs of Thorpe, as the Surviving Corporation. Immediately thereafter, the Reorganized Debtor Officers shall be deemed appointed to serve as officers of the Reorganized Debtor without further action under applicable law, regulation, order or rule including, without limitation, any action by the stockholders or directors of the Reorganized Debtor. The Reorganized Debtor Officers shall serve in accordance with applicable nonbankruptcy law, any employment agreement with the Reorganized Debtor, and the Reorganized Debtor's Charter, as the same may be amended from time to time.

5.9 Farwest Settlement.

5.9.1 Approval.

Pursuant to Sections 1123(b)(3)(A), the provisions of the Farwest Settlement constitute a compromise of all Intercompany Claims by and between the Debtors, on the one hand, and Farwest, on the other hand. The Debtors request that the Bankruptcy Court approve the Farwest Settlement at the Confirmation Hearing. The Confirmation Order shall constitute the determination by the Bankruptcy Court that the Farwest Settlement contained in **Exhibit G** to the Plan is approved.

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5.9.2 Implementation.

On the Effective Date, the Debtors and Farwest shall be authorized and directed to consummate the Farwest Settlement without further order of the Bankruptcy Court. If the Effective Date does not occur, the Farwest Settlement shall be null and void and the Debtors and Farwest shall be relieved and released from any obligation or liability hereunder and may pursue and defend any Intercompany Claims among them without admission by any party regarding the amount, priority, allowance or enforceability of such Claims.

5.10 Certain Claims and Defenses.

5.10.1 No Preclusive Effect.

None of the Retained Claims or Defenses, the Asbestos Insurance Litigation or any Asbestos Related Defense shall be precluded, barred or subject to principles of res judicata or collateral estoppel because the Plan or the accompanying Disclosure Statement does not specifically identify any such claims or defenses or the Person against whom such claims or defenses may be asserted. **Parties in interest, including Creditors, may not rely on the absence of a reference to a particular claim or defense in the Disclosure Statement or the Plan as any indication that the Debtors will not pursue any available claims and defenses against such parties.**

5.10.2 Retained Claims and Defenses.

Following the Effective Date, the Reorganized Debtor may assert, compromise or dispose of the Retained Claims and Defenses without further notice to Creditors or authorization of the Bankruptcy Court.

5.10.3 Avoidance Actions Deemed Waived.

Upon the Effective Date, all Avoidance Actions of the Debtors shall be deemed waived and released, provided that, the waiver and release of Avoidance Actions against Farwest shall be subject to the Farwest Settlement.

5.10.4 Appointment of Estate Representative for Pacific.

The Reorganized Debtor is appointed as the representative of Pacific under Section 1123(b)(3) of the Bankruptcy Code to carry out the Plan. The Reorganized Debtor shall be authorized to: (i) make all Distributions required to be made on or after the Effective Date to the

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holders of Allowed Claims against Pacific in the amounts, at the times and according to the treatment provisions of this Plan; (ii) settle, resolve and object to Disputed Claims against Pacific; (iii) pay all fees payable by Pacific under 28 U.S.C. § 1930; (iv) file any post-confirmation reports on behalf of Pacific required by the Bankruptcy Code or the Bankruptcy Court; and (vii) close Pacific's Chapter 11 Case.

5.11 No Substantive Consolidation.

Nothing in this Plan is intended to substantively consolidate the Estates of Thorpe and Pacific, and each such entity shall maintain its separate corporate existence and Assets (except that, upon the Merger, all right, title and interest in the Pacific Assets--with the exception of the Trust Assets transferred to the Trust--shall become the property of Thorpe by operation of law).

5.12 Distributions.

5.12.1 Full and Final Satisfaction.

Upon the Effective Date, the Disbursing Agent shall be authorized and directed to distribute the amounts required under the Plan to the holders of Administrative Claims and Allowed Claims according to the provisions of the Plan. Upon the Effective Date, all Debts of the Debtors shall be deemed fixed and adjusted pursuant to this Plan.

5.12.2 Sources of Funds for Distributions.

The Reorganized Debtor shall use its available assets to make Distributions, according to the provisions of the Plan, to the holders of (i) Administrative Claims (except for Professional Fees, which shall be paid from the Professional Fee Reserve, or paid by the Trust, as provided in Sections 2.4 and 2.5 of the Plan), (ii) Allowed Priority Tax Claims, if any (iii) Allowed Secured Claims, if any, (v) Allowed Priority Employee Claims, if any and (vi) Allowed Class 3 and Class 4 Claims.

5.12.3 Distribution Procedures.

Except as otherwise agreed by the holder of a particular Claim, or as provided in this Plan, all amounts to be paid by the Disbursing Agent under the Plan shall be distributed in such amounts and at such times as is reasonably prudent. The Reorganized Debtor shall file all objections to Disputed Claims on or before the 120th day following the Effective Date, unless the Bankruptcy Court, for cause shown, extends such deadline. The Disbursing Agent shall make the Cash payments to the

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holders of Allowed Claims and Administrative Claims: (X) in U.S. dollars by check, draft or warrant, drawn on a domestic bank selected by the Disbursing Agent in its sole discretion, or by wire transfer from a domestic bank, at the Disbursing Agent's option, and (Y) by first-class mail (or by other equivalent or superior means as determined by the Disbursing Agent).

5.12.4 Disbursing Agent.

The Disbursing Agent may employ or contract with other persons or entities to perform the payment, tax withholding and remittance obligations created under the Plan. The Disbursing Agent may delegate any of its rights and responsibilities under the Plan to other persons or entities as necessary or appropriate to carry out speedy and inexpensive Distributions to Creditors under the Plan. Such persons or entities shall receive reasonable compensation for services rendered and reimbursement for expenses incurred in connection with this Plan or any functions or responsibilities adopted under the Plan, which amounts may paid as Reorganized Debtor Expenses.

5.12.5 Disputed Claims.

The Reorganized Debtor shall be authorized to settle, or withdraw any objections to, any Disputed Claims following the Confirmation Date without further notice to Creditors or authorization of the Bankruptcy Court, in which event such Claim shall be deemed to be an Allowed Claim in the amount compromised for purposes of this Plan. No Distributions shall be made by the Disbursing Agent on account of (i) Disputed Claims, unless and to the extent such Claims become Allowed Claims, or (ii) Claims that may be or become Disputed by the Reorganized Debtor, unless and to the extent the deadline to object to such claims under Section 5.12.3 of the Plan has expired without an objection being filed and such Claims are otherwise Allowed Claims.

5.12.6 Unclaimed Distributions.

Any entity which fails to claim any Cash within ninety (90) days from the date upon which a Distribution is first made to such entity shall forfeit all rights to any Distribution under the Plan and the Disbursing Agent shall be authorized to cancel any Distribution that is not timely claimed, provided that, prior to and as a condition to such forfeiture, the Disbursing Agent shall file with the Bankruptcy Court and serve (by first-class mail, using addresses or forwarding instructions that are reasonably available to the Disbursing Agent), a notice of forfeiture specifying the amount and

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payee of each Distribution that is subject to forfeiture if it is not claimed within thirty (30) days of the date of service of the notice. Pursuant to Section 347(b) of the Bankruptcy Code, upon forfeiture, such Cash (including interest thereon, if any) shall revert to the Reorganized Debtor free of any restrictions under the Plan, the Bankruptcy Code or the Bankruptcy Rules. Upon forfeiture, the claim of any Creditor with respect to such funds shall be discharged and forever barred notwithstanding any federal or state escheat laws to the contrary, and such Creditors shall have no claim whatsoever against the Reorganized Debtor or any holder of an Allowed Claim to whom distributions are made by the Disbursing Agent.

5.12.7 Setoff.

Nothing contained in this Plan shall constitute a waiver or release by the Debtors of any right of setoff or recoupment the Debtors may have against any Creditor. The Reorganized Debtor may, but is not required to, set off or recoup against any Claim or Interest and the payments or other distributions to be made under the Plan in respect of such Claim, claims of any nature whatsoever that arose before the Petition Date that the Debtors may have against the holder of such Claim or Interest.

5.12.8 Taxes.

Pursuant to Section 346(f) of the Bankruptcy Code, the Disbursing Agent shall be entitled to deduct any federal, state or local withholding taxes from any Cash payments made with respect to Allowed Claims, as appropriate. The Reorganized Debtor shall be authorized to take all actions necessary to comply with applicable withholding and recording requirements. Notwithstanding any other provision of this Plan, each holder of an Allowed Claim that has received a distribution of Cash shall have sole and exclusive responsibility for the satisfaction or payment of any tax obligation imposed by any governmental unit, including income, withholding and other tax obligation, on account of such distribution. For tax purposes, distributions received in respect of Allowed Claims will be allocated first to the principal amount of such Claims, with any excess allocated to unpaid accrued interest.

5.12.9 De Minimis Distributions.

If any interim distribution under the Plan to the holder of an Allowed Claim would be less

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than $100.00, the Disbursing Agent may withhold such distribution until a final distribution is made to such holder. If any final distribution under the Plan to the holder of an Allowed Claim would be less than $1.00, the Disbursing Agent may cancel such distribution, unless a request therefore is made in writing to the Reorganized Debtor. Any unclaimed distributions pursuant to this Section 5.12.9 shall be treated as unclaimed property under Section 5.12.6 of the Plan.

ARTICLE 6

EXECUTORY CONTRACTS AND UNEXPIRED LEASES

6.1 Assumption.

On the Effective Date, pursuant to Section 1123(b)(2) of the Bankruptcy Code, Thorpe and Pacific will assume the executory contracts and unexpired leases of Thorpe and Pacific that (i) have been expressly identified for assumption on **Exhibit E** to this Plan (together with any additions, deletions, modifications or other revisions to such exhibit as may be made by the Proponents prior to the Confirmation Date) and (ii) are specified in Section 6.8 of the Plan. Each executory contract and unexpired lease listed in **Exhibit E** shall include any modifications, amendments and supplements to such agreement, whether or not listed in **Exhibit E**. Any agreement found by the Bankruptcy Court to be an executory contract of Thorpe which has not been expressly assumed by Thorpe shall be deemed rejected; any agreement which is found by the Bankruptcy Court to be an executory contract of Pacific which has not been expressly rejected by Pacific shall be deemed assumed. Notwithstanding the foregoing, although the Proponents contend that prepetition insurance contracts or agreements to which Thorpe is a party are not executory contracts subject to assumption, to the extent the Bankruptcy Court determines otherwise, said prepetition insurance contracts and agreements shall be deemed assumed by the Reorganized Debtor pursuant to the Plan.

6.2 Rejection.

On the Effective Date, pursuant to Section 1123(b)(2) of the Bankruptcy Code, Thorpe and Pacific will reject the executory contracts and unexpired leases of Thorpe and Pacific that have been expressly identified for rejection on **Exhibit F** to this Plan (together with any additions, deletions, modifications or other revisions to such exhibit as may be made by the Proponents prior to the Confirmation Date). Each executory contract and unexpired lease listed in **Exhibit F** shall include

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any modifications, amendments and supplements to such agreement, whether or not listed in **Exhibit F**. Any Person asserting any Claim for damages arising from the rejection of an executory contract or unexpired lease of Thorpe or Pacific under this Plan shall file such Claim on or before the Rejection Claim Bar Date, or be forever barred from (i) asserting such Claim against the Reorganized Debtor, Thorpe, Pacific or any property of Thorpe or Pacific, and (ii) sharing in any distribution under the Plan.

6.3 Assumption Obligations.

The Reorganized Debtor shall satisfy all Assumption Obligations, if any, by making a Cash payment in the manner provided in Section 2.2 of the Plan, equal to the amount specified in **Exhibit E** to this Plan, unless an objection to such proposed amount is filed with the Bankruptcy Court and served on counsel to the Debtors on or prior to the date set by the Bankruptcy Court for filing objections to Confirmation of the Plan and the Bankruptcy Court, after notice and hearing, determines that the applicable Debtor is obligated to pay a different amount under Section 365 of the Bankruptcy Code, in which case, the applicable Debtor shall have the right within ten (10) days after such determination to seek an order of the Bankruptcy Court rejecting such executory contract or unexpired lease. Any Person that fails to object to the Assumption Obligation specified in **Exhibit E** to this Plan on or prior to the date set by the Bankruptcy Court for filing objections to Confirmation of the Plan shall be forever barred from (i) asserting any other, additional or different amount on account of such obligation against the Reorganized Debtor, Thorpe, Pacific or any property of Thorpe or Pacific, and (ii) sharing in any other, additional or different distribution under the Plan on account of such obligation.

6.4 Effect of Confirmation Order.

The Confirmation Order shall constitute an order of the Bankruptcy Court approving, as of the Effective Date, the assumption or rejection by Thorpe and Pacific, as the case may be, pursuant to Sections 365(a) and 1123(b)(2) of the Bankruptcy Code, of all executory contracts and unexpired leases identified under this Article of the Plan. The contracts and leases identified in this Plan will be assumed or rejected, respectively, only to the extent that such contracts or leases constitute pre-petition executory contracts or unexpired leases of the Debtors, and the identification of such

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agreements under this Plan does not constitute an admission with respect to the characterization of such agreements or the existence of any unperformed obligations, defaults, or damages thereunder. This Plan does not affect any executory contracts or unexpired leases that (a) have been assumed, rejected or terminated prior to the Confirmation Date, (b) are the subject of a pending motion to assume, reject or terminate as of the Confirmation Date, or (c) are not identified for assumption or rejection in this Plan.

6.5 Post-Petition Agreements.

Unless inconsistent with the provisions of the Plan, all contracts, leases and other agreements entered into or restated by either of the Debtors on or after their respective Petition Dates, or previously assumed by either of the Debtors prior to the Confirmation Date (or the subject of a pending motion to assume by either of the Debtors as of the Confirmation Date that is granted by the Bankruptcy Court), which have not expired or been terminated in accordance with their terms, shall be performed by the Reorganized Debtor in the ordinary course of business and shall survive and remain in full force and effect following the Effective Date.

6.6 Insurance of Debtors.

Any insurance policy acquired for the benefit of the Debtors (or any officers and directors of any of the Debtors) before or after the Petition Date, including any Asbestos Insurance Policy, shall remain in full force and effect after the Effective Date according to its terms, except as otherwise provided in any Asbestos Insurance Settlement.

6.7 Employee Benefit Programs.

All Employee Benefit Programs shall be treated as "executory contracts" and shall be assumed pursuant to Sections 365 and 1123(b)(2) of the Bankruptcy Code by operation of the Plan. The Debtors do not provide "retiree benefits" as that term is defined in Section 1114(a) of the Bankruptcy Code. Therefore, on and after the Effective Date the Debtors will not pay retiree benefits.

6.8 Survival of Indemnification Obligations.

Any and all obligations of Thorpe or Pacific to indemnify, reimburse or limit the liability of its past and present Agents pursuant to the applicable Charter, applicable law or specific agreements,

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or any combination of the foregoing, against any actions, suits and proceedings based upon any act or omission related to service with or for Thorpe or Pacific shall not be discharged or impaired by Confirmation.

ARTICLE 7

CONDITIONS PRECEDENT

7.1 Conditions to Confirmation.

The following are conditions precedent to confirmation of this Plan:

(a) The Bankruptcy Court shall have entered a Final Order approving a Disclosure Statement with respect to this Plan in form and substance satisfactory to the Proponents;

(b) The Confirmation Order shall be in a form and substance reasonably acceptable to the Proponents; and

(c) The Wellington Settlement Claims Favorable Determination shall have occurred.

7.2 Conditions to Effectiveness.

The following are conditions precedent to the occurrence of the Effective Date:

(a) The Confirmation Date shall have occurred;

(b) The Confirmation Order shall be a Final Order;

(c) No request for revocation of the Confirmation Order under Section 1144 of the Bankruptcy Code has been made, or, if made, remains pending;

(d) The Trust Agreement shall have been executed and delivered;

(e) The Professional Fee Reserve shall have been established and funded in an amount sufficient (as determined by the Debtors, in their reasonable discretion) to pay all anticipated Allowed Professional Fees accrued through the Effective Date and to reimburse Pacific for all Allowed Professional Fees previously paid by it during the course of its Chapter 11 Case, provided that, such reimbursement shall be reduced by $250,000 on account of amounts previously funded by Pacific for retainers to Professionals; and

(f) The Proponents shall have obtained a QSF Opinion in a form and substance reasonably acceptable to the Proponents.

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The Proponents shall file a notice of the Effective Date of the Plan with the Bankruptcy Court.

7.3 Waiver of Conditions.

Conditions to Confirmation and the Effective Date may be waived, in whole or in part, by agreement of the Proponents at any time without notice, an order of the Bankruptcy Court, or any further action other than proceeding to Confirmation and consummation of the Plan, provided that, (i) the condition to Confirmation set forth in Section 7.1(c) of the Plan may only be waived pursuant to Section 7.4 of the Plan, and (ii) the condition to the occurrence of the Effective Date set forth in Section 7.2(e) of the Plan may be waived by the Committee and the Futures Representative (notwithstanding the disagreement of any other Proponent), by the delivery to the Debtors of a written, irrevocable election to cause the Trust to satisfy, or reimburse the Reorganized Debtor for, the sum of (x) all Allowed Professional Fees accrued through the Effective Date, plus (y) the amount necessary to reimburse Pacific for all Allowed Professional Fees previously paid by it during the course of its Chapter 11 Case, provided that, such amount shall be reduced by $250,000 on account of amounts previously funded by Pacific for retainers to Professionals. Upon the Effective Date, the election set forth in this Section 7.3(ii) shall be immediately and automatically valid and enforceable, and the Trust shall be irrevocably bound to perform in accordance with such election, without any further action of the Bankruptcy Court or further act or agreement of any Person.

7.4 Exercise of Indemnity Election.

Effective upon the date the *Fourth Amended Joint Plan of Reorganization of Thorpe Insulation Company and Pacific Insulation Company* dated October 12, 2009, is filed with the Bankruptcy Court, (i) the Committee and the Futures Representative shall be deemed to have irrevocably made the Indemnity Election, and (ii) the Proponents shall be deemed to have waived the condition to Confirmation set forth in Section 7.1(c) of the Plan. Accordingly, notwithstanding anything to the contrary in **Exhibit H**, the indemnity set forth in **Exhibit H** shall be and hereby is effective, binding, valid and enforceable, without any further action of the Bankruptcy Court or further act or agreement of any Person. Upon the Effective Date, the Trust shall be irrevocably bound to perform in accordance with the Indemnity Election, without any further action of the Bankruptcy Court or further act or agreement of any Person.

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7.5 Filing of Merger Agreement.

The Debtors shall file the Merger Agreement with the Secretary of State of the State of California on, or as soon thereafter as practicable, the later, but subject to the occurrence, of: (a) the first Business Day that is at least thirty one (31) days after the Confirmation Date and on which no stay of the Confirmation Order is in effect; and (b) the Business Day, on which all of the conditions set forth in Section 7.2 of the Plan have been satisfied or waived as provided in Section 7.3 of the Plan.

ARTICLE 8

EFFECTS OF CONFIRMATION

8.1 Binding Effect.

The rights afforded under the Plan and the treatment of all Claims and Interests under the Plan shall be the sole and exclusive remedy on account of such Claims against, and Interests in the Debtors, the Reorganized Debtor, the Thorpe Assets and the Pacific Assets, including any interest accrued on such Claims from and after the pertinent Petition Date or interest which would have accrued but for the commencement of the Chapter 11 Cases. Confirmation of the Plan shall bind and govern the acts of the Reorganized Debtor and all holders of all Claims against, and Interests in the Debtors, whether or not: (i) a proof of Claim or proof of Interest is filed or deemed filed pursuant to Section 501 of the Bankruptcy Code; (ii) a Claim or Interest is allowed pursuant to Section 502 of the Bankruptcy Code, or (iii) the holder of a Claim or Interest has accepted the Plan.

8.2 Pacific—Property Revests Free and Clear.

Upon the Effective Date, with the exception of all Trust Assets that are transferred to the Trust pursuant to Section 5.4.1 of the Plan, title to all remaining Pacific Assets shall vest in Pacific (and all such property shall be deemed to vest in the Reorganized Debtor concurrently with the Merger), for the purposes contemplated under the Plan and shall no longer constitute property of the Estate created for Pacific in its Chapter 11 Case. Except as otherwise provided in the Plan, upon the Effective Date all Pacific Assets shall be free and clear of all Claims and Interests, including Liens, charges or other encumbrances of Creditors of Pacific.

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8.3 Thorpe—Property Revests Free and Clear.

Upon the Effective Date, with the exception of all Trust Assets that are transferred to the Trust pursuant to Section 5.4.1 of the Plan, title to all remaining Thorpe Assets shall vest in the Reorganized Debtor for the purposes contemplated under the Plan and shall no longer constitute property of the Estate created for Thorpe in its Chapter 11 Case. Except as otherwise provided in the Plan, upon the Effective Date all Thorpe Assets shall be free and clear of all Claims and Interests, including Liens, charges or other encumbrances of Creditors of Pacific. Following the Effective Date, the Reorganized Debtor may use, transfer and dispose of any such property (and all property of Pacific acquired by Thorpe pursuant to the Merger) free of any restrictions imposed by the Bankruptcy Code or the Bankruptcy Rules and without further approval of the Bankruptcy Court or notice to Creditors, except as may otherwise be required under the Plan or the Confirmation Order.

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8.4 Discharge.

Confirmation of the Plan shall discharge Thorpe, Pacific and the Reorganized Debtor from all Claims or other debts that arose at any time before the Effective Date, and all debts of the kind specified in Sections 502(g), 502(h) or 502(i) of the Bankruptcy Code, whether or not: (i) a proof of claim based on such debt is filed or deemed filed under Section 501 of the Bankruptcy Code; (ii) a Claim based on such debt is Allowed under Section 502 of the Bankruptcy Code; or (iii) the holder of a Claim has accepted the Plan. As of the Effective Date, all entities that have held, currently hold or may hold a Claim or other debt or liability that is discharged or any other right that is terminated under the Bankruptcy Code or the Plan are permanently enjoined, to the full extent provided under Section 524(a) of the Bankruptcy Code, from "the commencement or continuation of an action, the employment of process, or an act, to collect, recover or offset any such debt as a personal liability" of Thorpe, Pacific or the Reorganized Debtor. Nothing contained in the foregoing discharge shall, to the full extent provided under Section 524(e) of the Bankruptcy Code, affect the liability of any other entity on, or the property of any other entity for, any debt of the Debtors that is discharged under the Plan.

8.5 Injunctions.

Upon the occurrence of the Effective Date, the Injunctions shall be deemed issued, entered

and enforceable by the District Court and shall supplement the discharge of the Debtors and the Reorganized Debtor according to their terms to the fullest extent permissible by Sections 524(g) and 105(a) of the Bankruptcy Code.

8.6 Limitation of Liability.

The Debtors, the Reorganized Debtor, the Committee and the Futures Representative, and each of their respective Agents, shall have all of the benefits and protections afforded under 11 U.S.C. § 1125(e) and applicable law.

8.7 Exoneration and Reliance.

Subject to the provisions of Section 5.4.2 of the Plan, the Debtors, the Reorganized Debtor, Farwest, the Identified Parties, the Committee, the Futures Representative and the Settling Asbestos Insurers, and each of their respective Agents, shall not be liable, other than for gross negligence or willful misconduct, to any holder of a Claim or Interest or any other entity with respect to any action, omission, forbearance from action, decision, or exercise of discretion taken at any time after the Petition Date and prior to the Effective Date in connection with: (a) the management or operation of the Debtors or the discharge of their duties under the Bankruptcy Code, (b) the implementation of any of the transactions provided for, or contemplated in, this Plan, (c) any action or inaction taken in connection with either the enforcement of the Debtors' rights against any entities or the defense of Claims asserted against the Debtors with regard to the Chapter 11 Cases, (d) any action taken in the negotiation, formulation, development, proposal, disclosure, Confirmation or implementation of the Plan, or (e) the administration of this Plan or the Trust or the assets and property to be distributed pursuant to this Plan. The Debtors, the Reorganized Debtor, Farwest, the Identified Parties, the Committee, the Futures Representative and the Settling Asbestos Insurers, and each of their respective Agents may reasonably rely upon the opinions of their respective counsel, accountants, and other experts and professionals and such reliance, if reasonable, shall conclusively establish good faith and the absence of gross negligence or willful misconduct; provided however, that a determination that such reliance is unreasonable shall not, by itself, constitute a determination or finding of bad faith, gross negligence or willful misconduct; further provided, however, that nothing in this Section 8.7 shall prevent the enforcement by any party to an Asbestos Insurance Settlement of

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the terms of such settlement against any other party to such settlement. Any action, suit or proceeding by any holder of a Claim or Interest or any other entity contesting any action, omission, forbearance from action, decision or exercise of discretion in connection with the matters in subsections *(a)* through *(e)* above, by the Debtors, the Reorganized Debtor, Farwest, the Identified Parties, the Committee, the Futures Representative, and the Settling Asbestos Insurers and each of their respective Agents, or any of them, whether commenced before or after the Effective Date, shall be commenced only in the Bankruptcy Court, provided however, that this Section 8.7 shall not affect any right to a jury trial that may apply to any such action, suit or proceeding.

8.8 Asbestos Insurance Policy with Pacific Indemnity Company.

Upon the Effective Date, in accordance with the terms and conditions of the Asbestos Insurance Settlement with Pacific Indemnity Company (and subject to receipt of the final payment from Pacific Indemnity Company under such settlement), the Asbestos Insurance Policies with Pacific Indemnity Company that are referenced in such settlement, and all interests of the Debtors under such policies, shall be deemed transferred to Pacific Indemnity Company free and clear of all Claims and Interests, including Liens, charges or other encumbrances of Creditors of the Debtors.

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ARTICLE 9

RETENTION OF JURISDICTION

Notwithstanding the entry of the Confirmation Order and the occurrence of the Effective Date, the Bankruptcy Court shall retain jurisdiction over the Chapter 11 Cases after the Effective Date to the extent legally permissible, including, without limitation, jurisdiction to:

(a) Allow, disallow, determine, liquidate, classify, estimate, or establish the priority or secured or unsecured status of any Claim, including the resolution of any request for payment of any Administrative Claim and the resolution of any objections to the allowance or priority of Claims;

(b) Grant or deny any applications for allowance of compensation or reimbursement of expenses authorized under the Bankruptcy Code or the Plan;

(c) Resolve any matters related to the assumption, assumption and assignment, or rejection of any executory contract or unexpired lease to which any Debtor is a party and to hear,

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determine and, if necessary, liquidate, any Claims arising from, or cure amounts related to, such assumption or rejection;

(d) Ensure that Distributions to holders of Allowed Claims are accomplished in accordance with the Plan;

(e) Decide or resolve any motions, adversary proceedings, contested or litigated matters, and any other matters and grant or deny any applications or motions involving any Debtor that may be pending on the Effective Date;

(f) Enter such orders as may be necessary or appropriate to implement or consummate the provisions of the Plan and all contracts, instruments, releases, and other agreements or documents created in connection with the Plan or the Disclosure Statement;

(g) Resolve any cases, controversies, suits or disputes that may arise in connection with the consummation, interpretation or enforcement of the Plan or any Person's obligations incurred in connection with the Plan;

(h) Modify the Plan before or after the Effective Date under Section 1127 of the Bankruptcy Code or modify the Disclosure Statement or any contract, instrument, release, or other agreement or document created in connection with the Plan or the Disclosure Statement; or remedy any defect or omission or reconcile any inconsistency in any Bankruptcy Court order, the Plan, the Disclosure Statement, or any contract, instrument, release, or other agreement or document created in connection with the Plan and the Disclosure Statement, in such manner as may be necessary or appropriate to consummate the Plan, to the extent authorized by the Bankruptcy Code;

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

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

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(k) Hear and determine any applications by the Trust to amend, modify, alter or repeal any provision of the Trust Agreement or the TDP pursuant to applicable provisions of such instruments;

(l) Hear and determine Retained Claims and Defenses commenced by the Debtors or the Reorganized Debtor;

(m) Enter and implement other orders, or take such other actions as may be necessary or appropriate to restrain interference by any entity with consummation or enforcement of the Injunctions or the Plan, except as otherwise provided in the Plan; and

(n) Enter an order closing the Chapter 11 Cases which provides for the retention of jurisdiction by the Bankruptcy Court for purposes of this Article 9.

ARTICLE 10

AMENDMENT AND WITHDRAWAL OF PLAN

10.1 Amendment of the Plan.

At any time before the Confirmation Date, the Proponents may alter, amend, or modify the Plan under Section 1127(a) of the Bankruptcy Code including, without limitation, the right to add additional Settling Asbestos Insurers to **Exhibit D** to this Plan, provided that, such alteration, amendment, or modification does not materially and adversely affect the treatment and rights of the holders of Claims under this Plan. After the Confirmation Date and before substantial consummation of the Plan as defined in Section 1101(2) of the Bankruptcy Code, the Proponents may, under Section 1127(b) of the Bankruptcy Code, institute proceedings in the Bankruptcy Court to remedy any defect or omission or reconcile any inconsistencies in the Plan, the Disclosure Statement, or the Confirmation Order, or as otherwise may be necessary to carry out the purposes and effects of the Plan so long as such proceedings do not materially and adversely affect the treatment of holders of Claims under the Plan; provided, however, that prior notice of such proceedings shall be served in accordance with the Bankruptcy Rules or applicable order of the Bankruptcy Court.

10.2 Revocation or Withdrawal of the Plan.

The Proponents reserve the right to revoke or withdraw this Plan in the event that the

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Proponents determine in good faith that any condition to Confirmation or the effectiveness of this Plan is unlikely to be satisfied as required herein. If the Plan is withdrawn or revoked, then the Plan shall be deemed null and void, and nothing contained in the Plan shall be deemed a waiver of any Claims by or against the Debtors or any other Person in any further proceedings involving the Debtors or an admission of any sort, and this Plan and any transaction contemplated by this Plan shall not be admitted into evidence in any proceeding.

ARTICLE 11

MISCELLANEOUS

11.1 Effectuating Documents; Further Transactions; Timing.

The Debtors and the Reorganized Debtor shall be authorized and directed to execute, deliver, file, or record such contracts, instruments, releases, and other agreements or documents, and to take such actions as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan. All transactions required to occur on the Effective Date under the terms of the Plan shall be deemed to have occurred simultaneously.

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11.2 Exemption From Transfer Taxes.

In accordance with Section 1146(c) of the Bankruptcy Code, the making, delivery, or recording of a deed or other instrument of transfer under this Plan shall not be subject to any stamp tax or similar tax and the appropriate state or local government officials or agents shall be directed to forego the collection of any such tax and to accept for filing or recordation any of the foregoing instruments or other documents without the payment of any such tax.

11.3 Governing Law.

Except to the extent that the Bankruptcy Code or other federal law is controlling, the rights, duties and obligations of the Debtors, the Reorganized Debtors and any other Person arising under the Plan shall be governed by, and construed and enforced in accordance with, the internal laws of the State of California, without giving effect to California's choice of law provisions.

11.4 Modification of Payment Terms.

The Reorganized Debtor may modify the treatment of any Allowed Claim or Interest in any manner adverse only to the holder of such Claim or Interest at any time after the Effective Date upon

the prior written consent of the Person whose Allowed Claim or Interest treatment is being adversely affected.

11.5 Provisions Enforceable.

The Confirmation Order shall constitute a judicial determination and shall provide that each term and provision of this Plan, as it may have been altered or interpreted in accordance with the foregoing, is valid and enforceable in accordance with its terms.

11.6 Quarterly Fees to the United States Trustee.

All fees payable under 28 U.S.C. § 1930(a)(6) shall be paid by the Debtors in the amounts and at the times such fees may become due up to and including the Effective Date. Thereafter, the Reorganized Debtor shall pay all fees payable under 28 U.S.C. § 1930(a)(6) until the Chapter 11 Cases are closed, dismissed or converted. Upon the Effective Date, the Reorganized Debtor shall be relieved from the duty to make the reports and summaries required under Bankruptcy Rule 2015(a). Notwithstanding the foregoing, the Reorganized Debtor shall file and serve the status reports required by Local Bankruptcy Rule 3020-1(b) at such times and for such period as may be set forth in the Confirmation Order. The status report shall be made, and the fees shall be payable, on a consolidated basis by the Reorganized Debtor.

11.7 Method of Payment.

Payments of Cash required to be made under the Plan shall be made by check drawn on a domestic bank or by wire transfer from a domestic bank at the election of the Person making such payment. Whenever any payment or distribution to be made under the Plan is due on a day other than a Business Day, such payment or distribution may instead be made, without interest, on the immediately following Business Day.

11.8 Notice of Confirmation.

As soon as practicable following the Effective Date of the Plan, the Reorganized Debtor shall file and serve notice of the entry of the Confirmation Order in the manner required under Bankruptcy Rule 2002(f). The notice shall further identify the Effective Date and shall set forth the Injunctions, the Professional Fees Bar Date, the Rejection Claims Bar Date and any other deadlines that may be established under the Plan or the Confirmation Order.

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11.9 Successors and Assigns.

The Plan is binding upon and will inure to the benefit of the Debtors, the Reorganized Debtor, the Committee and the Futures Representative, and each of their respective Agents, successors, and assigns, including, without limitation, any bankruptcy trustees or estate representatives.

11.10 Notices.

Except as otherwise provided in the Plan, any notice or other communication required or permitted under the Plan will be in writing and deemed to have been validly served, given, delivered, and received upon the earlier of: (x) the first business day after transmission by facsimile or hand delivery or deposit with an overnight express service or overnight mail delivery service; or (y) the third calendar day after deposit in the United States mail, with proper first class postage prepaid. If such notice is made to the Reorganized Debtor, it shall be addressed as follows:

Pacific Insulation Company
2741 South Yates Avenue
Los Angeles, California 90040
Attention: Robert Fults
Facsimile: 323.728.5489

with copies to:

Jeremy V. Richards
Pachulski, Stang, Ziehl & Jones LLP
10100 Santa Monica Boulevard, 11th Floor
Los Angeles, California 90067
Facsimile: 310.201.0760

John A. Lapinski
Clark & Trevithick
800 Wilshire Boulevard, 12th Floor
Los Angeles, California 90017
Facsimile: 213.624.9441

Charles J. Malaret
Morgan, Lewis & Bockius LLP
300 South Grand Avenue, 22nd Floor
Los Angeles, California 90071
Facsimile: 213.612.2501

Stephen Snyder
Snyder, Miller & Orton LLP
111 Sutter Street, Suite 1950
San Francisco, California 94104

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Facsimile: 415.962.4402

11.10.1 Notice to Claim and Interest Holders.

Notices to Persons holding a Claim or Interest will be sent to the addresses set forth in such Person's proof of Claim or Interest or, if none was filed, at the address set forth in the Schedules.

11.10.2 Post-Effective Date Notices.

Following the Effective Date, notices will only be served on the Reorganized Debtor, the Office of the United States Trustee and those Persons who file with the Court and serve upon the Reorganized Debtor a request, which includes such Person's name, contact person, address, telephone number and facsimile number, that such Person receive notice of post-Effective Date matters. Persons who had previously filed with the Court requests for special notice of the proceedings and other filings in the Chapter 11 Cases will not receive notice of post-Effective Date matters unless such Persons file a new request in accordance with this Section 11.10.2.

11.10.3 Notice Procedures.

In the event (i) the Reorganized Debtor proposes to take an action respecting a matter that is not expressly provided for by the Plan, or (ii) the Plan requires compliance with the Notice Procedures, the Person proposing such action shall transmit a written notice to the Reorganized Debtor and those parties requesting notice of post-Confirmation matters (unless the Plan requires notice to additional persons) setting forth the proposed action. The recipients of such notice shall have 10 days from the date of such notice to transmit a written objection thereto or to request copies of all pertinent documentation. If documentation relating to the proposed action is requested, the requesting party shall have 8 days from the date of delivery of the documentation to transmit to the Person giving the notice a written objection to the proposed action. If an objection is timely made, and the dispute is not promptly resolved by the parties, such matter shall be presented to the Bankruptcy Court for resolution. Absent timely objection, the proposed action will be binding without the necessity for approval by the Bankruptcy Court. Notwithstanding the foregoing, the Person proposing the action may seek Bankruptcy Court approval of any matter.

11.11 Incorporation by Reference.

All schedules and supplements to the Plan are incorporated and are made a part of the Plan as

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if set forth in full in the Plan.

11.12 Computation of Time.

In computing any period of time prescribed or allowed by the Plan, the provisions of Bankruptcy Rule 9006(a) shall apply. Any reference to "day" or "days" shall mean calendar days, unless otherwise specified herein.

11.13 Conflict of Terms.

In the event of a conflict between the terms of this Plan and the Disclosure Statement, the terms of this Plan will control.

[Signature Page Follows]

PACHULSKI STANG ZIEHL & JONES LLP
ATTORNEYS AT LAW
LOS ANGELES, CALIFORNIA

Dated: Los Angeles, California
December __, 2009

Respectfully submitted,

Thorpe Insulation Company

By: _____
Robert W. Fults
President

Pacific Insulation Company

By: _____
Robert W. Fults
President

Official Committees of Unsecured Creditors

By: _____
Alan Brayton
Co-Chair of Official Committees of
Unsecured Creditors

Future Claims Representative

By: _____
Honorable Charles B. Renfrew (Ret.)
Future Claims Representative

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