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UNITED STATES BANKRUPTCY COURT

CENTRAL DISTRICT OF CALIFORNIA

LOS ANGELES DIVISION

In re PACIFIC INSULATION COMPANY, Debtor.	Case No. 02:07-bk-20016-BB (Jointly Administered with Case No. LA 2:07-bk-19271-BB Case No. 2:07-bk-19271-BB (Case Closed) Chapter 11
In re THORPE INSULATION COMPANY, Debtor.	**NINTH ANNUAL REPORT AND ACCOUNTING, AUDITED FINANCIAL STATEMENTS, AND CLAIM REPORT** **Hearing**: Hearing Date: June 12, 2019 Hearing Time: 2:00 p.m. Place: Courtroom 1539 255 East Temple Street Los Angeles, CA 90012

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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, Levene, Neale, Bender, Yoo & Brill, hereby file the Ninth Annual Report and Accounting, Audited Financial Statements, and Claim Report.

DATED: April 29, 2019

Respectfully submitted,

By: //s// *Eve H. Karasik*
EVE H. KARASIK
LEVENE, NEALE, BENDER,
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Bankruptcy Counsel for the Thorpe Insulation Company Asbestos Settlement Trust

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NINTH 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 Ninth Annual Report and Accounting (the "Annual Report") covering Trust activities that occurred during the period from January 1, 2018 to and including December 31, 2018 (the "Accounting Period"), and 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 *Sixth Amended Joint Plan of Reorganization of Thorpe Insulation Company and Pacific Insulation Company* [Docket No. 3418] (the "Plan"); *Order Confirming Sixth Amended Joint Plan of Reorganization of Thorpe Insulation Company and Pacific Insulation Company (Following Remand)* [Docket No. 3429] ("2013 Confirmation Order") dated May 8, 2013; the Trust Agreement, Bylaws, Trust Distribution Procedures, and Case Valuation Matrix, as amended from time to time, established pursuant to the Plan,[1] and pursuant to the laws of the State of Nevada, where the Trust is organized and where it resides. The Trust Agreement states in Section 7.9 that the Trust is governed by Nevada law. Section 164.015 of the Nevada Revised Statutes allows the Trust to render an accounting and seek approval for its past actions. The factual statements in this Annual Report are supported by the Declaration of Jack Luikart, Managing Trustee, in Support of Motion to Approve and Settle Thorpe Insulation Settlement Trust's Ninth Annual Report and Accounting, Audited Financial Statements, and Claim Report as described in paragraphs 7, 8, and 9 *infra*. Capitalized terms not defined herein

[1] The Appendix [Docket Nos. 108-2 and 108-3 in Case No. 02:07-bk-20016-BB; Docket Nos. 3418 and 3418-1 through 3418-19 in Case No. LA 2:07-bk-19271-BB] includes the Plan the 2013 Confirmation Order; Fourth Amendment to and Complete Restatement of Thorpe Insulation Company Asbestos Settlement Trust Case Valuation Matrix ("Matrix") the Second Amendment to and Complete Restatement of Thorpe Insulation Company Asbestos Settlement Trust Bylaws (the "Trust Bylaws"); certain other controlling documents approved by this Court; and other documents as indicated. The current versions of the Trust Agreement, and Trust Distribution Procedures (all as defined below) are attached to this Annual Report as the Twelfth Amendment to and Complete Restatement of Thorpe Insulation Company Asbestos Settlement Trust Agreement (the "Trust Agreement") Exhibit "C", , and the Fifth Amendment to and Complete Restatement of Thorpe Insulation Company Asbestos Personal Injury Settlement Trust Distribution Procedures (the "Trust Distribution Procedures") Exhibit "D " .

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are as defined in Article 1 of the Plan. This Court has approved each Annual Report beginning in 2011.

1. Effective Date: On February 1, 2010, this Court entered the "Order Confirming Fifth Amended Joint Plan of Reorganization" (the "2010 Confirmation Order"). Following remand of certain issues upheld on appeal as initially described in the Trust's Fourth Annual Report, this Court entered the 2013 Confirmation Order on May 8, 2013. The Plan became effective on July 9, 2013.

2. Final Decree and Closing of Thorpe Insulation Company Bankruptcy Case: As initially described in the Trust's Fourth Annual Report, pursuant to the Plan and 2013 Confirmation Order, the bankruptcy case of Thorpe Insulation Company (Case No. LA 07-19271-BB) was closed and the Bankruptcy Court entered its Final Decree [Docket No. 3447]. The Plan and 2013 Confirmation Order further provided that the Pacific Insulation Company case (Case Number LA 07-20016-BB) would remain open for purposes of administering the Trust.

3. Appointment of Trustees: In the 2010 Confirmation Order, this Court approved the appointment of Mr. John F. Luikart and Dr. Sandra R. Hernández 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. Mr. Snyder continued to serve as Managing Trustee until February 22, 2019. On January 9, 2019, Stephen M. Snyder, pursuant to Section 4.2(c) of the Trust Agreement, gave proper notice that he was retiring as Trustee as of April 30, 2019. Stephen M. Snyder was asked to extend the retirement date to May 31, 2019. The Trustees, Trust Advisory Committee, and the Futures Representative agreed in writing to extend the retirement date to May 31, 2019. On February 22, 2019, pursuant to Section 4.1 of the Trust Agreement, John F. Luikart was elected by the Trustees to be the Managing Trustee of the Trust. As a result of the retirement of Mr. Snyder, a change has been adopted to the Trust Agreement in Section 4.6(f), (set forth in paragraph 25 infra). As well, the

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Trust has entered into a Transition Agreement with Mr. Snyder and a Consulting Agreement. The Transition agreement as approved, is attached as Exhibit "E".

4. Appointment of Trust Advisory Committee ("TAC"): Pursuant to Section 6.1 of the Trust Agreement, Alan R. Brayton, Ron C. Eddins, David McClain, 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. As initially described in the Trust's Third Annual Report, the selection of Peter A. Kraus to succeed the late Mr. Eddins as a member of the TAC was approved by this Court on July 11, 2012. Messrs. Kraus, McClain and Paul continued to serve as members of the TAC during the Accounting Period. As initially described in the Trust's Sixth Annual Report, Mr. Rosen resigned in January 2016 and pursuant to Section 6.4 of the Trust Agreement, Patrick A. DeBlase was nominated by the remaining members of the TAC to succeed Mr. Rosen as a member of the TAC. This Court approved Mr. DeBlase as a member of the TAC on June 13, 2016.

5. Appointment of Futures Representative: The Honorable Charles B. Renfrew, retired, was appointed as the Futures Representative in the Bankruptcy Case on December 20, 2007. Judge Renfrew served as the Trust's Future Representative since the Effective Date of the Trust until his death on December 14, 2017. The Trust's Motion for Order Approving Trustees' Selection of Honorable David F. Levi to Serve as Futures Representative was filed on March 20, 2018, and the order was entered on April 11, 2018.

6. 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 2017 federal tax return was filed by its extended due date of September 17, 2018 and the 2018 federal tax return will be filed by its extended due date of September 16, 2019. 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

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copy of the Trust's federal tax return but showing no California taxable income or state tax liability.

7. 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 , 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 principles 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 respects in order to better disclose the amount and changes in net claimants' equity.

8. 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, Eide Bailly, 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, 2018, total Trust assets were $438,398,649, total liabilities were $17,163,476, and Net Claimants' Equity was $421,235,173.

9. 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, 2018 ("Claim Report") is attached hereto as Exhibit "B". During the Accounting Period, the Trust received 704 claims, paid 156 claims, and made settlement offers on 148 claims. During the Accounting Period

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and since the Trust received its first Trust Claim,[2] the Trust has received 5,522 Trust Claims, paid 1,454 Trust Claims, and 2,645 Trust Claims have been withdrawn or rejected.[3]

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 initially described in the Trust's First Annual Report, 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.

10. 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 United States Bankruptcy Court for the Central District of California, Los Angeles Division, served on 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.

11. 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 five (5) meetings during the Accounting Period (February 22-23, 2018, April 19-20, 2018, May 16, 2018, September 13-14, 2018, and November 15-16, 2018). The April, May and September meetings were held in Nevada, and the February and November meetings were held in Arizona.

12. Arbitrations: During the Accounting Period, no arbitrations were held pursuant to Section 5.9 of the Trust Distribution Procedures.

13. Funds Received Ratio: Sections 2.3 and 4.2 of the TDP provides for the Trustees to reconsider the Funds Received Ratio on the first day of each January after the Plan has been

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

[3] "Withdrawn or Rejected 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.

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confirmed. As initially described in the Trust's First Annual Report, 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%. On September 11, 2013, the Funds Received Ratio was increased to 30.5%. As initially described in the Trust's Sixth Annual Report, the Funds Received Ratio was reviewed on February 19, 2016 and increased to 43.6%. At the May 16, 2018 meeting, the Funds Received Ratio was reviewed and increased from 43.6% to 51.8%.

14. Maximum Annual Payment: Section 2.4 of the TDP requires that the Trust calculate a maximum annual payment for claims (the "Maximum Annual Payment") 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 May 16, 2018 meeting, the Maximum Annual Payment for 2018 was set at $69,100,000 and the rolled over amount was reset to zero. At the November 15, 2018 meeting, the Maximum Annual Payment for 2019 was set at $31,814,489, plus the amount of excess funds carried over as of December 31, 2018.

15. Inflation Adjustment: Section 5.3(d) of the TDP requires that all claim payments be adjusted for inflation annually beginning with the calendar year after the Effective Date of the Trust. Beginning in 2011, all claim 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. At the November 15, 2018, meeting, the CPI-W to be published in January 2019 was approved for use by the Trust in making the cost of living adjustment for claim payments made in 2019. The CPI-W of 1.8% was issued on January 11, 2019 and all inflation adjustments are cumulative. Consequently, all claim payments made during the 2019 calendar year will have a cumulative inflation rate of 15.78% added to the payment amount.

The Trust began indexing Economic, Medical Loss, and assumed Future Medical Loss and Funeral Expenses Base Case Values in 2018. The Economic Base Case is set at $231,553. The

Medical Loss Base Case is set at $246,994. The Assumed Future Medical Loss and Funeral Expenses is set at $92,626.

16. Budget and Cash Flow Projections: 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 2019 budget and the required four-year budget and cash flow projections on November 15, 2018. Pursuant to the Trust Agreement, the 2019 budget was provided to the TAC and Futures Representative.

17. Trust Facilities and Services Sharing Agreement with Western Asbestos Settlement Trust: As initially described in the Trust's First Annual Report, the Trust and Western Asbestos Settlement Trust ("Western Trust") entered into a Trust Facilities and Services Sharing Agreement. 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. As described in the Trust's Eighth Annual Report, pursuant to the annual reconciliation of fees presented on February 22, 2018, the Trust and the Western Trust agreed that the advance payments would be $38,000 per month for 2018. Pursuant to the annual reconciliation of fees presented on February 22, 2019, the Trust and the Western Trust agreed that the advance payments shall be $40,000 per month for 2019. The total amount paid by the Trust to the Western Trust, after accounts were reconciled for 2018, was $454,050.

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

19. Operating Fund: The Operating Fund was established at Wells Fargo Bank, N.A., to pay anticipated operating expenses of the Trust. In February 2019, Wells Fargo Bank experienced a server disruption that affected certain areas of the United States. Although it did not impact the Trust or its ability to access funds, the Trustees determined that it was prudent to place funds with another financial institution to ensure that funds for short-term operating costs would be available in the event of future disruption. The Trust deposited $250,000 with Sierra Pacific Federal Credit Union in Reno, NV.

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20. 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 of the Trust Agreement.

In addition to the first priority lien on all the Trust's assets, in November of 2010, the Trust established an indemnity fund in the amount of $5,000,000 as initially described in the Trust's First Annual Report, and at the September 11, 2013 meeting, an increase in the amount of the fund to $25,000,000 was approved as initially described in the Trust's Fourth Annual Report. All interest earned by the fund is returned to the Trust quarterly. During the Accounting Period, no claims were made against and no payments were made from this fund.

In November 2018, the Indemnity Agreement was amended to state that in the event that the Trust purchases insurance indemnifying and defending the Indemnified Parties, then payment of any Indemnified Expenses shall be made primarily and first from the Insurance Proceeds and then from the Indemnity Fund or other assets of the Trust. If the Indemnity Fund or other assets are used to pay or fund such expenses prior to payment by the Insurance Proceeds, then such expenses shall be reimbursed to the Indemnity Fund or other assets from the Insurance Proceeds. The Indemnity Agreement was also amended to reflect that the Insurance Premiums and Deductibles on the insurance policies may be paid from the Indemnity Fund or other assets of the Trust. The Trust purchased a Directors and Officers/Errors and Omissions policy in 2018 and a Directors and Officers/Errors and Omissions Excess DIC policy in 2019.

21. Settlement Fund Control Account and Control Agreements:

In November 2018, a Security Agreement was entered into between the Trust and the Trustees, Futures Representative and the TAC granting a security interest in all of the Trust's personal property and assets to secure the Trust's indemnity and defense of the Trustees, Futures Representative, TAC, employees, agents, predecessors, and successors against claims and liabilities incurred in the performance of their duties as specified in the Trust Agreement. A UCC-

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1 Financing Statement was filed in Nevada to perfect the security interest. In addition, a Control Agreement was entered into between the parties and Wells Fargo to perfect the security interest in the assets maintained at Wells Fargo, including the Indemnity Fund, accounts, deposits, securities, financial assets, investment property and security entitlements, among other things.

22. Executive Staff Update:

The Executive Director of the Trust, Sara Beth Brown, was hired in July of 2013, and has served in that capacity since that time for this Trust and the other Trusts which share facilities with this Trust. She has properly notified the Trustees that she will retire effective May 4, 2019. Laura Paul, currently the Claims Manager, has been appointed Acting Executive director upon the event of Sara Beth Brown's retirement.

23. Legal Disputes: As initially described in the Trust's Fifth Annual Report, on January 23, 2014, the Trustees entered into an agreement with the Mandelbrot Law Firm and its principal, Michael J. Mandelbrot (herein "Mandelbrot"), requiring that Mandelbrot transfer all pending claims to other counsel and immediately cease further claims-filing activity with the Trust. This agreement was made on the record during the bench trial of this Trust's and the JT. Thorpe Settlement Trust's adversary proceedings against Mandelbrot. The terms of the agreement and settlement were read in to the record and agreed to by all parties, including Mandelbrot.

After making the stipulation, however, Mandelbrot substituted his trial counsel and Mandelbrot disavowed the agreement and unsuccessfully challenged its validity. After further hearings, Judge Bluebond entered judgment reaffirming the validity and enforceability of the agreement (the "Judgment and Order").

On May 27, 2014, this Court heard and denied Mandelbrot's motion to stay enforcement of the Judgment and Order. Thereafter, in early June 2014, Mandelbrot appealed the Judgment and Order and filed a motion to stay enforcement of the Judgment and Order pending appeal before the Honorable Virginia A. Phillips ("Judge Phillips") of the United States District Court for the Central District of California. Judge Phillips denied Mandelbrot's motion to stay enforcement.

Thereafter, Mandelbrot filed a District Court brief. On September 3, 2015, Judge Phillips affirmed the Bankruptcy Court's Judgment and Order. On September 17, 2015, Mandelbrot filed a

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notice of appeal with the United States Court of Appeals for the Ninth Circuit. Oral arguments were heard on February 17, 2017 and on September 14, 2017, the Ninth Circuit vacated the District Court's affirmance and remanded the case to the District Court for further fact-finding and/or briefing on two issues: (i) whether federal law overrides the California statutes because this is a 524(g) trust and (ii) what impact, if any, the case of *Golden v. California Emergency Physicians Medical Group*, 782 F. 3d 1083 (9th Cir. 2015) ("Golden") has in this matter.

On November 6, 2017, the Trust made a Request for Remand of Appeal to Bankruptcy Court following the Ninth Circuit Appeal; Mandelbrot opposed the Request for Remand of Appeal on November 7, 2017. The District Court remanded this matter to the Bankruptcy Court on November 15, 2017. A hearing was held on February 8, 2018 and based upon the briefs submitted and oral argument presented, Judge Bluebond issued a Supplemental Findings of Fact and Conclusions of Law on Remand.

In sum, Judge Bluebond held that the settlement and the claim-filing prohibition were valid and enforceable as to all four Trusts under California law, including specifically § 16600 and, to the extent at all applicable, Rule 1-500, because the settlement was reasonable and did not operate as a restraint of a substantial character on Mandelbrot's practice.

Mandelbrot filed his notice of appeal on February 20, 2018 and shortly thereafter approached counsel for the Trusts regarding a dismissal of the appeal. A Joint Stipulation regarding Dismissing the Appeal was filed and on May 10, 2018, Chief Judge Virginia Phillips of the USDC, Central District of California, signed the order Granting Joint Stipulation Dismissing Appeal. The litigation with Mr. Mandelbrot and the Mandelbrot Law Firm has been fully and finally resolved.

Post dismissal, Mr. Mandelbrot continued to file pleadings and documents in the JT Thorpe and Thorpe Insulation Settlement Trusts' bankruptcies. The Trusts served and filed a "Motion of JT Thorpe and Thorpe Insulation Company Asbestos Settlement Trust for Entry of an Order Striking Dockets 1804, 1806 and 1808 and Granting Related Relief" on November 7, 2018. Mr. Mandelbrot filed the Mandelbrot Law Firm and Trust Beneficiaries "Opposition to Order Striking Dockets 1804, 1806 and 1808 and Granting Related Relief." A hearing was held on November 28, 2018. Prior to the hearing, the Court issues a tentative ruling, which the Court read into the record at the hearing.

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The Court also heard oral argument from counsel for the Trusts and Mr. Mandelbrot. On December 13, 2018, Judge Bluebond issued an order which struck certain docket entries from the record and classified certain docket entries as "private." Mr. Mandelbrot was ordered, as a person and as a firm that he shall not represent that he is counsel to or otherwise represents claimants or beneficiaries in connection with the JT Thorpe and Thorpe Insulation Trusts. In the Order, Judge Bluebond stated that she would prepare and submit to the State Bar of California a judicial discipline referral form concerning the conduct of Michael Mandelbrot in connection with the JT Thorpe Inc. and Thorpe Insulation Company Cases. On January 3, 2019, Judge Bluebond submitted a Discipline Referral Form with Appendix regarding Mr. Mandelbrot to the California State Bar.

As a result of the January 23, 2014 stipulation, and consistent with its terms, the Trust does not accept claims from Mandelbrot and all claims previously submitted by Mandelbrot were transferred to new counsel. The Trust advised claims filers that Mandelbrot is not permitted to file claims with the Trust and on March 6, 2015, posted such a notification on its Web site. The Trust has been informed that Mandelbrot's Web site has continued to include the Trust in lists of asbestos trusts with which Mandelbrot files claims, despite the Judgment and Order precluding Mandelbrot from filing claims with the Trust. Under the circumstances, the Trust continues to monitor compliance with the Judgment and Order.

In addition, Mr. Mandelbrot continues to publish allegations of Trust fiduciary misconduct similar to those adjudicated before the U.S. Bankruptcy Court for the Central District of California and to post allegations against Trust personnel regarding fraud, corruption, bias and preferential treatment on his blog. The Trust previously investigated these accusations through outside counsel, who reached the same conclusion as had been reached by the Trust in years past -- that the allegations are meritless.

24. Claim against Manville Personal Injury Trust: As initially described in the Trust's Fifth Annual Report, the Trust filed claims in November of 2014 with the Manville Personal Injury Trust ("Manville Trust"). The Trust alleges it has the right to pursue Thorpe Distributor Indemnity claims against the Manville Trust for asbestos related losses the Trust sustained in cases which have been finally resolved by settlement, judgment or otherwise. The Trust filed additional claims with

the Manville Trust in September of 2017. On October 30, 2017, the Manville Trust filed an adversary proceeding in the U.S. Bankruptcy Court for the Southern District of New York, which has jurisdiction over the Manville Trust, seeking declaratory relief absolving the Manville Trust for liability to the Trust. On February 9, 2018, the Trust filed its Answer and Counterclaim seeking Declaratory Relief in its favor and damages for breach of contract. Cross motions for dispositive rulings were briefed and argued in 2018. On March 28, 2019, the Court issued is ruling granting partial summary judgment for plaintiff Johns-Manville and denying Thorpe Insulation Settlement Trust's Motion for Summary Judgment. Counsel for the Trust is reviewing its options with its counsel.

25. Amendments to the Trust Documents: Amendment to Section 4.6 (g) of the Trust Agreement were approved on April 19, 2019. A true and correct copy of the Twelfth Amendment to and Complete Restatement of Thorpe Insulation Company Asbestos Settlement Trust Agreement is attached hereto as Exhibit "C". Amendment to Section 6.2 (j) of the Trust Distribution Procedures were approved on February 22, 2019. A true and correct copy of the Fifth Amendment to and Complete Restatement of Thorpe Insulation Company Asbestos Personal Injury Settlement Trust Distribution Procedures is attached hereto as Exhibit "D"

26. Notifications to Beneficiaries: During the Accounting Period and, additionally, from January 1, 2019 to and including April 19, 2019, the following notifications were placed on the Trust's Web site:

a. Notice of hearing on the Trust's Eighth Annual Report and Accounting (posted April 27, 2018);

b. Notice of Reminder of Policy Regarding Claims in Certain Statuses (posted May 15, 2018);

c. Notice of Update to 1/31/14 and 4/16/14 Notices to Beneficiaries and potential Beneficiaries of the JT Thorpe Settlement Trust, Thorpe Insulation Settlement Trust, Western Asbestos Settlement Trust and Plant Asbestos Settlement Trust (posted June 5, 2018);

d. Notice of Funds Received Ratio Increase (posted June 6, 2018);

e. Notice of 2019 Indexed Base Case Values for Economic and Medical Loss

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(posted April 16, 2019); and

f. Notice of modification to the Trust Distribution Procedures (posted April 16, 2019). .

27. Filing Fee: Pursuant to Section 6.4 of the TDP, the filing fee was reviewed at the September 13, 2018 meeting and there were no recommended changes to the existing $250.00 fee during the Accounting Period or as of the date hereof.

28. Trustees' Compensation: Section 4.5(c) of the Trust Agreement requires the Trust to report the amounts paid to the Trustees for compensation and expenses. During the Accounting Period, the Trustees each received per annum compensation in the amount of $41,988 paid in quarterly installments. The total paid to all Trustees for hourly compensation and for reimbursement of expenses was $124,539 and $1,465, respectively.

29. 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. Aon Risk Insurance Services, West, Inc.: D&O/E&O insurance;

b. BlackRock Financial Management: One of eight investment managers for the Trust described in paragraph 30, *infra*;

c. Eagle Capital Management: One of eight investment managers for the Trust described in paragraph 30, *infra*;

d. Fergus, a Law Office: Counsel to the Trust;

e. Harding Loevner, LP: One of eight investment managers for the Trust described in paragraph 30, *infra*;

f. Klee, Tuchin, Bogdanoff & Stern LLP: Counsel to the Trust;

g. Mellon Investments Corporation: One of eight investment managers for the Trust described in paragraph 30, infra;

h. Schiff Hardin LLP: Law firm that acts as outside general counsel for the Trust and assists with various legal matters as requested by the Trust;

i. Segall Bryant & Hamill: One of eight investment managers for the Trust described in paragraph 30, *infra*;

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j. Silvercrest Asset Management Group LLC: One of eight investment managers for the Trust described in paragraph 30, *infra*;

k. Western Asbestos Settlement Trust for shared services pursuant to the Trust Facilities and Services Sharing Agreement, as described in paragraph 17, *supra*; and

l. Westwood Management Corporation: One of eight investment managers for the Trust described in paragraph 30, *infra*.

30. 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 LLC continued to assist the Trust during the Accounting Period as its investment consultant. BlackRock Financial Management, Inc., Eagle Capital Management, LLC, Harding Loevner, LP, Segall Bryant & Hamill, Silvercrest Asset Management Group, Mellon Investments Corporation (formerly Standish Mellon Asset Management Company), State Street Global Advisors, and Westwood Management Corporation have continued to act as investment managers to the Trust.

The Trust's Investment Policy Statement was amended on November 15, 2018. A copy of the November 2018 Investment Policy Statement is attached hereto as Exhibit "F". At the March 22, 2019 Trustees' meeting, it was agreed upon that the Trust would discontinue the services of Westwood Holdings Group, Inc.

***

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

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asbestos claims. In so doing, the Trust carefully complied with all Plan Documents and the mandates of this Court.

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Exhibit A

Financial Statements
December 31, 2018 and 2017

Thorpe Insulation Settlement Trust

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Thorpe Insulation Settlement Trust

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CPAs & BUSINESS ADVISORS

Independent Auditor's Report

To the Trustees
Thorpe Insulation Settlement Trust
Reno, Nevada

Report on Financial Statements
We have audited the accompanying financial statements of Thorpe Insulation Settlement Trust, ("the Trust"), which comprise the statement of net claimants' equity as of December 31, 2018, and the related statement of change in net claimants' equity and cash flows for the year 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 described in Note 1 to the financial statements; this includes determining that the other basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for 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 audit. We conducted our audit 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.

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Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the net claimants' equity of Thorpe Insulation Settlement Trust as of December 31, 2018, and the changes in net claimants' equity and cash flows for the year then ended in accordance with the Trust's other basis of accounting, as described in Note 1 to the financial statements.

Basis of Accounting
We draw attention to Note 1 to 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 2018
Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Operating Expenses for the year ended December 31, 2018, 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, including comparing and reconciling such 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 and counsel to 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.

Other Matter
The financial statements of Thorpe Insulation Settlement Trust as of December 31, 2017 and the related supplementary information, were audited by other auditors, whose report dated April 19, 2018, expressed an unmodified opinion on those statements, and included an emphasis of matter paragraph to describe the Trust's other basis of accounting.

Eide Bailly LLP

Reno, Nevada
April 16, 2019

Thorpe Insulation Settlement Trust
Statements of Net Claimants' Equity
December 31, 2018 and 2017

	2018	2017
Assets		
Cash, cash equivalents and investments		
Available-for-sale		
Restricted	$ 25,000,000	$ 25,000,000
Unrestricted	410,213,402	469,064,206
Total cash, cash equivalents and investments	435,213,402	494,064,206
Accrued interest and dividend receivables	1,859,710	1,661,144
Prepaid federal income tax	1,325,536	-
Total assets	$ 438,398,648	$ 495,725,350
Liabilities		
Accrued expenses	$ 224,142	$ 295,696
Claim processing deposits	252,000	256,000
Unpaid claims		
Outstanding offers	5,579,334	4,224,825
Deferred tax liability	10,628,000	14,223,000
Facility and staff sharing agreement	480,000	456,000
Total liabilities	$ 17,163,476	$ 19,455,521
Net Claimants' Equity	$ 421,235,172	$ 476,269,829

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Thorpe Insulation Settlement Trust
Statements of Changes in Net Claimants' Equity
Years Ended December 31, 2018 and 2017

	2018	2017
Net claimants' equity, beginning of year	$ 476,269,829	$ 464,755,164
Additions to net claimants' equity		
Investment income, net of investment expenses of $1,618,039 and $1,611,677, respectively	8,925,456	9,096,902
Decrease for income taxes, deferred	3,595,000	-
Claims processing deposits retained	17,000	9,750
Net decrease in facility sharing agreement	-	24,000
Net realized and unrealized gains on available-for-sale securities	-	34,442,948
Total additions	12,537,456	43,573,600
Deductions from net claimants' equity		
Operating expenses	2,185,708	1,535,744
Provision for income taxes, current	1,424,464	-
Provision for income taxes, deferred	-	15,638,000
Net increase in facility sharing agreement	24,000	-
Claims settled	50,324,299	14,141,361
Net increase in outstanding claim offers	1,328,860	743,830
Net realized and unrealized losses on available-for-sale securities	12,284,782	-
Total deductions	67,572,113	32,058,935
Net claimants' equity, end of year	$ 421,235,172	$ 476,269,829

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Thorpe Insulation Settlement Trust
Statements of Cash Flows
Years Ended December 31, 2018 and 2017

	2018	2017
Cash Inflows		
Investment income receipts	$ 8,743,890	$ 10,572,013
Increase in claim processing deposits	-	36,000
Net realized gains on available-for-sale securities	17,361,825	7,028,854
Return of funds	25,649	-
Total cash inflows	26,131,364	17,636,867
Cash Outflows		
Claim payments made	50,324,299	14,141,361
Decrease in claim processing deposits	4,000	-
Disbursements for Trust operating expenses	2,257,262	3,128,025
Disbursements for Trust income taxes	2,750,000	-
Total cash outflows	55,335,561	17,269,386
Net Cash Inflows (Outflows)	(29,204,197)	367,481
Non-Cash Changes		
Net unrealized gains (losses) on available-for-sale securities	(29,646,607)	27,414,094
Net Change in Cash, Cash Equivalents and Investments Available for Sale	(58,850,804)	27,781,575
Cash, Cash Equivalents and Investments Available for Sale, Beginning of Year	494,064,206	466,282,631
Cash, Cash Equivalents and Investments Available for Sale, End of Year	$ 435,213,402	$ 494,064,206

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Note 1 - Summary of Accounting Policies

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") Sixth Amended Joint Plan of Reorganization (the "Plan," following Remand), dated May 1, 2013. 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 are legally responsible; 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's Confirmation Remand Effective Date occurred on July 9, 2013.

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).

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.
- 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.

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- Available-for-sale securities are recorded at fair value. All interest and dividend income on available-for-sale securities is included in investment income on the statement of changes in net claimants' equity. Net realized and unrealized gains and losses on available-for-sale securities are recorded as separate components on the statement of changes in net claimants' equity. The fair value hierarchy of investments is reported.
- Realized gains and 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 and losses are reversed and recorded net, as a component of net realized and unrealized gains/losses in the accompanying statement of changes in net claimants' equity.

Cash and Cash Equivalents

Cash and cash equivalents include demand deposit accounts and cash invested in money market funds. Cash and cash equivalents are combined with investments available for sale in the statement of cash flows in conjunction with the Trust's special purpose accounting method and in accordance with the measurement focus of the Trust to present changes in the amount of assets available for payment of current and future claims.

Fair Value Measurements

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.

Deposits

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

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.

Reclassification

Investment expenses previously reported as operating expenses have been reclassified in the accompanying financial statements to present investment income net of investment expenses and maintain consistency between periods presented. The reclassification had no impact on net claimants' equity or changes in net claimants' equity.

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Concentration of Risk

Financial instruments that potentially subject the Trust to concentrations of risk consist of cash, cash equivalents and investments. Cash equivalents consist of money market funds. 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.

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, 2018, 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. The Trust is no longer subject to United States federal tax examinations for years before 2015 and state examinations before 2014.

Note 2 - 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, 2018	
	Cost	Fair Value
Restricted		
Cash equivalents	$ 337,094	$ 337,094
U.S. Government obligations	8,552,018	8,542,680
Municipal bonds	779,407	774,555
Asset-backed debt	1,359,962	1,352,243
Corporate debt	14,166,631	13,993,428
Total restricted	25,195,112	25,000,000

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	December 31, 2018	
	Cost	Fair Value
Unrestricted		
Cash demand deposits	347,694	347,694
Cash equivalents	9,905,345	9,905,345
Equity securities	95,445,266	125,980,830
U.S. Government obligations	99,523,827	99,515,189
Municipal bonds	48,669,685	49,290,026
Asset-backed debt	33,438,464	33,057,932
Corporate debt	93,723,756	92,116,386
Total unrestricted	381,054,037	410,213,402
Total Funds	$ 406,249,149	$ 435,213,402

	December 31, 2017	
	Cost	Fair Value
Restricted		
Cash equivalents	$ 439,920	$ 439,920
U.S. Government obligations	7,348,541	7,344,691
Municipal bonds	473,684	464,994
Asset-backed debt	1,199,264	1,195,443
Corporate debt	15,599,141	15,554,952
Total restricted	25,060,550	25,000,000
Unrestricted		
Cash demand deposits	296,831	296,831
Cash equivalents	19,444,584	19,444,584
Equity securities	128,127,401	187,493,514
U.S. Government obligations	98,456,355	98,216,247
Municipal bonds	7,500,756	7,415,813
Asset-backed debt	40,173,353	39,916,889
Corporate debt	116,261,049	116,280,328
Total unrestricted	410,260,329	469,064,206
Total Funds	$ 435,320,879	$ 494,064,206

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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 active markets; or valuations based on models where significant inputs are observable or can be corroborated by observalbe 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. The Trust does not hold any Level 3 investments as of December 31, 2018 and 2017.

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

	December 31, 2018		
	Level 1	Level 2	Total
Assets			
Cash demand deposits	$ 347,694	$ -	$ 347,694
Cash equivalents	10,242,439	-	10,242,439
Equity securities	125,980,830	-	125,980,830
U.S. Government obligations	52,594,166	55,463,703	108,057,869
Municipal bonds	-	50,064,581	50,064,581
Asset-backed debt	-	34,410,175	34,410,175
Corporate debt and other	106,109,814	-	106,109,814
	$ 295,274,943	$ 139,938,459	$435,213,402

	December 31, 2017		
	Level 1	Level 2	Total
Assets			
Cash demand deposits	$ 296,831	$ -	$ 296,831
Cash equivalents	19,884,504	-	19,884,504
Equity securities	187,493,514	-	187,493,514
U.S. Government obligations	55,373,715	50,187,223	105,560,938
Municipal bonds	-	7,880,807	7,880,807
Asset-backed debt	-	41,112,332	41,112,332
Corporate debt and other	131,835,280	-	131,835,280
	$ 394,883,844	$ 99,180,362	$494,064,206

The Trust experiences transfers in and out of levels within the fair value hierarchy primarily due to the market activity of the underlying security. The Trust's policy is to recognize transfers in and out at the actual date the event or change in circumstance caused the transfer. During December 31, 2018 and December 31, 2017, no securities were transferred between Level 1 and Level 2.

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The maturities of the Trust's available-for-sale securities at market value (excluding cash equivalents) are as follows as of December 31, 2018:

	Less than 1 Year	After 1 Year Through 5 Years	After 5 Year Through 10 Years	After 10 Years
U.S. Government obligations	$ 68,151,650	$ 36,422,663	$ 790,788	$ 2,692,768
Municipal bonds	3,104,225	23,273,863	20,556,835	3,129,659
Asset-backed debt	972,016	17,052,024	1,743,320	14,642,816
Corporate debt	12,419,880	89,676,396	1,265,771	2,747,767
	$ 84,647,771	$ 166,424,946	$ 24,356,714	$ 23,213,010

Note 3 - 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, includes:

Acquisition of computer equipment	$ 9,979
Acquisition of computer software	105,627
	$ 115,606

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, 2018 and 2017 were $2,952 and $0, respectively.

Total depreciation expense related to asset acquisition using accounting principles generally accepted in the United States would have been approximately $8,700 and $8,400 for the years ended December 31, 2018 and 2017, respectively.

Note 4 - Claim Liabilities

For Trust claims, a liability for unpaid claims is recorded at the time the offer is extended to the firm of record or claimant. 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. The expiration policy was suspended until completion of the claims system development, but was placed back in service on September 28, 2017. As of the years ended December 31, 2018 and 2017, there were no expired offers.

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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 is currently obligated to retroactively pay the increased percentage to all eligible previously paid claimants (see Note 6).

In the interest of treating all claimants equitably in accordance with the Plan the TDP provides for an adjustment for inflation, and the Trustees have recommended that all payments beginning with the calendar year ended December 31, 2011 and future years shall include such 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 15.77% and 13.72% are included in outstanding claims liabilities as of December 31, 2018 and 2017, respectively.

The Trust processed and approved approximately $11,868,000 and $14,885,000 of Trust Claims during the years ended December 31, 2018 and 2017, respectively.

Note 5 - 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 monthly payment in 2018 was $38,000. The monthly payment in 2017 was $40,000. Agreement provisions allow for automatic renewals 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. The equitable amount agreed upon is based on the required written calendar year reconciliation of annual services that is performed by the Western Trust. Any excess of cost over payments or payments over cost is required to be paid by the benefited party with interest. The reconciliation for 2018 and 2017 were performed and recorded in the current period. The reconciliations performed for the years ended December 31, 2018 and 2017 resulted in a reimbursement from Western Trust of $1,950 and $29,500, respectively. The monthly payment for 2019 was increased to $40,000. The future payments under this agreement has been recorded as a liability on the accompanying statement of net claimants' equity.

Note 6 - 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.

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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 and if appropriate, propose additional changes in the Funds Received Ratio. The Funds Received Ratio was increased by the Trustees to 30.5% in September 2013, to 43.6% in February 2016, and to 51.8% in May 2018. This change was made with the consent of the TAC and Futures Representative. The increase was retroactive for claims paid since inception.

Note 7 - 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 established a segregated security fund. These funds are devoted exclusively to securing the obligations of the Trust to indemnify the current Trustees, 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, 2018 and 2017, cash, cash equivalents and investments of $25,000,000 were restricted for this purpose.

In addition, the Trust purchased a $5,000,000 Directors and Officers/Errors and Omissions policy in 2018.

Note 8 - 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 37.0% and 39.6% for the years ended December 31, 2018 and 2017, respectively.

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 provision (benefit) for income taxes consists of the following for the years ended December 31, 2018 and 2017:

	2018	2017
Income tax – current expense	$ (1,424,464)	$ -
Deferred income tax benefit (expense)	3,595,000	(15,638,000)
	$ 2,170,536	$ (15,638,000)

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The components of the deferred income tax asset (liability), as presented in the statements of net claimants' equity consisted of the following at December 31:

	2018	2017
Deferred tax asset (liability)		
Unrealized appreciation	$ (10,717,000)	$ (21,686,000)
Depreciation and amortization	47,000	52,000
Prepaid insurance	42,000	-
Loss carryforward	-	7,411,000
	$ (10,628,000)	$ (14,223,000)

On December 22, 2017, the United States enacted tax reform legislation commonly known as H.R.1, referred to as the "Tax Cuts and Jobs Act" (the "Act"), resulting in significant changes to U.S. tax law. The Trust has completed the accounting for the tax effects of the Act for the years ended December 31, 2018 and 2017. Among other provisions, the Act temporarily reduces the tax rate from 39.6% to 37% until 2026.

Note 9 - Subsequent Events

The Trust evaluated subsequent events through April 16, 2019, the date the financial statements were available to be issued.

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Supplementary Information
December 31, 2018 and 2017

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Thorpe Insulation Settlement Trust

Schedule of Operating Expenses
Years Ended December 31, 2018 and 2017

	2018	2017
Accounting	$ 51,266	$ 57,896
Claims processing	131,777	113,214
Futures representative	201,111	165,180
Information technology support	23,870	21,902
Insurance	122,434	13,783
Legal fees	851,158	422,152
Site list research	988	2,800
Travel and meals	3,927	2,795
Trust advisory committee	36,743	31,300
Trust facility and staff sharing expense	454,050	450,500
Trustee fees	266,217	235,544
Trustees professional	42,167	18,678
	$ 2,185,708	$ 1,535,744

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Exhibit B

EXHIBIT "B"

Thorpe Insulation Settlement Trust
Claim Report
As of December 31, 2018

This report is submitted pursuant to Section 2.2 (c)(ii) of the Eleventh 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 all 326 Pre-Petition Liquidated Claims and paid them 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"). As the Funds Received Ratio has been raised, the Pre-Petition Liquidated Claims, that were paid earlier, have received the additional amounts.

As of April 1, 2019, the total amount paid for Pre-Petition Liquidated Claims was $25,588,602. As of April 1, 2019, the total amount paid for Pre-Petition Term-Sheet Claims that are not eligible for additional amounts was $7,619,859.

Trust Claims

Claims received and disposed of from January 1, 2018, through December 31, 2018, in accordance with the Fourth Amendment to and Complete Restatement of Thorpe Insulation Company Asbestos Settlement Trust Case Valuation Matrix ("Matrix") and Fifth 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 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. As of December 31, 2018, all unliquidated Trust Claims were paid at the approved Funds Received Ratio of 51.8%. Payments made on Trust Claims in 2018 included an additional 13.73% to account for cumulative inflation based upon the CPI-W.

During the Accounting Period, 704 claims were received. A total of 156 claims were paid. In addition, offers were issued to 148 claimants.

Below is a summary of the number and type of claims disposed of (paid) in 2018.

Compensable Disease	Number of Claims
Grade II Non-Malignant	28
Grade I Non-Malignant	20
Grade I Non-Malignant Enhanced Asbestosis	4
Grade I Non-Malignant Serious Asbestosis	21
Other Cancer	6
Other Organ Cancer	2
Lung Cancer	29
Mesothelioma	46
Totals	**156**

As of April 1, 2019, the total amount paid for Trust Claims was $225,670,848.

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Exhibit C

TWELFTH 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, February 7, 2013, November 20, 2014, April 19, 2018, September 13, 2018, and November 15, 2018 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.

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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;

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

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(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).

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

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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

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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

(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

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(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 required 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 minutes of the Trustees' meeting reflect such consent was given orally and said minutes are then subsequently approved by the Trustees.

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.

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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.

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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 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.

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(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.

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.

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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 be charged to the Trust on a daily basis. The per annum compensation, paid quarterly in advance, and the hourly amounts of compensation payable to the Trustees hereunder shall be adjusted each year in accordance with the Federal Bureau of Labor Statistics' Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) published in January of each year, beginning as of January 1, 2015. The structure and amounts of the Trustee compensation will be reviewed when

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requested by the Trustees, the TAC and/or the Futures Representative, but no less than every three (3) years beginning in November, 2017.

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 4.6(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 4.6(d) 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.

g) For avoidance of doubt, former Trustees, Trust officers and employees, members of the Committee, Futures Representatives, members of the TAC, and each of their respective Agents entitled to indemnification under this section continue to be so entitled to the same extent with respect to their conduct or status during their past tenure as Trustees, Trust officers and employees, members of the Committee, Futures Representatives, members of the TAC, or Agents.

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, 4.6, 4.7, 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

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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.

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

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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 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

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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.

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b) Each of the TAC members and/or their representatives shall 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. The hourly amount of compensation payable to the TAC members and/or their representatives hereunder shall be adjusted each year in accordance with the Federal Bureau of Labor Statistics' Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) published in January of each year, beginning as of January 1, 2015.

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.

d) The structure and amounts of the TAC compensation will be reviewed when requested by the Trustees, the TAC and/or the Futures Representative, but no less than every three (3) years beginning in November, 2017.

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

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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 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.

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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.

All notices, requests, demands, and other communications required or permitted hereunder shall be in writing and given by (a) personal delivery, or (b) by established express delivery service that maintains delivery records, or (c) by mail, postage prepaid, or (d) by facsimile, e-mail or other electronic methods 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
300 East Second Street, Suite 1205
Reno, NV 89501
ATTN: Dr. Sandra R. Hernandez
ATTN: John F. Luikart
ATTN: Stephen M. Snyder, Esq.
Facsimile No. 775.325.6200

with a copy to:
Levene, Neale, Bender, Yoo & Brill, L.L.P.
10250 Constellation Boulevard, Suite 1700
Los Angeles, CA 90067
ATTN: Eve H. Karasik
Facsimile No. 310.229.1244
ehk@lnbyb.com

with a copy to:
Sara Beth Brown
Thorpe Insulation Settlement Trust
300 East Second Street, Suite 1205
Reno, NV 89501
Facsimile No. 775.325.6200
sbbrown@524gtrust.com

To the Futures Representative:
David F. Levi
Duke Law School
210 Science Drive
Durham, NC 27708
levi@law.duke.edu

with a copy to:
Sander L. Esserman
Stutzman, Bromberg, Esserman & Plifka
2323 Bryan Street, Suite 2200
Dallas, TX 75201
Facsimile No. 214.969.4999
esserman@sbep-law.com

To the TAC through its Chair:
Alan R. Brayton
Brayton Purcell, LLP

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222 Rush Landing Road
Novato, CA 94948-6169
Facsimile No. 415.898.1247
abrayton@braytonlaw.com

To Reorganized Debtor Saladita Holdings, Inc. fka Pacific Insulation Company:
1220 South Sherman Street
Anaheim, California 92805
ATTN: Robert Fults
Facsimile No. 714.520.8304

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

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.

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 Twelfth Amendment to and Complete Restatement of Thorpe Insulation Company Asbestos Settlement Trust Agreement this 19th day of April, 2019.

TRUSTEES:

By: _____
Dr. Sandra R. Hernandez

By: _____
John F. Luikart

By: _____
Stephen M. Snyder

FUTURES REPRESENTATIVE:

By: _____
David F. Levi

TRUST ADVISORY COMMITTEE:

By: _____
Alan R. Brayton
Its: Chair

Exhibit D

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

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

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FIFTHAMENDMENT 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 Criteria

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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 worthwhile. The

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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 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

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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

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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 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

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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 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

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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.

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

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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 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

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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 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.

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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 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,

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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.

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.

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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 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.

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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 non-binding 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. 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

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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 forms shall be submitted with supporting documentation in accordance with the relevant criteria as set forth below and in compliance with Section I of the Matrix. At a minimum, the unliquidated Trust Claim form shall require submission of sufficient information to prove, and any relevant information tending to disprove exposure, disease and damages including:

(a) All relevant information called for in the San Francisco Superior Court General Order 129 Form Interrogatories, Set 1 and Set 2 including the required complete occupational history and identification of other exposures, with the information relevant to exposure used to

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qualify this claim for the particular category highlighted and the pages tabbed.

(b) If the claimant was involved in any type of asbestos litigation, a complete copy of any litigation interrogatory responses created in support of that claim must be submitted to the Trust regardless of the jurisdiction in which the lawsuit was filed with any information exposures asserted in this claim highlighted and the pages tabbed (or, if applicable, noting that the interrogatories contain no reference to exposures asserted in this claim). In addition, the claimant who was involved in any type of asbestos litigation must identify all prior depositions of the claimant and produce them upon request.

(c) If the Claimant is utilizing the Trust Approved Interrogatories (set forth on the Trust Web site), portions of litigation interrogatories that were amended after the litigation was concluded or declarations to establish the Trust Claim, the responses and/or declarations must meet the following requirements:

(i) The interrogatories and/or declarations must be verified or made by a person who is competent to testify to the information stated in the interrogatories and/or declarations and the person must have personal direct knowledge of the factual information relevant to the claim and the answers and/or declarations must provide sufficient background information to explain how the person verifying the interrogatories and/or the declarant(s) acquired the personal direct knowledge of factual matters relevant to this claim, to allow the Trust to determine the credibility of the person verifying the interrogatories and/or the declarants;

(ii) Where the person lacks personal direct knowledge, the answers and/or declarations must provide sufficient information to explain how, when and from what sources the person verifying the interrogatories and/or the declarants acquired any indirect knowledge of factual matters relevant to the claim;

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(iii) The interrogatory responses and/or declarant must provide specifics about the claimant's (or claimant's decedent's) exposure and not use boilerplate wording;

(iv) If the person verifying the interrogatories and/or declarants relied upon documents as the basis for the responses given in the interrogatories and/or declarations (i.e. military records, social security records, etc.), those documents must be specifically identified and relevant portions of any such documents included in the supporting documents attached to the claim;

(v) The truth of the facts asserted in the interrogatories must be affirmed or verified under the penalty of perjury and any declarations must be made under penalty of perjury;

(vi) All declarations must be specific to the claim. In appropriate circumstances, the Trust may accept expert opinions pertaining to issues that are of general application and that are relevant to the specific claimant's claim.

(vii) The Trust shall have the right to interview by phone or in person (always with the participation or presence of claimant's counsel), anyone who verifies interrogatories, or has provided information to the person verifying the interrogatories or who submits a declaration in support of a claim submitted to the Trust.

(d) 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.

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(e) For Serious Asbestosis claims, evidence to support this categorization will be highlighted and the pages tabbed.

(f) 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.

(g) 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.

(h) 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.

(i) Social Security records, front or identifying face page and portions relevant to facts asserted in connection with the claim of deposition transcript(s), union records, railroad records, military records (including leave records), or any other employment records all highlighted and tabbed. If such records are unavailable, the claimant or representative attorney must explain why such records are unavailable and attest that every reasonable effort has been made to obtain them.

(j) Information sufficient to establish that the claimant is not eligible nor has received Medicare benefits. Information representing that the date of last exposure to Thorpe Insulation Company's asbestos products or operations happened before or after December 5, 1980. Information of satisfied Medicare lien or global settlement documentation.

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

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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 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

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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. 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.

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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 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

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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 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,

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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 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.

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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 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.

IN WITNESS WHEREOF, the Trustees of the Thorpe Insulation Company Asbestos Settlement Trust have executed this Fifth Amendment to and Complete Restatement of Thorpe Insulation Company Asbestos Personal Injury Settlement Trust Distribution Procedures this 22nd day of February, 2019.

TRUSTEES:

By: _____
Dr. Sandra R. Hernandez

By: _____
John F. Luikart

By: _____
Stephen M. Snyder

Consented to by:

FUTURES REPRESENTATIVE:

By: _____
David F. Levi

TRUST ADVISORY COMMITTEE:

By: _____
Alan R. Brayton
Its: Chair

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Exhibit E

TRANSITION AGREEMENT REGARDING TRUSTEE RESIGNATION

This Transition Agreement Regarding Trustee Resignation dated April 19, 2019 (**the "Agreement"**) is entered into by Stephen Snyder (the **"Resigning Trustee"**) and the Western Asbestos Settlement Trust, the Thorpe Insulation Company Asbestos Settlement Trust, the J.T Thorpe Asbestos Settlement Trust and the Plant Insulation Company Settlement Trust **(the "Trusts"**) through their remaining Trustees John F. Luikart and Sandra Hernandez, their Trust Advisory Committees through their Chairman Alan R. Brayton, and their Futures Representative David F. Levi (collectively, the **"Parties"**). On January 9, 2019, the Resigning Trustee properly notified the Trusts pursuant to their respective Trust Agreements that he was voluntarily retiring and resigning as a Trustee of each of the Trusts effective April 30, 2019. The Resigning Trustee was asked to extend the retirement date to May 31, 2019. The Trustees of the Trusts, the Trusts' Advisory Committees, and the Trusts' Future Representative agreed to extend the retirement date to May 31, 2019 (the **"Resignation Date"**). To enable a proper transition during and after the departure of the Resigning Trustee from the Trusts the Parties now agree as follows:

1. **Replacement of Resigning Trustee as Collateral Agent:** Pursuant to paragraph four of the Western Asbestos Settlement Trust Security Agreement dated November 15, 2018, the Resigning Trustee is hereby replaced as the Collateral Agent by the Managing Trustee of the Western Asbestos Settlement Trust effective as of the date of this Agreement. This Agreement when posted on the Trust's website shall serve as sufficient notice to the Trust and all Parties and any other interested person of such replacement.

2. **Replacement of Resigning Trustee as Managing Secured Party:** Pursuant to paragraph three of the Western Asbestos Settlement Trust Control Agreement dated November 15, 2018, the Resigning Trustee is hereby replaced as Managing Secured Party by the Managing Trustee of the Western Asbestos Settlement Trust effective as of the date of this Agreement. This Agreement when posted on the Trust's website shall serve as sufficient notice to the Trust and all Parties and any other interested person of such replacement.

3. **Confidentiality of Information:** Resigning Trustee agrees to keep confidential any and all confidential information and trade secrets that he has acquired as a Trustee of the Trusts **("Confidential Information")** except by permission or as required by law. If the Resigning Trustee is served with a subpoena or other legal process seeking disclosure of Confidential Information, the Resigning Trustee shall provide prompt notice to the Trusts.

4. **Cooperation to preserve records.** The Parties shall cooperate to preserve and protect the existing records relating to the Resigning Trustee as may be appropriate and consistent with Trust's document retention policies.

5. **Cooperation with Investigation or Litigation**: Resigning Trustee agrees at the request of the Trusts, or any of them, to reasonably cooperate in any investigation, litigation, arbitrations or regulatory proceeding regarding events that occurred during his tenure as Trustee of the Trusts. To the extent permitted by applicable law, the Trust shall reimburse Resigning Trustee for such cooperation in accordance with the Consulting Agreement.

6. **Consulting Agreement**: The Trusts have requested, and the Resigning Trustee has agreed to consult after the Resignation Date with the Trustees of the Trusts under the terms of a separate Consulting Agreement on matters pertaining to his past service as a Trustee or matters pertaining

to the continuing administration or management of the Trusts. In consulting with the Trustees or their agents or officers pursuant to this consulting agreement, the Resigning Trustee shall act solely as an independent contractor and not as a lawyer, an employee, officer or trustee of the Trusts or any of them.

7. **No knowledge of breach of Fiduciary Duty**: The Parties agree and warrant that to the best of their knowledge each of the individuals identified as Parties to this Agreement have adequately discharged all obligations owed to the Trusts and that the Parties know of no breach of fiduciary duty by any Party and know of no conduct or actions taken by any Party in violation of the Trust Agreement of any of the Trusts.

8. **Disclosure of this Agreement on Websites of Trusts**: The Trusts shall disclose the existence and terms of this Agreement on their websites promptly after the date of its execution.

9. **No waiver**: Nothing in this agreement shall be construed to diminish in any way the duties of the Trusts to provide indemnification to the Resigning Trustee under their Trust Agreements or operate as a waiver of any of the rights of the Parties under those Trust Agreements.

10. **Notice to Parties**: All notices exchanged between the Parties that in any way relate to this agreement shall be sent by overnight mail to each of the Parties at the following addresses, which may be changed from time to time through such notice:

    For Stephen Snyder:

    Stephen Snyder
    c/o Michael Molland
    Molland Law
    30 Fifth Street
    Petaluma, California 94952

    For Trusts and Trustees:

    Executive Director
    for the Trusts
    300 E. 2nd St #1205
    Reno, NV 89501

    For Trust Advisory Committees:

    Alan R. Brayton
    Brayton Purcell, LLP
    222 Rush Landing Road
    Novato, California 94948-6169

    For Futures Representative:

    David F. Levi
    Duke Law School
    210 Science Drive
    Durham, NC 27708

With a copy to

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Sander L. Esserman
Stutzman, Bromberg, Esserman & Plifka
2323 Bryan Street
Suite 2200
Dallas, Texas 75201

11. **Choice of Law, Dispute Resolution, and Effective Date:** This Agreement will be governed by the laws of the State of Nevada, without regard to such state's conflict of laws rules, and when signed by all Parties shall become effective as of the Resignation date. In the unlikely event of a dispute concerning the terms of this agreement, such dispute shall be resolved upon application to the United States Bankruptcy Court for the Central District of California unless the matter relates solely to the Western Asbestos Settlement Trust or the Plant Insulation Company Settlement Trust in which case the dispute shall be resolved upon application to the United States Bankruptcy Court for the Northern District of California.

SIGNED:

Stephen Snyder, Resigning Trustee

Date: 4/19/19

John F. Luikart, Managing Trustee of the Trusts

Date: 4/19/19

Sandra R. Hernandez, Trustee of the Trusts

Date: 4/19/19

Alan R. Brayton, Chair, Trust Advisory Committees of the Trusts

Date: 4/19/19

David F. Levi, Futures Representative of the Trusts

Date: 4/19/19

Exhibit F

Investment Policy Statement

Thorpe Insulation Settlement Trust

November, 2018

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 = 3.5 Risk = 6.4

Primary Goal

The Thorpe Insulation 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.

The expected annualized after-tax return and risk, asset allocations, target index and portfolio benchmarks identified herein may be adjusted from time to time as agreed upon by the Trustees and as reflected in the minutes of the Trustees' meeting following such agreement.

[1] Represents expected after-tax (25%) geometric return and risk using Callan's 2016 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 Oriented Securities[2]	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	**50%**	**60%**	**80%**
Equity Oriented Securities	**20%**	**40%**	**50%**

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 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 Strategic Allocation and Target Index are 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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[2] *Equity Oriented Securities will predominantly consist of common stock but may include other investment categories including REITs and bonds as described in the Investment Practices and Portfolio Evaluation Benchmark - Target Index sections of this document.*

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Portfolio Evaluation Benchmark – Target Index

A special target index was constructed to monitor the performance of the total fund. This target index serves as a minimum performance objective for the Trust. It is expected that in most market environments the Trust's actual asset allocation will approximately resemble the allocation expressed in the target index. The Trust will deviate from the target index over short and intermediate periods in response to liquidity needs, market performance, market outlook, and the cost of asset allocation adjustments including transactions costs and the taxation of transactions.

Target Index:

- **40% consisting of the following sub-components**
  - **25% Standard & Poor's 500 Stock Index**
  - **25% Russell 3000 Index**
  - **16.66% MSCI ACWI ex-US Index**
  - **16.67% Russell 3000 Value Index**
  - **16.67% 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 the following sub-components**
  - **70% A blend of Bloomberg Barclays 1-5 Year Government Credit Index and the Bloomberg Barclays Capital Short Municipal Bond Index**
  - **20% Barclays 1-5 Year Government Credit Index**
  - **10% 3-Month Treasury Bills**

With the possible exception of the short duration enhanced cash portfolio, individual investment managers will be retained to manage the sub-components of the Target Index. Individual investment managers will be measured against each sub-component 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 Settlement Trust as amended.

- No more than 45% at cost or 50% 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 Oriented Securities

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,'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 company's representation in the S&P 500 Index is greater than 5%. If the company's representation in the S&P 500

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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 and Frontier Markets is limited to 35% of market value.

4. Yield Oriented Equity Strategy

- The objective of the Yield Oriented Equity strategy is to provide an additional source of long-term growth and after-tax returns to the Trust and exceed the **Russell 3000 Value** index over a full market cycle.
- The actively managed portfolio will invest predominantly in common stocks of companies listed in the United States. These common stocks in aggregate should exhibit a higher yield than that offered by the broad market, as measured by the S&P 500.

5. 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, and bonds, including high yield debt securities. Limits include the equity limits

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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 pre-refunded bonds backed by U.S. Treasury or Agency Securities 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 will transition from investing in taxable bonds to tax exempt bonds over time. The investment managers have been instructed to reinvest proceeds from maturing securities in tax exempt bonds.
   - The portfolio's investment objective is to provide an after-tax total rate of return that exceeds the after-tax total return of a combination of the Bloomberg **Barclays Capital Municipal Short Bond Index** and the **Barclays 1-5 Year Government Credit Portfolio**. The benchmark will be reconstituted quarterly based on the portfolio's actual allocation to taxable and tax exempt bonds.
   - 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. Non-rated, pre-refunded bonds fully backed by U.S. Treasury and Agency Securities are exempt from this restriction.

2. **Taxable Fixed Income Portfolio**
   - The portfolio's objective is to invest in the short to intermediate portion of the yield curve and to outperform the target benchmark.
   - The portfolio's **benchmark is the Bloomberg Barclays 1-5 Year Government Credit 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 A1 by Moody's and/or A+ 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 3-Month Treasury Bills.
   - 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 300% 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 cannot 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 overall 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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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 10250 Constellation Boulevard, Suite 1700, Los Angeles, CA 90067.

A true and correct copy of the foregoing document **NINTH ANNUAL REPORT AND ACCOUNTING, AUDITED FINANCIAL STATEMENTS, AND CLAIM REPORT** 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 **April 29, 2019** 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:

- Lawrence Bass - SUSPENDED - lbass@faegre.com
- Peter J Benvenutti pbenvenutti@kellerbenvenutti.com, pjbenven74@yahoo.com
- Steven H Bergman sbergman@omm.com
- Brad Berish bberish@ag-ltd.com
- Jaclyn A Blankenship jblankenship@omm.com
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- Leslie Epley Davis ldavis@crowell.com
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- David M Wiseblood - SUSPENDED - dwiseblood@wisebloodlaw.com, dmwadmin@wisebloodlaw.com
- Martin S Zohn mzohn@proskauer.com

2. SERVED BY UNITED STATES MAIL: On **April 29, 2019** 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.

☒ 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 **April 29, 2019** 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.

Served via Attorney Service
The Honorable Sheri Bluebond
United States Bankruptcy Court
Edward R. Roybal Federal Building and Courthouse
255 E. Temple Street, Suite 1534 / Courtroom 1539
Los Angeles, CA 90012

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

April 29, 2019	Lisa Masse	*/s/ Lisa Masse*
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.

June 2012 **F 9013-3.1.PROOF.SERVICE**

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Office of the United States Trustee
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Los Angeles, CA 90017

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