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UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN FRANCISCO DIVISION

In re:	Case No. 13-31914-HLB
WESTERN ASBESTOS COMPANY,	Chapter 11
Debtor.	**SIXTEENTH ANNUAL REPORT AND ACCOUNTING, AUDITED FINANCIAL STATEMENTS, AND CLAIM REPORT**
	Date: June 11, 2020[1] Time: 10:00 a.m. Place: Courtroom 19 450 Golden Gate Ave, 16th Floor San Francisco, CA 94102

The Trustees of the Western Asbestos Settlement Trust by and through their counsel, Eve H. Karasik of Levene, Neale, Bender, Yoo & Brill, hereby file the Sixteenth Annual Report and Accounting, Audited Financial Statements, and Claim Report.

Respectfully submitted this 24th day of April, 2020.

By: */s/ Eve H. Karasik*
EVE H. KARASIK
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Bankruptcy Counsel for the Western
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[1] If the Stay at Home/Shelter at Home Orders issued by the California governmental authorities are in place on the date of this hearing, this hearing may be conducted solely telephonically. Instructions for participation at hearings telephonically may be found on the Court's website.

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SIXTEENTH ANNUAL REPORT AND ACCOUNTING OF WESTERN ASBESTOS SETTLEMENT TRUST

The Trustees of the Western Asbestos Settlement Trust ("Trust") hereby submit this Sixteenth Annual Report and Accounting ("Annual Report") covering Trust activities occurring from January 1, 2019 to and including December 31, 2019 ("Accounting Period"), and certain activities of the Trust that took place outside the Accounting Period. This Annual Report is submitted to the U.S. Bankruptcy Court for the Northern District of California, San Francisco Division ("Bankruptcy Court"), *In Re Western Asbestos Company,* Case No. 13-31914-HLB, in accordance with the *Second Amended Joint Plan of Reorganization* Docket No. 1002 ("Plan"); the January 27, 2004 *Order Confirming Second Amended Joint Plan of Reorganization and Granting Related Relief* Docket No. 1205 ("Confirmation Order"); Eighteenth Amendment to and Complete Restatement of Western Asbestos Settlement Trust Agreement ("Trust Agreement"); Fourth Amendment to and Complete Restatement of Western Asbestos Settlement Trust Bylaws ("Bylaws"); Fourth Amendment to and Complete Restatement of the Western Asbestos Company/Western Mac Arthur Co./Mac Arthur Co. Asbestos Personal Injury Settlement Trust Distribution Procedures ("TDP"); and Third Amendment to and Complete Restatement of Western Asbestos Settlement Trust Case Valuation Matrix ("Matrix"), established pursuant to the Plan,[2] and pursuant to the laws of the State of Nevada, where the Trust is organized and where it resides. Section 7.11 of the Trust Agreement states 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 Steven L. Bray, Executive Director, in Support of Motion to Approve and Settle Western Asbestos Settlement Trust's Sixteenth Annual Report and Accounting, and the Audited Financial Statements and Claim Report, as described in paragraphs 7, 8, and 9, *infra*. Capitalized terms not defined herein are as defined in the Glossary of Terms for the Plan Documents, which may be found in Exhibit 1 to the Plan.

[2] The Appendix to the Twelfth Annual Report and Accounting of Western Asbestos Settlement Trust Docket Nos. 1841-2 through 1841-7; 1847 includes the Plan; Confirmation Order; Matrix; certain other controlling documents approved by the Bankruptcy Court; and other documents as indicated.

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1. Case Assignment: This matter, originally filed as a Chapter 11 bankruptcy case, was assigned for all purposes to United States Bankruptcy Judge Leslie Tchaikovsky of the United States Bankruptcy Court for the Northern District of California, Oakland Division ("Oakland Court"), who approved the Trust's First, Second, Third, Fourth, Fifth and Sixth Annual Reports Docket Nos. 1579, 1605, 1614, 1676, 1712, and 1734. On September 1, 2010, the case was transferred to United States Bankruptcy Judge Roger Efremsky of the Oakland Court, who approved the Trust's Seventh, Eighth and Ninth Annual Reports Docket Nos. 1750, 1764, and 1774. On August 5, 2013, Judge Efremsky recused himself from the case. Thereafter, the case was assigned to United States Bankruptcy Judge William J. Lafferty, III of the Oakland Court, who recused himself from the matter on August 16, 2013. The case and any adversary proceedings were then transferred to Chief United States Bankruptcy Judge Alan Jaroslovsky of the United States Bankruptcy Court for the Northern District of California, Santa Rosa Division for further disposition. On August 21, 2013, the case and all adversary proceedings were transferred to United States Bankruptcy Judge Thomas E. Carlson of the United States Bankruptcy Court for the Northern District of California, San Francisco Division (the "San Francisco Court") for all purposes, who approved the Trust's Tenth, Eleventh and Twelfth Annual Reports Docket Nos. 1800, 1831, and 1841. The original case number of 02-46284-WJL was changed to 13-31914-TC. On December 1, 2016, the case and all adversary proceedings were transferred to United States Bankruptcy Judge Hannah L. Blumenstiel of the San Francisco Court, who approved the Trust's Thirteenth, Fourteenth and Fifteenth Annual Reports Docket Nos. 1856, 1871, and 1888, and with whom the case continues to reside. The case number of 13-31914-TC was changed to 13-31914-HLB.

2. Effective Date: In compliance with Sections 4.1 and 7.2 of the Plan and the Glossary of Terms for the Plan Documents, the Effective Date of the Trust is April 22, 2004.

3. Appointment of Trustees: In its February 2, 2004 Order Approving Futures Representative's Motion for Approval of Appointment of Trustees for the Western Asbestos Settlement Trust Docket No. 1262, the Oakland Court approved the appointment of Sandra R. Hernández, M.D., John F. Luikart and Stephen M. Snyder as Trustees of the Trust. Dr. Hernández and Mr. Luikart have acted in that capacity since that time. Elected in 2004 by the other two

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Trustees, Mr. Snyder served as Managing Trustee until February 22, 2019. As described in the Trust's Fifteenth Annual Report, on January 9, 2019, Mr. Snyder gave proper notice pursuant to Section 4.2(c) of the Trust Agreement that he was retiring as Trustee as of April 30, 2019. Mr. Snyder was asked to extend his retirement date to May 31, 2019 in order to facilitate the transitions related to his retirement and the retirement of the Trust's Executive Director. The Trustees, the Trust's Trust Advisory Committee (as described in paragraph 4 below) ("TAC"), and the Trust's Futures Representative (as described in paragraph 5 below) ("Futures Representative") agreed in writing to the extension. Pursuant to Section 4.1 of the Trust Agreement, John F. Luikart was elected by the Trustees to be Managing Trustee of the Trust on February 22, 2019. Further, Section 4.6(f) of the Trust Agreement was amended as set forth in paragraph 27, *infra* and the Trust entered into a Transition Agreement Docket No. 1888-2 and a Consulting Agreement with Mr. Snyder which was approved on June 1, 2019.

4. Appointment of TAC: In the Confirmation Order, the Oakland Court approved the appointment of Alan Brayton, Jack Clapper, David M. McClain, Phil Harley, and Michael Sieben as the initial members of the TAC. Mr. Brayton has served as Chair of the TAC since the Effective Date of the Trust. Messrs. Clapper and McClain have continued to serve as members of the TAC since the Effective Date of the Trust. Jerry Neil Paul's appointment to replace Phil Harley as a member of the TAC was approved by the Oakland Court in June 2009. Michael S. Polk's appointment to replace Michael Sieben as a member of the TAC was approved by the Bankruptcy Court in June 2015. Mr. Polk passed away in August of 2018. In November 2018, Michael R. Strom's appointment to replace Mr. Polk as a member of the TAC was approved by the San Francisco Court.

5. Appointment of Futures Representative: The Honorable Charles B. Renfrew, retired, was appointed as the Futures Representative in the bankruptcy cases on November 25, 2002, and his continued appointment as Futures Representative was approved by the Oakland Court in the Confirmation Order. Judge Renfrew served as Futures Representative from the Effective Date of the Trust until his death on December 14, 2017. As described in the Trust's Fifteenth Annual

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Report, the Order Approving Trustees' Selection of the Honorable David F. Levi to Serve as Futures Representative was entered by the Bankruptcy Court on April 10, 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. Except where otherwise stated, all reports attached to this Annual Report cover the Accounting Period. 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 Trust has complied with its tax obligations on a quarterly basis. The 2018 federal tax return was filed by its extended due date of September 16, 2019 and the 2019 federal tax return will be filed by its extended due date of September 15, 2020. 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 each year, attaching a 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. Audited Financial Statements: In accordance with the requirements of Section 2.2(c)(i) of the Trust Agreement, the Trustees have caused the Trust's financial statements to be audited by Eide Bailly, LLP, the independent certified public accountants retained by the Trust to

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perform the annual audit of its financial statements. The Trust's audited financial statements for the year ended December 31, 2019 ("Audited Financial Statements") are attached hereto as Exhibit "A" and 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, 2019, total Trust assets were $512,747,373, total liabilities were $45,337,053, and Net Claimants' Equity was $467,410,320.

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 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 Western Asbestos Settlement Trust Claim Report as of December 31, 2019 ("Claim Report") is attached hereto as Exhibit "B" and notes, among other disclosures, that during the Accounting Period, the Trust received 930 claims, paid 291 claims, and made settlement offers on 147 claims.

Section 5.4 of the TDP provides that the Trust shall pay Pre-Petition Default, Settlement, and Matrix Claims (as defined in the TDP) (hereafter "Pre-Petition Liquidated Claims")[3] "[as] soon as practicable after the Effective Date." The vast majority of these claims were paid in 2004 and, by December 2005, the Trust had paid 99% of all Pre-Petition Liquidated Claims. Proper releases for two (2) Pre-Petition Liquidated Claims were received during the Accounting Period, which resulted in payments of $54,868, reducing the remaining number pending a release to eleven (11) for a total amount unpaid of $120,917. One (1) Pre-Petition Liquidated Claim was paid in February 2020 in the amount of $10,397. The representative law firms continue to search for the claimants and beneficiaries of the remaining ten (10) Pre-Petition Liquidated Claims.

10. Public Inspection: In compliance with Section 2.2(c) of the Trust Agreement, the Annual Report, including the Audited Financial Statements and Claim Report, has been provided to

[3] See the Oakland Court's February 3, 2004 *Memorandum of Decision after Confirmation Hearing* Docket No. 1265.

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the Futures Representative, the TAC, the Debtors, and the Office of the United States Trustee with responsibility for the United States Bankruptcy Court for the Northern District of California. The Trust has filed the Annual Report, including the Audited Financial Statements and Claim Report, with the Bankruptcy Court. Accordingly, the Annual Report and related documents have been made available for inspection by the public in accordance with established procedures.

11. Trustees' Meetings: Article II, Section 4 of the Bylaws provides that the Trustees shall meet in Nevada, or a state other than California, at least four times per year, as close as practicable on a quarterly basis. The Trustees held seven (7) meetings during the Accounting Period (February 22, 2019, March 22, 2019, April 19, 2019, May 24, 2019, July 18, 2019, September 20, 2019, and November 22, 2019). The April, May, July and September meetings were held in Nevada, and the February, March and November meetings were held in Arizona.

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

13. Payment Percentage: Section 4.2 of the TDP provides that, commencing on the first day of January, after the Plan has been confirmed and no less frequently than once every three years thereafter, the Trustees shall reconsider the Payment Percentage to assure that it is based on accurate current information and may, after such reconsideration, change the Payment Percentage, if necessary, with the consent of the TAC and Futures Representative. In its April 14, 2004, "Order Under Fed.R.Bankr.P. 9019 Approving Compromises with Settling Insurers", the Oakland Court approved a Payment Percentage to the Trust's claimants of 31.5%. The Payment Percentage was increased to 34.2% on January 1, 2006, to 40% on July 24, 2007, and to 44% on February 18, 2010. The Payment Percentage was reviewed on February 7, 2013 and remained at 44%. The Payment Percentage was reviewed on September 23, 2014 and increased to 48%. In September 2017, the Payment Percentage was reviewed and remained at 48%. After completion of the preliminary review of the Payment Percentage conducted in the Spring of 2018 and the final review in 2019, the Payment Percentage was increased to 51.1% on May 24, 2019.

An addition to Section 2.3 of the TDP was approved on May 24, 2019 with respect to Payment Percentage increases by way of the "Amendment of the Western Asbestos Settlement Trust

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TDP Section 2.3", as follows: "To the extent that the designated legal representative of a claimant or heir (or the Trust in the case of in pro per claimants), following reasonable efforts, cannot locate a claimant or heir within one year from the approval of any additional payment pursuant to Section 4.2, the legal representatives shall return all funds, which must be held in client trust accounts, to the Trust which the Trust shall return to net claimant equity. To the extent the Trust cannot locate a claimant or heir in pro per within one year from the approval of any additional payment pursuant to Section 4.2 following reasonable efforts, the entire additional payment shall also be returned to net claimant equity." Such language was included in an amendment to the TDP on September 20, 2019.

14. Maximum Annual Payment: Section 2.4 of the TDP requires that the Trust calculate an annual payment limit for claims ("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 24, 2019 meeting, the Maximum Annual Payment for 2019 was reset to $56,605,355 and the amount rolled over pursuant to Section 2.5 of the TDP was reset to zero. At the September 20, 2019 meeting, Section 2.5 of the TDP was amended due to a shortfall in the amount allocated for Disease Category A (malignant) claims in the MAC Company Category (Minnesota and North Dakota). At the November 22, 2019 meeting, the Maximum Annual Payment for 2020 was set at $51,132,582.

15. Adjustments for Inflation: The original Payment Percentage approved by the Oakland Court was based upon projections of future claim payments adjusted annually for inflation. Beginning in 2006, 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 22, 2019 meeting, the CPI-W to be published in January 2020 was approved for use by the Trust in making the cost of living adjustment for claim payments made in 2020. The CPI-W of 2.3% was issued on January 14, 2020 and all inflation adjustments are cumulative. Consequently, all claim payments made during the 2020 calendar year will have a cumulative inflation rate of 34.83% added to the payment amount.

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The Trust began indexing the base case values for Economic Loss, Medical Loss, and Assumed Future Medical Loss and Funeral Expenses in 2018. For claims paid in 2020, the base case value for Economic Loss is $269,000, for Medical Loss is $326,000, and for Assumed Future Medical Loss and Funeral Expenses is $122,464.

16. Budget and Cash Flow Projections: Prior to the commencement of each fiscal year, Section 2.2(d) of the Trust Agreement requires the Trust to prepare a budget covering such fiscal year, and cash flow projections covering the succeeding four fiscal years. The 2020 budget and four-year cash flow projections were prepared in November 2019. The Trustees approved the 2020 budget on November 22, 2019. The Trustees approved the four-year cash flow projections on February 21, 2020. These were provided to the Futures Representative and TAC pursuant to Section 2.2(d) of the Trust Agreement.

17. Facilities Sharing Agreements: As initially described in the Trust's Third Annual Report, the Trust and J.T. Thorpe Settlement Trust ("J.T. Thorpe Trust") entered into a Trust Facilities and Services Sharing Agreement. The J.T. Thorpe Trust agreed to pay a negotiated monthly amount and such arrangement was approved by the Oakland Court in the order approving the Trust's Third Annual Report. Pursuant to the annual reconciliation of fees presented on February 22, 2019, the Trust and the J.T. Thorpe Trust agreed that the advance payments would be $36,000 per month for 2019. The total amount paid to the Trust by the J.T. Thorpe Trust, after accounts were reconciled for 2019, was $392,172. Pursuant to the annual reconciliation of fees presented on February 21, 2020, the Trust and the J.T. Thorpe Trust agreed that the advance payments shall be $37,000 per month for 2020.

As initially described in the Trust's Seventh Annual Report, the Trust and Thorpe Insulation Company Asbestos Settlement Trust ("Thorpe Insulation Trust") entered into a Trust Facilities and Services Sharing Agreement and the Thorpe Insulation Trust agreed to pay a negotiated monthly amount. Such arrangement was approved by the Oakland Court in the order approving the Trust's Seventh Annual Report. Pursuant to the annual reconciliation of fees presented on February 22, 2019, the Trust and the Thorpe Insulation Trust agreed that the advance payments would be $40,000 per month for 2019. The total amount paid to the Trust by the Thorpe Insulation Trust, after

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accounts were reconciled for 2019, was $457,006. Pursuant to the annual reconciliation of fees presented on February 21, 2020, the Trust and the Thorpe Insulation Trust agreed that the advance payments shall be $40,000 per month for 2020.

As initially described in the Trust's Tenth Annual Report, the Trust and Plant Insulation Company Asbestos Settlement Trust ("Plant Trust") entered into a Trust Facilities and Services Sharing Agreement and the Plant Trust agreed to pay a negotiated monthly amount. Such arrangement was approved by the Bankruptcy Court in the order approving the Trust's Tenth Annual Report. Pursuant to the annual reconciliation of fees presented on February 22, 2019, the Trust and the Plant Trust agreed that the advance payments would be $37,000 per month for 2019. The total amount paid to the Trust by the Plant Trust, after accounts were reconciled for 2019, was $449,132. Pursuant to the annual reconciliation of fees presented on February 21, 2020, the Trust and the Plant Trust agreed that the advance payments shall be $39,000 per month for 2020.

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. During the Accounting Period, transfers were made from the Settlement Fund to the Operating Fund 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 decided that it was prudent to place funds with another financial institution to ensure that funds for short-term operating costs, including payroll, would be available in the event of future disruption. Therefore, the Trust deposited $250,000 with Sierra Pacific Federal Credit Union in Reno, Nevada.

20. Set Aside Funds: The Trust continues to maintain separate funds for the defense and indemnification of Ordway and Milwaukee, Van Packer, and Employer Reassurance Corporation as required by Trust Documents and/or settlement agreements. These accounts hold the legally required amounts in cash and securities for certain indemnification obligations. During the Accounting Period, no claims were made against, and no payments were made from any of these funds.

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21. Indemnity Fund (Self-Insured Retention): Section 4.6 of the Trust Agreement provides that the Trust shall indemnify the Trustees, Trust's officers and employees, Futures Representative, TAC and each of their respective agents. The Trustees, Futures Representative, TAC and their respective agents have a first priority lien upon the Trust's assets to secure the payment of any amounts payable to them pursuant to Section 4.6. In addition to the first priority lien on the Trust's assets, in 2004, the Trust established an indemnity fund at Wells Fargo Bank, N.A. in the amount of $40,000,000 to provide liability coverage for the Trustees, Futures Representative and TAC, and their agents to pay the expenses, costs and fees (including attorneys' fees and costs) associated with defending any judicial, administrative, or arbitrative action, suit or proceeding, as described in all the Trust's Annual Reports. All interest earned by the fund is returned to the Trust quarterly.

As described in the Trust's Fifteenth Annual Report, the Trust purchased a Directors and Officers/Errors and Omissions policy in November 2018 and a Directors and Officers/Errors and Omissions Excess DIC policy in 2019. Further, in November 2018, the Indemnity Agreement was amended to provide that any indemnified expenses shall be paid primarily and first from insurance proceeds and then from the Indemnity Fund or other assets of the Trust. If the Indemnity Fund or other assets have funded such expenses prior to payment by 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.

22. Special Budget Fund: A Special Budget Fund was approved in the Oakland Court's May 18, 2005 *Order to Approve and Settle Western Asbestos Settlement Trust's Annual Report and Accounting, Audited Financial Statements, and Claim Report; and to Approve Resolution Regarding the FAIR Act* Docket No. 1595. There has been no change in this fund during the Accounting Period.

23. Settlement Fund Control Account and Security Interest Documents: Section 4.7 of the Trust Agreement grants the Trustees, Futures Representative and TAC a security interest in the assets of the Trust to secure the indemnification obligations of the Trust to such parties. The

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Trustees, Futures Representative, TAC and each of their respective agents have a security interest in the assets of the Trust. The Trust entered into five separate Control Agreements in 2005 as described in the Trust's Second Annual Report.

At the November 22, 2019 meeting, the Trustees, the TAC and the Futures Representative executed two separate Securities Account Control Agreements between the parties and Wells Fargo Wealth Management and Wells Fargo Institutional Retirement Trust ("IRT") to perfect the security interest in the assets maintained at Wells Fargo, including the Indemnity Fund, accounts, securities, financial assets, investment property and security entitlements, among other things. Wells Fargo subsequently executed the Agreements, which supersede any previous Agreements.

24. Trust Management Update: As described in the Trust's Fifteenth Annual Report, Sara Beth Brown retired as Executive Director of the Trust effective May 4, 2019. The Claims Manager, Laura Paul, served as Acting Executive Director pending the appointment of Ms. Brown's permanent successor. The Trustees retained a search professional to conduct a search for Ms. Brown's replacement. After conducting interviews with several candidates, the Trustees selected and appointed Steven L. Bray as the Trust's Executive Director effective January 13, 2020.

25. Civil Investigative Demand: As described in the Trust's Fifteenth Annual Report, the Department of Justice issued a Civil Investigative Demand ("CID") to the Trust on September 12, 2018 pursuant to the False Claims Act which focused on whether the Medicare Program has been reimbursed in accordance with the Medicare Secondary Payer act for payments made by the Trust to beneficiaries. The Trust and the Department of Justice agreed upon a protocol to limit the production of data to those claimants who had exposure to Western Companies on or after 12/5/1980 (effective date of the statute at issue), whose first payment from the Trust was on or after 1/1/2009 (statute of limitations limit), and who were not identified by vendors for the Center for Medicare and Medicaid Services ("CMS") as having paid their Medicare obligations. The Trust provided notice to affected beneficiaries with an opportunity to object. To date, the Trust has received no objections from beneficiaries. On November 20, 2019, the Trust served its responses to the CID based upon the agreed upon protocol and the Trust's previously filed objections.

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26. Legal Disputes:

a. *Home Insurance Company in Liquidation ("HICIL") and California Insurance Guarantee Association ("CIGA").* As initially described in the Trust's Seventh Annual Report, the Trust and the HICIL Liquidator reached a settlement that provided for an allowed claim in the liquidation proceedings in the amount of $242.5 million. Due to its insolvency, it is unlikely that HICIL will be able to pay the entire allowed claim, but instead will only pay a portion of the allowed amount over a period of several years.

In February 2013, the Trust sought recovery from CIGA for asbestos bodily injury liabilities that would otherwise be covered by the Home Insurance Company ("Home") under its policies issued from 1976 to 1983, to the extent that Home was unable to pay as a result of its insolvency. *Stephen M. Snyder, et al. v. California Insurance Guarantee Association,* Alameda County Superior Court Civil Case No. RG13666656. CIGA demurred to the complaint alleging that the Trust's claims were barred by the statute of limitations. On June 28, 2013, the Judge sustained the demurrer without leave to amend and the Trust appealed the ruling. On September 17, 2014, the California Court of Appeal reversed the trial court's order sustaining CIGA's demurrer without leave to amend insofar as it was based on the statute of limitations. A subsequent petition to the California Supreme Court by CIGA was denied. The case was remitted to Judge Wynne Carville and in December 2015, the case was transferred to Judge Winifred Smith.

In June 2015 and August 2016, HICIL made interim distributions of 15% and 10%, respectively, of the Trust's allowed claim, which funds were placed in an escrow account pending the outcome of the CIGA case.

The Phase I trial was held for approximately eight days beginning on August 14, 2017. On January 30, 2018, Judge Smith issued a tentative decision that the Trust had met its burden of proof establishing that there was no 'other insurance' 'available' to pay the allowed claim in the Home Liquidation. The Court entered a final decision denying CIGA's motion for summary judgment on March 21, 2018. The trial on the remaining issues in the case was initially set for September 17, 2018, then moved to December 10, 2018, and later continued to January 14, 2019.

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Under these circumstances, the Trustees, with the full consent and approval of the Futures Representative and TAC, engaged in settlement negotiations with CIGA, resulting in a definitive settlement agreement dated December 26, 2018. CIGA requested and the Trust agreed that it would request that the Court file the settlement agreement under seal. The motion to seal was filed contemporaneously with the Trust's Fifteenth Annual Report Docket No. 1883. The Trust has received a portion of the settlement monies. There is potential in the settlement for the Trust to receive further funds depending upon the final outcome of the Home Liquidation.

The Trustees, Futures Representative and TAC concluded that the settlement reached was in the best interests of all Trust beneficiaries. The Trust had been pursuing insurance recoveries for its beneficiaries as a result of the Home Insurance Company insolvency for over fifteen years and the settlement allowed the Trust to increase net claimants' equity on behalf of its beneficiaries. The settlement also eliminated litigation risk and significant expense in an undeveloped area of the law.

The Trust agreed to dismiss its action against CIGA with prejudice and agreed not to object to CIGA's request to vacate the Phase I decision. The Court entered an order vacating the Phase I decision on January 5, 2019, and entered the dismissal with prejudice on January 28, 2019.

b. *Western Asbestos Settlement Trust v. Michael J. Mandelbrot and Mandelbrot Law Firm ("Mandelbrot"),* Adversary Proceeding No. 13-03205 filed with the Bankruptcy Court. In October 2013, the Bankruptcy Court dismissed the adversary proceeding without prejudice as not ripe for declaratory relief. The J.T. Thorpe Trust and Thorpe Insulation Trust ("Thorpe Trusts") investigated claims submitted to them, and in a letter dated May 24, 2013, set forth reasons why they would decline to accept further evidence or claims from Mandelbrot. The Thorpe Trusts filed adversary proceedings based on such claims (*J.T. Thorpe Settlement Trust and Thorpe Insulation Company Asbestos Settlement Trust,* U.S. Bankruptcy Court for the Central District of California ("Central District Bankruptcy Court") Case No. 2:12-ap-02182BB) ("Thorpe Trusts Adversary Proceedings") that were presided over by the Honorable Sheri Bluebond ("Judge Bluebond") and continued to a bench trial.

As initially described in the Trust's Eleventh Annual Report, on January 23, 2014, the Trustees entered into an agreement with Mandelbrot, requiring that Mandelbrot transfer all pending

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claims to other counsel and immediately cease further claims filing activity with the Trust, the Thorpe Trusts and the Plant Insulation Company Asbestos Settlement Trust. After entering into the agreement, however, Mandelbrot unsuccessfully challenged its validity in the Thorpe Trusts Adversary Proceedings. After further hearings, Judge Bluebond entered judgment reaffirming the validity and enforceability of the agreement ("Judgment and Order").

Mandelbrot appealed the Judgment and Order to the U.S. District Court for the Central District of California ("Central District Court"), which affirmed the Judgment and Order, and thereafter to the United States Court of Appeals for the Ninth Circuit ("Ninth Circuit"). The Ninth Circuit vacated the Central District Court's affirmance and remanded the case to the Central District Court for further fact-finding and/or briefing on two issues, and following further remand to the Central District Bankruptcy Court, Judge Bluebond issued Supplemental Findings of Fact and Conclusions of Law on Remand on February 8, 2018.

Mandelbrot filed a notice of appeal on February 20, 2018 and then approached counsel for the Trusts regarding a dismissal of the appeal. On May 10, 2018, the Central District Court entered its order Granting Joint Stipulation Dismissing Appeal. Accordingly, the litigation with Mandelbrot has been resolved, and the Thorpe Trusts Adversary Proceedings have been closed.

Post dismissal, Mandelbrot has continued to file pleadings and documents in the Thorpe Trusts' bankruptcies. After a hearing, on December 13, 2018 Judge Bluebond issued an order to strike certain docket entries from the record and classified certain docket entries as "private". Mandelbrot was ordered, individually and as a firm, not to represent that Mandelbrot is counsel to or otherwise represents claimants or beneficiaries in connection with the Thorpe Trusts. Judge Bluebond also submitted a Discipline Referral Form with Appendix regarding Mr. Mandelbrot to the California State Bar.

As a result, the Trust is not accepting claims from Mandelbrot and all claims previously submitted by Mandelbrot have been transferred to new counsel. The Trust advised claims filers that Mandelbrot is not permitted to file claims with the Trust. The Trust has been informed that Mandelbrot's Website has continued to include the Trust in lists of asbestos trusts with which

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Mandelbrot files claims, despite the Judgment and Order. 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 and to post allegations against Trust personnel regarding fraud, corruption, bias and preferential treatment on his blog. On February 10, 2020, Mr. Mandelbrot filed "An Open Letter to New Trust Executive Director Steven L. Bray" (the "Open Letter") in the Trust Bankruptcy Case. In the Open Letter, Mr. Mandelbrot reiterated his allegations regarding Trust fiduciary and personnel misconduct. 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.

c. *Constance Salerno et al. v. Sara Beth Brown, Western Asbestos Settlement Trust, et al.*, Case No. CV 19-01632, Nevada State Court, Second Judicial District, Washoe County. On August 21, 2019, Constance Salerno and Darren Salerno ("Plaintiffs") filed a complaint against Sara Beth Brown and the Western Asbestos Settlement Trust ("the Trust") in the Nevada state district court in Reno. Ms. Salerno is an employee of the Trust, and Mr. Salerno is Ms. Salerno's husband; Ms. Brown is the Trust's former executive director. The complaint alleges that Ms. Brown intentionally battered Ms. Salerno, and it asserts a claim against the Trust for the alleged conduct of Ms. Brown as being foreseeable and actionable. As a result, Ms. Salerno claims to have suffered personal injury and emotional distress; Mr. Salerno claims to have suffered a loss of consortium. The Trust has conducted an independent investigation of the matter and maintains that the Plaintiffs' claims against the Trust are without merit.

The Trust filed a motion to dismiss on October 23, 2019. The motion sought dismissal of the claim against the Trust on the ground that this claim is barred as a matter of law under the Nevada Industrial Insurance Act. Ms. Salerno had previously attempted to pursue a workers' compensation action under the Nevada Industrial Insurance Act ("NIIA") for the alleged injuries prior to bringing her lawsuit. That action was denied in a final decision by the agency on August 12, 2019. Ms. Salerno did not appeal the decision denying her claim. Plaintiffs filed an opposition

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to the motion to dismiss on November 12, 2019, and the Trust filed a reply in support of the motion on December 5, 2019.

On January 13, 2020, the court issued an order dismissing the complaint and allowing Plaintiffs fifteen days to file an amended complaint.

Plaintiffs filed an amended complaint on January 28, 2020. On February 18, 2020, the parties filed a joint stipulation asking the court stay the case pending an anticipated private mediation, and the court granted the stipulation on February 20, 2020. The parties have subsequently agreed upon a mediator and a mediation date, which may be subject to change pending current events. The Trust considers this a covered claim by its insurance and has tendered the Trust's policies to its carriers.

27. Amendments to the Trust Documents: During the Accounting Period and, additionally, from January 1, 2020 to and including April 17, 2020, revisions were made to certain of the Trust's controlling documents as follows:

a. Section 6.2(j) of the TDP (Content of Claims Materials) was amended on February 22, 2019. The Third Amendment to and Complete Restatement of the Western Asbestos Company/Western Mac Arthur Co./Mac Arthur Co. Asbestos Personal Injury Settlement Trust Distribution Procedures was attached as an exhibit to the Trust's Fifteenth Annual Report Docket No. 1888-2;

b. Section 4.6(f) of the Trust Agreement (Indemnification of Trustees and Additional Indemnitees) was added on April 19, 2019. The Sixteenth Amendment to and Complete Restatement of Western Asbestos Settlement Trust Agreement was attached as an exhibit to the Trust's Fifteenth Annual Report Docket No. 1888-1;

c. Sections 4.5 and 5.5 of the Trust Agreement (Compensation and Expenses of Trustees, and Compensation and Expenses of the Futures Representative) were amended on May 24, 2019. The Seventeenth Amendment to and Complete Restatement of Western Asbestos Settlement Trust Agreement is attached hereto as Exhibit "C";

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d. Section 2.3 of the TDP (Trust Application of the Payment Percentage) was amended on May 24, 2019. The Amendment of the Western Asbestos Settlement Trust TDP Section 2.3 is attached hereto as Exhibit "D";

e. Sections 4.1 and 4.3(a) of the Trust Agreement (Number of Trustees, and Appointment of Successor Trustee) were amended on July 18, 2019. The Eighteenth Amendment to and Complete Restatement of Western Asbestos Settlement Trust Agreement is attached hereto as Exhibit "E";

f. Article II, Section 3 of the Bylaws (Quorum and Manner of Acting) was amended on July 18, 2019. The Fourth Amendment to and Complete Restatement of Western Asbestos Settlement Trust Bylaws is attached hereto as Exhibit "F"; and

g. Sections 2.3 and 2.5 of the TDP (Trust Application of the Payment Percentage, and Trust Claims Payment Ratio) were amended on September 20, 2019. The Fourth Amendment to and Complete Restatement of the Western Asbestos Company/Western Mac Arthur Co./Mac Arthur Co. Asbestos Personal Injury Settlement Trust Distribution Procedures is attached hereto as Exhibit "G".

28. Notifications to Beneficiaries: During the Accounting Period and, additionally, from January 1, 2020 to and including April 17, 2020, the following notifications were placed on the Trust's Website:

a. Notice of 2019 Indexed Base Case Values for Economic and Medical Loss (posted April 16, 2019);

b. Notice of modification to the TDP (Section 6.2(j) Claim Materials) (posted April 16, 2019);

c. Notice of hearing on the Trust's Fifteenth Annual Report (posted May 2, 2019);

d. Notice of Stephen M. Snyder's retirement (posted May 3, 2019);

e. Notice of increase in the Payment Percentage (posted June 3, 2019);

f. Notice of modifications to the TDP (2.3 Trust Application of the Payment Percentage, and 2.5 Trust Claims Payment Ratio) (posted January 8, 2020);

g. Notice of appointment of Executive Director (posted January 13, 2020);

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h. Notice of 2020 Indexed Base Case Values for Economic and Medical Loss (posted January 17, 2020); and

i. Notice of Temporary Policy Changes Regarding Medicare Certification-COVID-19 (posted March 31, 2020).

29. Filing Fee: Pursuant to Section 6.4 of the TDP, the filing fee was reviewed at the September 20, 2019 meeting and there were no recommended changes to the existing $250.00 fee during the Accounting Period or as of the date hereof.

30. 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. For services during the Accounting Period, Mr. Luikart and Dr. Hernández each earned per annum stipends in the amount of $74,802. For services from January 1, 2019 through May 31, 2019, Mr. Snyder earned a prorated per annum stipend in the amount of $31,170. The total paid to all Trustees in addition to the annual stipends for hourly compensation and for reimbursement of expenses was $153,019 and $5,348, respectively.

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

a. BlackRock Financial Management: One of seven investment managers for the Trust described in paragraph 32, *infra*;

b. Eagle Capital Management, LLC: One of seven investment managers for the Trust described in paragraph 32, *infra*;

c. Fennemore Craig, PC: Counsel to the Trust;

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

e. Harding Loevner, LP: One of seven investment managers for the Trust described in paragraph 32, *infra*;

f. Mellon Investments Corporation: One of seven investment managers for the Trust described in paragraph 32, *infra*;

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g. Morgan Lewis & Bockius: Counsel to the Trust in the Home Insurance Company in Liquidation and California Insurance Guarantee Association matters, and the Mandelbrot investigation and adversary proceeding described in paragraphs 26(a) and 26(b), *supra*;

h. Park Center Tower, LLC: Landlord for the Trust's offices;

i. 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;

j. Silvercrest Asset Management Group LLC: One of seven investment managers for the Trust described in paragraph 32, *infra*; and

k. United Healthcare: Trust employee health insurance plan carrier.

32. 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 comply with its Investment Policy Statement.

The Trust's Investment Policy Statement was amended on September 20, 2019, a copy of which is attached hereto as Exhibit "H".

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, Mellon Investments Corporation, Segall Bryant & Hamill, Silvercrest Asset Management Group LLC, and State Street Global Advisors have continued to act as investment managers to the Trust. During 2019, the Trust eliminated one investment management firm that no longer met the Trust's standards.

The Trust's investment portfolio is diversified across a combination of asset classes with the objective to achieve, over the long run, a positive return after the payment of taxes, fees, and the impact of inflation.

Subsequent to year-end, the United States and global markets experienced declines in value resulting from uncertainty caused by the world-wide coronavirus pandemic. The Trust is closely

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monitoring its investment portfolio and liquidity and measures the performance of its investment managers against specific benchmarks.

It has always been the Trust's focus with regard to asset management to maintain principal in order to ensure the Trust's claimants of a fair and reasonable inflation-adjusted settlement in the future.

***

The Trustees submit that the Annual Report and attached exhibits demonstrate 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 established pursuant to section 524(g) of the Bankruptcy Code –to efficiently, promptly, and fairly compensate victims and their families who have legitimate claims against the companies. In so doing, the Trust has carefully complied with the Plan, all Plan documents, and orders of the Bankruptcy Court.

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EXHIBIT “A”

Financial Statements
December 31, 2019 and 2018

Western Asbestos Settlement Trust

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CPAs & BUSINESS ADVISORS

Independent Auditor's Report

To the Trustees
Western Asbestos Settlement Trust
Reno, Nevada

Report on the Financial Statements
We have audited the accompanying financial statements of Western Asbestos Settlement Trust, ("the Trust"), which comprise the statements of net claimants' equity as of December 31, 2019 and 2018, and the related statements of changes in net claimants' equity and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Trust's other basis of accounting 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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.

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

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the net claimants' equity of Western Asbestos Settlement Trust as of December 31, 2019 and 2018, and the changes in net claimants' equity and cash flows for the years then ended in accordance with the Trust's other basis of accounting, 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.

Report on Supplementary Information
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 years ended December 31, 2019 and 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 Northern District of California, San Francisco Division and is not intended to be and should not be used by anyone other than these specified parties.



Reno, Nevada
April 10, 2020

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	2019	2018
Assets		
Cash, cash equivalents and investments		
Restricted	$ 40,000,000	$ 40,000,000
Unrestricted	466,429,196	572,414,953
Total cash, cash equivalents and investments	506,429,196	612,414,953
Accrued interest and dividend receivables	3,125,338	3,501,188
Prepaid federal income tax	3,192,839	3,492,373
Total assets	512,747,373	619,408,514
Liabilities		
Accrued expenses	807,926	3,873,685
Claim processing deposits	318,500	343,000
Unpaid claims		
Trust outstanding offers	9,440,710	11,085,382
Pre-petition liquidated claims	120,917	165,092
Deferred tax liability	34,649,000	21,825,000
Total liabilities	45,337,053	37,292,159
Net Claimants' Equity	$ 467,410,320	$ 582,116,355

See Notes to Financial Statements.

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Western Asbestos Settlement Trust
Statements of Changes in Net Claimants' Equity
Years Ended December 31, 2019 and 2018

	2019	2018
Net Claimants' Equity, Beginning of Year	$ 582,116,355	$ 527,259,843
Additions to Net Claimants' Equity		
Additional funding	47,999,985	82,500,000
Investment income, net of investment expenses of $1,530,936 and $1,854,928, respectively	12,117,167	10,422,407
Claims processing deposits retained	65,750	20,750
Return of funds	-	1,740
Net decrease in outstanding claim offers	1,688,847	-
Trust facility and staff sharing income received	1,298,310	1,307,232
Net decrease in deferred rent	114,850	104,641
Decrease for income taxes, deferred	-	18,713,000
Net realized and unrealized gains	44,389,487	-
Total additions	107,674,396	113,069,770
Deductions from Net Claimants' Equity		
Operating expenses	10,219,516	10,443,229
Provision for income taxes, current	3,049,534	12,372,471
Claims settled	196,287,381	20,337,190
Provision for income taxes, deferred	12,824,000	-
Net increase in outstanding claim offers	-	1,677,985
Net realized and unrealized losses	-	13,382,383
Total deductions	222,380,431	58,213,258
Net Claimants' Equity, End of Year	$ 467,410,320	$ 582,116,355

See Notes to Financial Statements.

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	2019	2018
Cash Inflows		
Additional funding	$ 47,999,985	$ 82,500,000
Investment income receipts	12,493,017	10,474,844
Trust facility and staff sharing income received	1,298,310	1,307,232
Net realized gains	9,767,075	37,079,616
Claim processing deposits retained	65,750	20,750
Return of funds	-	1,740
Total cash inflows	71,624,137	131,384,182
Cash Outflows		
Claim payments made	196,287,381	20,337,190
Disbursements for Trust operating expenses	13,170,425	7,332,548
Decrease in claim processing deposits	24,500	1,250
Disbursements for Trust income taxes	2,750,000	11,000,000
Total cash outflows	212,232,306	38,670,988
Net Cash Inflows (Outflows)	(140,608,169)	92,713,194
Non-Cash Changes		
Net unrealized gain/(loss)	34,622,412	(50,461,998)
Net Change in Cash, Cash Equivalents and Investments	(105,985,757)	42,251,196
Cash, Cash Equivalents and Investments, Beginning of Year	612,414,953	570,163,757
Cash, Cash Equivalents and Investments, End of Year	$ 506,429,196	$ 612,414,953

See Notes to Financial Statements.

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Note 1 - Summary of Accounting Policies

Description of Trust

The Western Asbestos 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 Western Asbestos Company (Western Asbestos), Western Mac Arthur Co. (Western Mac Arthur) and Mac Arthur Co. (Mac Arthur), (collectively the Debtors), Second Amended Joint Plan of Reorganization (the Plan), dated November 18, 2003. 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 approval of the Plan, the Trust assumed liability for existing and future asbestos health claims against the Debtors. The Trust was created effective April 22, 2004.

The Trust was initially funded with cash, Western Asbestos securities, notes receivable and insurance settlement proceeds. Since its creation, all notes receivable has been collected. The Trust's funding is dedicated solely to the settlement of asbestos health claims and the related costs thereto, as defined in the Plan.

The Trust processes and pays all asbestos-related claims in accordance with the Western Asbestos 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 Western Asbestos, Western Mac Arthur, and Mac Arthur and its liability insurers is recorded directly to net claimants' equity. These funds do not represent income of the Trust. Offers for asbestos health 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, software development, office furniture, leasehold improvements, and other prepaid expenses such as rent and insurance.

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- 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.
- Investments are recorded at fair value. All interest and dividend income is included in investment income on the statement of changes in net claimants' equity. Net realized and unrealized gains and losses are recorded as a separate component on the statement of changes in net claimants' equity. The fair value hierarchy of investments is reported.
- Realized gains and losses 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 and AAA-rated US Treasury Bills. Cash and cash equivalents are combined with investments 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.

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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.

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 and Treasury Bills. 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, 2019, 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 2016 and state examinations for years before 2015.

Change in Accounting Policy

As of January 1, 2019, the Trust adopted the provisions of Accounting Standards Update (ASU) 2016-01, Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities to the Trust's special purpose framework. This Update which affects current U.S. GAAP primarily as it relates to the accounting for equity investments, financial liabilities under the fair value option, and the presentation and disclosure requirements for financial instruments. ASU 2016-01 also supersedes the guidance that requires (1) classification of equity securities with readily determinable fair values into different categories (i.e., trading or available-for-sale), and (2) recognition of changes in fair value of available-for-sale securities in other comprehensive income. The Trust adopted this standard as of January 1, 2019 and it did not have a material impact on the financial statements.

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Note 2 - Cash, Cash Equivalents and Investments

The Trust has recorded investments at estimated fair value as follows:

	December 31, 2019	
	Cost	Fair Value
Restricted		
U.S. Government obligations	$ 9,523,227	$ 9,787,571
Municipal bonds	3,592,852	3,618,112
Asset-backed debt	3,155,792	3,175,080
Corporate debt	23,027,368	23,419,237
Total restricted	39,299,239	40,000,000
Unrestricted		
Cash demand deposits	1,111,291	1,111,291
Cash equivalents	8,317,857	8,317,857
Equity securities	81,390,737	169,392,740
U.S. Government obligations	56,675,912	57,089,520
Municipal bonds	211,724,197	216,176,140
Asset-backed debt	1,851,668	1,871,798
Corporate debt	12,248,680	12,469,850
Total unrestricted	373,320,342	466,429,196
Total Funds	$ 412,619,581	$ 506,429,196

	December 31, 2018	
	Cost	Fair Value
Restricted		
Cash equivalents	$ 105,030	$ 105,030
U.S. Government obligations	13,748,368	13,750,698
Municipal bonds	1,575,977	1,529,595
Asset-backed debt	2,272,936	2,272,201
Corporate debt	22,644,951	22,342,476
Total restricted	40,347,262	40,000,000
Unrestricted		
Cash demand deposits	424,159	424,159
Cash equivalents	103,780,601	103,732,112
Equity securities	90,084,001	148,549,004
U.S. Government obligations	75,157,985	75,447,819
Municipal bonds	217,905,444	219,054,434
Asset-backed debt	1,833,706	1,836,767
Corporate debt	23,742,839	23,370,658
Total unrestricted	512,928,735	572,414,953
Total Funds	$ 553,275,997	$ 612,414,953

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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 inactive markets; or valuations based on models where significant inputs are observable or can be corroborated by observable market data.

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

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

	December 31, 2019			
	Level 1	Level 2	Level 3	Total
Assets				
Cash demand deposits	$ 1,111,291	$ -	$ -	$ 1,111,291
Cash equivalents	8,317,857	-	-	8,317,857
Equity securities	169,392,740	-	-	169,392,740
U.S. Government obligations	61,223,666	5,653,425	-	66,877,091
Municipal bonds	-	219,794,252	-	219,794,252
Asset-backed debt	-	5,046,878	-	5,046,878
Corporate debt and other	35,889,087	-	-	35,889,087
	$ 275,934,641	$ 230,494,555	$ -	$506,429,196

	December 31, 2018			
	Level 1	Level 2	Level 3	Total
Assets				
Cash demand deposits	$ 424,159	$ -	$ -	$ 424,159
Cash equivalents	103,837,142	-	-	103,837,142
Equity securities	148,549,004	-	-	148,549,004
U.S. Government obligations	77,626,497	11,572,020	-	89,198,517
Municipal bonds	-	220,584,029	-	220,584,029
Asset-backed debt	-	4,018,516	90,452	4,108,968
Corporate debt and other	45,713,134	-	-	45,713,134
	$ 376,149,936	$ 236,174,565	$ 90,452	$612,414,953

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. No securities were transferred between Level 1 to Level 2.

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Activity in Level 3 investments for the years ended December 31, 2019 and 2018 was:

	Asset-backed Debt	
	2019	2018
Balance at January 1	$ 90,452	$ 95,149
Sales	-	(3,706)
Unrealized loss	-	(991)
Transfer to level 2	(90,452)	-
Balance at December 31	$ -	$ 90,452

The maturities of the Trust's investments at market value (excluding cash equivalents) are as follows as of December 31, 2019:

	Less than 1 Year	After 1 Year Through 5 Years	After 5 Year Through 10 Years	After 10 Years
U.S. Government obligations	$ 52,334,358	$ 11,584,626	$ 635,389	$ 2,322,718
Municipal bonds	22,442,828	157,608,900	24,277,790	15,464,734
Asset-backed debt	-	3,944,602	851,356	250,920
Corporate debt	6,029,576	29,271,373	588,138	-
	$ 80,806,762	$ 202,409,501	$ 26,352,673	$ 18,038,372

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 furniture and equipment	$ 78,234
Acquisition of computer hardware and software	190,346
	$ 268,580

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, 2019 and 2018 were $28,379 and $25,593, respectively.

Total depreciation expense related to asset acquisition using accounting principles generally accepted in the United States would have been approximately $25,877 and $22,405 for the years ended December 31, 2019 and 2018, respectively.

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Note 4 - Claim Liabilities

The Trust distinguishes between claims that were resolved prior to the establishment of the Trust and claims received and processed using the Trust Documents after the creation of the Trust (Trust Claims). The claims filed prior to the creation of the Trust were grouped into three categories: default, matrix and settlement claims (Pre-petition Liquidated Claims).

The cases underlying the Pre-petition Liquidated Claims were stayed by the court until the Plan was confirmed. The Trust approved and immediately made offers to pay, subject to receiving a claimant release, the approved Payment Percentage of the liquidated value of each Pre-Petition Liquidated Claim. Certain Pre-petition Liquidated Claims were further reduced by payments made by the Debtors' insurers prior to the formation of the Trust.

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. As of the years ended December 31, 2019 and 2018, there were no expired offers.

All claimants are entitled to the full liquidated value of their claim. Under the TDP, claimants receive an initial pro rata payment equal to the approved Payment Percentage 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 Payment Percentage is increased. In that instance, the Trust is currently obligated to retroactively pay the increased percentage to all previously paid claimants (see Note 7).

In the interest of treating all claimants equitably in accordance with the Plan, the Trustees have recommended that all payments made during each calendar year ended December 31, 2006 through December 31, 2019 include a Cost of Living Adjustment for inflation based upon the Federal Bureau of Labor Statistics' *Consumer Price Index for Urban Wage Earners and Clerical Workers* (CPI-W). Claims liabilities at year end are adjusted for any approved Inflation Adjustments. Inflation Adjustments are cumulative. Cumulative Inflation Adjustments of 34.83% and 31.80% are included in outstanding claims liabilities as of December 31, 2019 and 2018, respectively.

The Trust processed and approved approximately $36,000,000 and $22,000,000 of Trust Claims during the years ended December 31, 2019 and 2018, respectively.

Note 5 - Commitments and Contingencies

The Trust leases its offices in Reno, Nevada, under a non-cancelable operating lease. The lease contains escalation provisions and expires August 31, 2021.

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The Trust paid $119,757 and $111,293 in rental expense during the years ended December 31, 2019 and 2018, respectively. Future minimum rental commitments, excluding parking and utility expenses, under this operating lease are:

Years Ending December 31,	
2020	$ 110,099
2021	74,853
	$ 184,952

Note 6 - Facility and Staff Sharing Agreement

The Trust has entered into facilities and staff sharing agreements with the J. T. Thorpe Settlement Trust, (J. T. Thorpe Trust), the Thorpe Insulation Settlement Trust (Thorpe Insulation Trust) and Plant Asbestos Settlement Trust (Plant Asbestos Trust). The four trusts are related through common Trustees. Under the agreements, and in exchange for advance monthly payments, the Trust provides use of its facilities and services relating to administration and claims processing. The agreements automatically renew for additional one-year periods unless either party provides written notice. The amounts of advanced monthly payments are agreed upon between the Trusts from time to time. As of December 31, 2019, the equitable amount agreed upon is based on the required written calendar year reconciliation of annual services that is performed by the Trust.

Additional refunds due based on the reconciliation performed as of December 31:

	2019	2018
J.T. Thorpe Trust	$ (39,828)	$ (19,512)
Thorpe Insulation Trust	(22,994)	(1,906)
Plant Asbestos Trust	5,132	8,937

Any excess of cost over payments or payments over cost is required to be repaid by the benefited party with interest.

Note 7 - Net Claimants' Equity

The Trust was created pursuant to the Plan approved by the United States Bankruptcy Court for the Northern District of California, Oakland 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 diseases values, jurisdictions, 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 Payment Percentage is calculated such that the Trust will have no remaining assets or liabilities after the last future claimant receives his/her pro rata share.

Based on research and testimony presented during the bankruptcy, the Court approved an initial payment to claimants of 31.5% of the liquidated value of then current and estimated future claims (Payment Percentage). The TDP gives the Trustees, with the consent of the Trust Advisory Committee ("TAC") and the Futures Representative, the power to periodically update its estimate of the Payment Percentage based on updated assumptions regarding its future assets and liabilities and, if appropriate, propose additional changes in the Payment Percentage. The Payment Percentage was increased by the Trustees to 34.2% in February 2006, 40.0% in July 2007, 44% in February 2010, 48% in September 2014, and 51.1% in May 2019. These changes were made with the consent of the TAC and Futures Representative. The increases were retroactive for claims paid since inception.

Note 8 - Employee Benefit Plans

The Trust has established a defined contribution retirement savings plan under Section 401(k) of the Internal Revenue Code for all eligible employees after completion of certain age and service requirements. Employees may voluntarily elect to defer their compensation or fund a Roth IRA and invest in various options for their retirement. The plan allows employees to defer a percentage of their salaries within limits set by the Internal Revenue Code, with the Trust matching contributions by employees of up to 4% of their salaries. The Trust may also make discretionary contributions to employee accounts. The total Trust contribution and expenses under the plan were approximately $66,000 and $69,000 for the years ended December 31, 2019 and 2018, respectively.

Note 9 - 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 of $40 million. These funds are devoted exclusively to securing the obligations of the Trust to indemnify the former and current Trustees, employees, agents and representatives of the Trust. The funds are held in a separate Trust bank account, and the investment earnings on these funds accrue to the benefit of the Trust.

As of December 31, 2019 and 2018, cash, cash equivalents and investments of $40,000,000 were restricted for this purpose.

In addition, the Trust purchased a $5,000,000 Directors and Officers/Errors and Omissions policy in 2018 and a $5,000,000 Directors and Officers/Errors and Omissions Excess DIC policy in 2019.

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Note 10 - 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% for the years ended December 31, 2019 and 2018.

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:

	2019	2018
Income tax – current	$ 3,049,534	$ 12,372,471
Deferred income tax expense/(benefit)	12,824,000	(18,713,000)
	$ 15,873,534	$ (6,340,529)

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:

	2019	2018
Deferred tax asset (liability)		
Unrealized appreciation	$ (34,710,000)	$ (21,899,000)
Depreciation and amortization	33,000	30,000
Prepaid insurance	28,000	44,000
	$ (34,649,000)	$ (21,825,000)

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. Among other provisions, the Act temporarily reduces the tax rate from 39.6% to 37% until 2026.

Note 11 - Subsequent Events

The Trust evaluated subsequent events through April 10, 2020, the date the financial statements were available to be issued.

Subsequent to year end, the United States and global markets experienced significant declines in value resulting from uncertainty caused by the world-wide Coronavirus pandemic. The Trust is closely monitoring its investment portfolio and its liquidity and is actively working to minimize the impact of these declines. The Trust's financial statements do not include adjustments to fair value that have resulted from these declines.

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Supplementary Information
December 31, 2019 and 2018

Western Asbestos Settlement Trust

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	2019	2018
Accounting	$ 54,186	$ 52,266
Claims processing	479,661	460,576
Futures representative	174,566	374,819
Information technology support	23,488	23,870
Insurance	46,114	141,144
Legal fees	7,258,278	7,030,780
Office expense	50,843	60,478
Office furniture and equipment	18,427	17,166
Payroll and related taxes	1,432,165	1,331,787
Pension plan contribution and fees	66,421	68,939
Rent and utilities	147,124	137,160
Travel and meals	2,401	15,256
Trust advisory committee	45,768	60,866
Trustee fees	336,747	603,977
Trustees professional	83,327	64,145
	10,219,516	10,443,229
Less reimbursement pursuant to the shared services agreements to process and pay claims and provide operational and administrative support	(1,298,310)	(1,307,232)
	$ 8,921,206	$ 9,135,997

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EXHIBIT “B”

EXHIBIT "B"

Western Asbestos Settlement Trust
Claim Report
as of December 31, 2019

This report is submitted pursuant to Section 2.2 (c)(ii) of the Eighteenth Amendment to and Complete Restatement of Western 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 the claims liquidated by default, settlement agreement, or the settlement matrix prior to the Effective Date of the Trust ("Pre-Petition Liquidated Claims") and the claims received since the Effective Date of the Trust ("Trust Claims").

Pre-Petition Liquidated Claims

In 2004, the Trust implemented a procedure to pay the Pre-Petition Liquidated Claims in accordance with the Plan, the Trust Distribution Procedures and the Confirmation Order. The Confirmation Order, as amended on April 14, 2004, provided that the initial payment to Pre-Petition Liquidated claimants was to be 31.5% of the total liquidated value of each claim. The total liquidated value of California default claims includes statutory interest. As the Payment Percentage has been raised, the Pre-Petition Liquidated Claims that were paid earlier have received the additional amounts.

During the Accounting Period, two (2) Pre-Petition Liquidated Claims were paid. As of December 31, 2019, the Trust had not yet received proper releases for eleven (11) remaining unpaid Pre-Petition Liquidated Claims in the total amount of $120,917. That amount is based upon the current Payment Percentage of 51.1% of the total liquidated value, and includes the cumulative inflation adjustment of 34.83% utilized for claims payments made in 2020 and is based upon the Federal Bureau of Labor Statistics' Consumer Price Index for Urban Wage Earners and Clerical Workers ("CPI-W").

As of December 31, 2019, the total amount paid for Pre-Petition Liquidated Claims was $1,247,312,697.

Trust Claims

Claims received and disposed of from January 1, 2019, through December 31, 2019 in accordance with the Third Amendment to and Complete Restatement of Western Asbestos Settlement Trust Case Valuation Matrix ("Matrix") and the Fourth Amendment to and Complete Restatement of the Western Asbestos Company/Western Mac Arthur Co. /Mac Arthur Co. Asbestos Personal Injury Settlement Trust Distribution Procedures ("TDP") are as set forth below.

The value of each compensable disease is determined by the Matrix and TDP. Claim compensation is adjusted for individual claimants based upon jurisdiction and tort related individual characteristics including, but not limited to: age, marital status,

dependents, medical loss, economic loss, exposure location, 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, 2019, Trust Claims were paid at the approved Payment Percentage of 51.1%. Payments made on Trust Claims in 2019 included an additional 31.8% to account for cumulative inflation based upon the CPI-W.

During the Accounting Period, 930 claims were received. In addition, offers were issued to 147 claimants. Further, 291 claims were paid.

Below is a summary of the number and type of claims disposed of (paid) in 2019.

Compensable Disease	Number of California Claims	Number of Minnesota Claims	Number of North Dakota Claims	Totals
Grade II Non-Malignant	19	5	0	24
Grade I Non-Malignant	18	3	0	21
Grade I Non-Malignant Enhanced Asbestosis	8	0	0	8
Grade I Non-Malignant Serious Asbestosis	30	0	0	30
Other Cancer	17	3	0	20
Other Organ Cancer	0	0	0	0
Lung Cancer	64	7	0	71
Mesothelioma	90	27	0	117
Totals	**246**	**45**	**0**	**291**

As of December 31, 2019, the total amount paid for Trust Claims was $792,026,642.

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EXHIBIT “C”

EXHIBIT "C"

SEVENTEENTH AMENDMENT TO AND COMPLETE RESTATEMENT OF WESTERN ASBESTOS SETTLEMENT TRUST AGREEMENT

This Seventeenth Amendment to and Complete Restatement of the Western Asbestos Settlement Trust Agreement (this "Trust Agreement"), dated and effective as of the Effective Date of April 22, 2004, as amended April 29, 2004, December 13, 2004, March 24, 2005, April 22, 2005, February 22, 2007, September 20, 2007, April 21, 2010, November 18, 2010, April 21, 2011, November 18, 2011, February 20, 2014, November 20, 2014, April 19, 2018, September 13, 2018, and November 15, 2018 is among Western Asbestos Company, a dissolved California corporation ("Western Asbestos"), Western MacArthur Co., a California corporation ("Western MacArthur") that is a wholly-owned subsidiary of Mac Arthur Co., Mac Arthur Co., a Minnesota corporation ("Mac Arthur"), which, collectively, are the debtors and debtors-in-possession in the Reorganization Cases (collectively, the "Debtors"), the Futures Representative, the individual trustees identified on the signature page hereof and appointed at Confirmation pursuant to the Joint Plan of Reorganization, dated as of November 22, 2002, as amended, modified or supplemented from time to time (the "Plan"). All capitalized terms not otherwise defined herein shall have their respective meanings as set forth in the Glossary of Terms for the Plan Documents, attached as Exhibit 1 to the Plan, and such definitions are incorporated herein by reference. All capitalized terms not defined herein or defined in the Glossary, but defined in the Bankruptcy Code or Rules, shall have the meanings ascribed to them by the Bankruptcy Code and Rules, and such definitions are incorporated herein by reference.

WHEREAS, at the time of the entry of the order for relief in the Reorganization 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 Northern District of California (the "Bankruptcy Court"), styled as *In re Western Asbestos Company, Western MacArthur Co., and Mac Arthur Co., Debtors,* Chapter 11 Case Nos. 02-46284-T, 02-46285-T and 02-46286-T (jointly administered under Case No. 02-46284-T); and

WHEREAS, the Plan, filed by the Debtors, the Futures Representative and the Committee, as Plan Proponents, has been confirmed (and affirmed) by the applicable Bankruptcy Court; and

WHEREAS, the Plan Documents provide, *inter alia*, for the creation of the Western 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

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

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 "Western 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 "Asbestos Settlement Trust."

1.2 Purpose The purpose of the Trust is to assume the liabilities of each Debtor, and each of its respective successors in interest and their Affiliates, arising from or relating to Asbestos Related Claims and to use the Trust's assets and income to pay holders of Allowed Asbestos Related Claims in accordance with the Trust Agreement and in such a way that all holders of similar Allowed 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.

1.3 Transfer of Assets Pursuant to the Plan Documents, 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 Debtors shall execute and deliver such documents as the Trustees reasonably request to transfer and assign any such Trust Assets.

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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 Documents.

(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 any of the reorganized Western Asbestos, Western MacArthur or Mac Arthur, have or would have had under applicable law.

(c) In furtherance of the purpose 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, Faricy & Roen, P.A. ("F&R"), Morgan, Lewis & Bockius LLP ("Morgan Lewis"), Orrick, Herrington & Sutcliffe LLP ("Orrick"), Miller, Starr & Regalia ("MS&R") and Brobeck, Phleger & Harrison LLP ("Brobeck"), 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 that certain Agreement Regarding Continued Representation dated as of about April 29, 2003 (the "April Agreement"), entered into by and among Mac Arthur, Western MacArthur, Morgan Lewis, Brobeck, Orrick, MS&R and F&R, and accepted by the Committee and the Futures Representative, and, to the extent not amended or altered by the April Agreement, that certain letter agreement dated November 21, 2002 among the Debtors, F&R and Brobeck.

(d) In furtherance of the purposes of the Trust, the Trustees, on behalf of the Trust, hereby indemnify the Debtors, and each of their respective successors in interest and Affiliates from 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 action related to an Asbestos Related Claim, including, but not limited to, indemnification or contribution for Asbestos Related Claims prosecuted against any of the Debtors.

(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.

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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 Mac Arthur Pledge Agreement with respect to the shares of common stock of Mac Arthur pledged pursuant thereto, as and to the extent provided therein, and exercise all rights with respect to the Mac Arthur 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;

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(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 the Matrix and administer, amend, supplement or modify the TDP and the Matrix in accordance with the terms thereof, a copy of which is annexed hereto as Annex B;

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

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

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

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

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

(xvi) in accordance with Section 4.7, indemnify (and purchase insurance indemnifying) the Trustees, the Futures Representative, the TAC, and each of the Debtors, and the respective Agents of the Trust, the Futures Representative, the TAC, and each of the Debtors 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;

(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 Debtors 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 Action

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Recoveries and the Asbestos In-Place Insurance Coverage, 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 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 Debtors 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

(xxi) 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.

(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 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.

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2. The funding received from Western Asbestos, Western MacArthur and their insurers shall be recorded directly to net claimants' equity. These funds shall not represent income of the Trust. Settlement offers for asbestos health 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 noncancelable operating leases, net of any sublease agreements, shall be recorded as deductions to net claimants' equity.

5. The liability for unpaid claims reflected in the statements of net claimants' equity shall represent settled but unpaid claims and outstanding settlement offers. A claims liability shall be recorded once a settlement offer is made to the claimant at the amount equal to the expected pro rata payment. No liability shall be recorded for future claim filings and filed claims on which no settlement offer has been made. Net claimants' equity represents funding available to pay present and future claims on which no fixed liability has been recorded.

6. Available-for-sale securities shall be recorded at market. All interest and dividend income on available-for-sale securities, net of investment expenses, shall be included in investment income on the statement of changes in net claimants' equity. Net realized and unrealized gains and losses on available-for-sale securities shall be recorded as a separate component 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 amortized 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 each of the Debtors 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 Debtors 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 Northern District of California. The Trustees shall file materials under seal which they determine should remain confidential.

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(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 Allowed Liquidated Values 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, where required by the TDP, the TDP; or

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

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

(vi) to settle the liability of any insurer under any insurance policy covering Asbestos Related Claims or Demands or to settle any Asbestos Insurance Action; or

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

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

(ix) to amend, supplement or modify the provisions of the Case Valuation 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.

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(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 Reimbursement Obligation of the Trust The Trust and, to the extent necessary for the Trust to act, the Trustees, shall, within fifteen (15) days following recovery from any Asbestos Insurance Company that is not a USF&G Party of any amounts, whether by judgment, settlement or otherwise, reimburse to the USF&G Parties: (a) the amounts advanced under Sections 3.2(a)(i) through (iii) of the USF&G Settlement Agreement; (b) fees and expenses of the USF&G Parties in connection with the USF&G's efforts to obtain Plan Approval to the extent undertaken in the interest of the Debtors, the USF&G Parties and Asbestos Related Claimants, and not solely for the benefit of the USF&G Parties, that were requested in writing to be performed by certain counsel to holders of Asbestos Related Claims, being the law firms of: (1) Kazan, McClain, Edises, Abrams, Fernandez, Lyons & Farrise, PLC, (2) Brayton Purcell, and (3) The Wartnick Law Firm; and (c) interest on (a) and (b) hereof at the 30-day T-bill rate accrued from the dates of payment of the foregoing by the USF&G Parties until the date of payment by the Trust; provided, however, in no event shall such amounts, fees, expenses and interest exceed the amounts recovered by the Trust.

2.5 Property Damage Claims Defense Fund For a period of ten (10) years following "substantial consummation" of the Plan, the Trustees shall make available to Western MacArthur and Mac Arthur funds in an amount not to exceed $5,000,000 in the aggregate, for defense of claims (excluding Asbestos Related Claims, but including asbestos related property damage claims) potentially covered by Policies issued by any USF&G Parties to Western Asbestos and described in the form of "Stipulation and Order Re: Determination of Certain Issues and Stay of Trial Against USF&G" entered in *Western MacArthur Company, et al. v. United States Fidelity & Guaranty Co., et al.,* Case No. 721595-7 (Consolidated with Case No. 828101-2), Superior Court of the State of California, County of Alameda.

2.6 Johns-Manville Litigation Fund As more particularly described in the Disclosure Statement, under the terms of the trust established pursuant to Johns-Manville's confirmed plan of reorganization (the "Johns-Manville Trust"), Johns-Manville paid to Western MacArthur $10,000,000 to fund expenses relating to the Debtors' lawsuits against the Asbestos Insurance Companies. To the extent that Western MacArthur's litigation with respect to such Asbestos Insurance Companies is resolved finally as to all Asbestos Insurance Companies, Western MacArthur is obligated to pay to the Johns-Manville Trust $10,000,000 (less any undisbursed portion of such amount), plus interest. The fund was fully disbursed in connection with the Coverage Litigation and, following Confirmation of the Plan, the Trust will be required to repay such amount as and when required under the terms of the Johns-Manville 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.

3.2 Investments Investment of monies held in the Trust shall be administered in the manner in which individuals of ordinary prudence, discretion and judgment would act in the management of their own affairs, subject to the following limitations and provisions:

(a) The Trust shall not acquire, directly or indirectly, equity in any Person (other than the Debtors or any successor to any of the Debtors, 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 Debtors, on the terms and conditions in the Plan) or business enterprise.

(b) 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's 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.

(c) 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's or has been given an equivalent rating by another nationally recognized statistical rating agency.

(d) Excluding any securities issued by the Debtors, 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.

(e) 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

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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 Debtors or any successor to any of the Debtors) 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.

(f) 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).

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

(h) 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 Settlement Agreements, Asbestos Insurance Policies, and Asbestos Insurance Action Recoveries. Neither the Debtors, their subsidiaries, any successor in interest or the present or former stockholders, directors, officers, employees or agents of the Debtors, or their subsidiaries, nor the Trustees, the Approving Entities, or any of their officers, agents, advisors, or employees shall be liable for the payment of any Trust Expense or any other liability of the Trust.

ARTICLE 4

TRUSTEES

4.1 Number There shall be three Trustees. The initial Trustees shall be those persons named on the signature page hereof. As soon as practicable after the Effective Date, one Trustee shall be designated Managing Trustee by vote of the Trustees.

4.2 Term of Service

(a) Each of the initial Trustees named pursuant to Section 4.1 shall serve from the Effective Date 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 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 any such persons, 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 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, Officers and Employees 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) The Trustees shall be compensated as follows:

(1) *Hourly Compensation* Each of the Trustees shall receive compensation from the Trust for his or her services as Trustee for each hour spent at an official meeting of the Trustees, an official trip of the Trustees, or dedicated to Trust Business ("Hourly Compensation"). For the period January 1, 2019 to May 31, 2019, the rate for Hourly Compensation for individual Trustees shall remain the same as each has been paid as of January 1, 2019. As of June 1, 2019 the rate for Hourly Compensation for the remaining two Trustees including the Managing Trustee shall be $587.73.

(2) *Annual Compensation* As of January 1, 2019, in addition to the Hourly Compensation, each Trustee shall receive compensation from the Trust for his or her services as Trustee in the amount of $74,802 per annum paid quarterly in advance ("Annual Compensation").

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(3) *Inflation Adjustment* The Hourly Compensation and the Annual Compensation 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 retroactive to the beginning of that year commencing January 1, 2020.

(4) *Managing Trustee* The Trustee serving as Managing Trustee shall be compensated as established from time to time by the other Trustees, the Futures Representative and the TAC.

(5) *Review of Trustee Compensation* The structure and amounts of Hourly Compensation and the Annual Compensation payable to the Trustees shall be reviewed when requested by the Trustees, the TAC and/or the Futures Representative but no less than every three years beginning in April 2022 and appropriately adjusted with the consent of the Approving Entities.

(b) *Out of Pocket Expenses* 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) *Reporting* 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 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.

Additionally, the Committee, the Futures Representative, the TAC, the Debtors, 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 Debtors, and their respective Agents, with respect to (i) the Reorganization Case and any act or omission 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 Debtors, 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 and in a manner such Committee, the Futures Representative, the TAC, the Debtors,

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and their respective members, professionals, officers and directors reasonably believed to be in, or not opposed to, the best interests of the holders of Asbestos Related Claims whom the Committee, the Futures Representative, the TAC, the Debtors, and their respective members, professionals, officers, and directors represent.

(b) Reasonable expenses, costs and fees (including attorneys' fees and costs) incurred by or on behalf of a Trustee, the Committee, the Futures Representative, the TAC, the Debtors, 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 such Trustee the Committee, the Futures Representative, the TAC, the Debtors and their respective Agents, to repay such amount in the event that it shall be determined ultimately by Final Order that such Trustee or the Committee, the Futures Representative, the TAC, the Debtors and their respective professionals, officers and directors is not entitled to be indemnified by the Trust.

(c) 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.

(d) Any indemnification under Subsection 4.6(c) of this Trust Agreement shall be made by the Trust upon a determination by the Trustees that indemnification of such Person is proper in the circumstances.

(e) 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, the Committee, the Futures Representative, the TAC, the Debtors, 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.

(f) 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 Debtors, 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, 6.5 or 6.6.

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

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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 any of the Debtors. Notwithstanding the foregoing, the Trustees may serve as officers or directors of any of the Debtors. No Trustee shall act as an attorney for any person who holds an Asbestos Related Claim.

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

ARTICLE 5

THE FUTURES REPRESENTATIVE

5.1 Duties The Futures Representative shall serve in a fiduciary capacity, representing the interests of the Future Asbestos Claimants, for the purpose of protecting the rights of persons who might subsequently assert 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.

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.

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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 Agents retained by the Trust, as well as all information generated by them or otherwise available to the Trust or Trustees.

5.5 Compensation and Expenses of the Futures Representative

(a) As of January 1, 2019, 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 being subject to an annual review and adjustment by the Trustees with the consent of the TAC. As of January 1, 2019, the Futures Representative's hourly rate is set at $865.30 per hour spent at an official meeting of the Trust, an official trip of the Trustees, or dedicated to Trust Business. The hourly amount of compensation payable to the Futures Representative 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 retroactive to the beginning of that year commencing January 1, 2020. The hourly compensation for the Futures Representative will be reviewed annually when requested by the Trustees, the TAC and/or the Futures Representative, but no less than every three (3) years beginning in April 2022.

(b) The Trust will promptly reimburse, or pay directly if so instructed, the Futures Representative for all reasonable out-of-pocket costs and expenses, including fees and costs associated with employment of professionals pursuant to Section 5.4 and the procurement and maintenance of insurance incurred by the Futures Representative in connection with the performance of his or her duties hereunder and his or her duties in connection with the formulation, negotiation, and Confirmation of the Plan and Plan Documents. 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.

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

6.2 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 Subsection 6.2(b), (iii) his or her removal pursuant to Subsection 6.2(c) or (iv) the termination of the Trust pursuant to Section 7.2.

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

(c) Any 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. Such removal shall be made by the unanimous decision of the Trustees and the Futures Representative.

6.3 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.

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6.4 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.

6.5 Compensation and Expenses of TAC Members

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

(i) Attendance at meetings of the Trustees;

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

(b) As of January 1, 2019, each of the TAC members and/or their representatives shall each be compensated as a Trust Expense at the rate of $534.30 per hour spent at 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 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 retroactive to the beginning of that year commencing January 1, 2020.

(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 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 April, 2022.

6.6 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.

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6.7 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 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's consent shall be deemed to have objected to the request and the procedures set forth in Section 6.7 shall be followed.

6.8 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 6.6 of this Trust Agreement, or if the Trustees and the TAC are unable to reach agreement on any matter on which the TAC's consent is required, then the matter shall be submitted promptly to alternative dispute resolution if mutually agreeable to the Trustees and the TAC. If the disagreement is not resolved by alternative dispute resolution, the Trustees may apply to the Bankruptcy Court on an expedited basis for approval of such action or decision, and only if such approval is given by the Bankruptcy Court by entry of an appropriate order shall the Trustees have the authority to implement such action or decision without the TAC's consent.

ARTICLE 7

GENERAL PROVISIONS

7.1 Irrevocability The Trust is irrevocable.

7.2 Termination

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

(i) the Trustees in their discretion decide to terminate the Trust because (A) they deem it unlikely that new Asbestos Related Claims will be filed or served against the Trust and (B) all Asbestos Related Claims duly filed with the Trust have been Allowed and paid to the extent provided in this Trust Agreement and the TDP or disallowed by a final, non-appealable order, 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;

(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; or

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(iii) to the extent that any rule against perpetuities shall be deemed applicable to the Trust, 21 years less 91 days pass after the death of the last survivor of all of the descendants of Joseph P. Kennedy, Sr., of Massachusetts living on the date hereof.

(b) On the Termination Date, after payment of all the Trust's liabilities have been provided for, all monies remaining in the Trust estate shall be given to such organization(s) exempt from federal income tax under section 501(c)(3) of the IRC, which tax-exempt organization(s) shall be selected by the Trustees using their reasonable discretion; provided, however, that (i) if practicable, the tax-exempt organization(s) shall be related to the treatment of, research on, or the relief of suffering of individuals suffering from asbestos related lung disorders, and (ii) the tax-exempt organization(s) shall not bear any relationship to any of the Debtors within the meaning of section 468B(d)(3) of the IRC. Notwithstanding any other provision of the Plan Documents, this Subsection 7.2(b) cannot be modified or amended.

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, neither 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 efficacy or enforceability of the Injunctions, the Trust's qualified settlement fund status or the rights of the USF&G Parties under the Plan Documents or the USF&G Settlement Agreement.

7.4 Meetings The TAC, the Futures Representative or a Trustee shall be deemed to have attended a meeting in the event such person spends a substantial portion of the day conferring, by phone or in person, on Trust matters with the TAC, the Futures Representative or Trustees, as applicable. The Trustees shall have complete discretion to determine whether a meeting, as described herein, occurred for purposes of Sections 4.5 and 5.5.

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

7.6 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 of the Notice Recipients, the Trustees, the Approving Entities or the Debtors, to the other notice recipients in compliance with the terms hereof.

To the Trust through the Trustees: Executive Director

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300 East Second Street, Suite 1205
Reno, NV 89501

with a copy to:

Eve H. Karasik, Esq.
Levene, Neale, Bender, Yoo & Brill, L.L.P.
10250 Constellation Boulevard, Suite 1700
Los Angeles, CA 90067
ehk@lnbyb.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, Esq.
Stutzman, Bromberg, Esserman & Plifka
2323 Bryan Street, Suite 2200
Dallas, TX 75201
esserman@sbep-law.com

To the TAC:

Alan R. Brayton
Brayton Purcell, LLP
222 Rush Landing Road
P.O. Box 6169
Novato, CA 94948–6169
abrayton@braytonlaw.com

To Mac Arthur and Western MacArthur:

Mac Arthur Co.
Western MacArthur Co.
2400 Wycliff Street
St. Paul, MN 55114
Attention: Clyde A. Rhodes, Jr.

with a copy to:

Faricy Law Firm P.A.
12 South 6th Street, Suite 211
Minneapolis, MN 55402
Attention: John H. Faricy, Jr.
jfaricy@faricylaw.com

To Western Asbestos:

Western Asbestos Company
c/o Miller, Starr & Regalia
1331 N. California Boulevard, Fifth Floor

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Walnut Creek, CA 94596
Attention: Amy Matthew
amy.matthew@msrlegal.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.

7.7 Successors and Assigns The provisions of this Trust Agreement shall be binding upon and inure to the benefit of the Debtors, the Trust, and the Trustees and their respective successors and assigns, except that neither the Debtors, nor 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.

7.8 Limitation on Claim Interests for Securities Laws Purposes Except as otherwise permitted under the Plan, Asbestos Related Claims and any interests therein: (a) shall not be assigned, conveyed, hypothecated, pledged or otherwise transferred, voluntarily or involuntarily, directly or indirectly, except by will or under the laws of descent and distribution; (b) shall not be evidenced by a certificate or other instrument; (c) shall not possess any voting rights; and (d) shall not be entitled to receive any dividends or interest; provided, however, that the foregoing shall not apply to the holder of an Indirect Asbestos Related Claim that is subrogated to an Asbestos Related Claim as a result of its satisfaction of such Asbestos Related Claim.

7.9 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.

7.10 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.

7.11 Governing Law; 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 conflict of laws principles. The Trust is subject to the continuing jurisdiction of the Bankruptcy Court.

7.12 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.

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7.13 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.

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

7.15 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.

[Remainder of page intentionally left blank]

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IN WITNESS WHEREOF, the parties have executed this Seventeenth Amendment to and Complete Restatement of Western Asbestos Settlement Trust Agreement this 24th day of May, 2019.

TRUSTEES:

Sandra R. Hernandez, M.D.

John F. Luikart

Stephen M. Snyder

FUTURES REPRESENTATIVE:

David F. Levi

TRUST ADVISORY COMMITTEE

By: Alan R. Brayton
Name: Alan R. Brayton
Title: Chair

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IN WITNESS WHEREOF, the parties have executed this Seventeenth Amendment to and Complete Restatement of Western Asbestos Settlement Trust Agreement this 24th day of May, 2019.

TRUSTEES:

Sandra R. Hernandez, M.D.

John F. Luikart

Stephen M. Snyder

FUTURES REPRESENTATIVE:

David F. Levi

TRUST ADVISORY COMMITTEE

By: Alan R. Brayton
Name: Alan R. Brayton
Title: Chair

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EXHIBIT “D”

EXHIBIT "D"

AMENDMENT OF THE WESTERN ASBESTOS SETTLEMENT TRUST TDP SECTION 2.3

The undersigned, the Trustees of the Western Asbestos Settlement Trust ("Trust"), the Futures Representative of the Trust, and the Chair of the Trust Advisory Committee of the Trust, pursuant to Section 7.3 of the Trust Agreement and Section 8.1 of the Third Amended Trust Distribution Procedures ("TDP"), do hereby amend the TDP as follows:

1. The following language of Section 2.3 of the TDP is hereby stricken:

> 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 Futures Representative.

2. The following language is hereby added to Section 2.3 of the TDP:

> To the extent that the designated legal representative of a claimant or heir (or the Trust in the case of *in pro per* claimants), following reasonable efforts, cannot locate a claimant or heir within one year from the approval of any additional payment pursuant to Section 4.2, the legal representatives shall return all funds, which must be held in client trust accounts, to the Trust which the Trust shall return to net claimant equity. To the extent the Trust cannot locate a claimant or heir *in pro per* within one year from the approval of any additional payment pursuant to Section 4.2 following reasonable efforts, the entire additional payment shall also be returned to net claimant equity.

IN WITNESS WHEREOF, each of the undersigned has executed this Amendment and Consent on this 24th day of May, 2019.

TRUSTEES:



Sandra R. Hernandez, M.D.

John F. Luikart



Stephen M. Snyder

DB1/ 104243437.2

FUTURES REPRESENTATIVE

David F. Levi

TRUST ADVISORY COMMITTEE

Alan R. Brayton, Chair

DB1/ 104243437.2

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FUTURES REPRESENTATIVE

David F. Levi

TRUST ADVISORY COMMITTEE

Alan R. Brayton, Chair

DB1/ 104243437.2

EXHIBIT “E”

EXHIBIT "E"

EIGHTEENTH AMENDMENT TO AND COMPLETE RESTATEMENT OF WESTERN ASBESTOS SETTLEMENT TRUST AGREEMENT

This Eighteenth Amendment to and Complete Restatement of the Western Asbestos Settlement Trust Agreement (this "Trust Agreement"), dated and effective as of the Effective Date of April 22, 2004, as amended April 29, 2004, December 13, 2004, March 24, 2005, April 22, 2005, February 22, 2007, September 20, 2007, April 21, 2010, November 18, 2010, April 21, 2011, November 18, 2011, February 20, 2014, November 20, 2014, April 19, 2018, September 13, 2018, November 15, 2018 and May 24, 2019 is among Western Asbestos Company, a dissolved California corporation ("Western Asbestos"), Western MacArthur Co., a California corporation ("Western MacArthur") that is a wholly-owned subsidiary of Mac Arthur Co., Mac Arthur Co., a Minnesota corporation ("Mac Arthur"), which, collectively, are the debtors and debtors-in-possession in the Reorganization Cases (collectively, the "Debtors"), the Futures Representative, the individual trustees identified on the signature page hereof and appointed at Confirmation pursuant to the Joint Plan of Reorganization, dated as of November 22, 2002, as amended, modified or supplemented from time to time (the "Plan"). All capitalized terms not otherwise defined herein shall have their respective meanings as set forth in the Glossary of Terms for the Plan Documents, attached as Exhibit I to the Plan, and such definitions are incorporated herein by reference. All capitalized terms not defined herein or defined in the Glossary, but defined in the Bankruptcy Code or Rules, shall have the meanings ascribed to them by the Bankruptcy Code and Rules, and such definitions are incorporated herein by reference.

WHEREAS, at the time of the entry of the order for relief in the Reorganization 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 Northern District of California (the "Bankruptcy Court"), styled as *In re Western Asbestos Company, Western MacArthur Co., and Mac Arthur Co., Debtors,* Chapter 11 Case Nos. 02-46284-T, 02-46285-T and 02-46286-T (jointly administered under Case No. 02-46284-T); and

WHEREAS, the Plan, filed by the Debtors, the Futures Representative and the Committee, as Plan Proponents, has been confirmed (and affirmed) by the applicable Bankruptcy Court; and

WHEREAS, the Plan Documents provide, *inter alia*, for the creation of the Western 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

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

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 "Western 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 "Asbestos Settlement Trust."

1.2 Purpose The purpose of the Trust is to assume the liabilities of each Debtor, and each of its respective successors in interest and their Affiliates, arising from or relating to Asbestos Related Claims and to use the Trust's assets and income to pay holders of Allowed Asbestos Related Claims in accordance with the Trust Agreement and in such a way that all holders of similar Allowed 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.

1.3 Transfer of Assets Pursuant to the Plan Documents, 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 Debtors shall execute and deliver such documents as the Trustees reasonably request to transfer and assign any such Trust Assets.

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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 Documents.

(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 any of the reorganized Western Asbestos, Western MacArthur or Mac Arthur, have or would have had under applicable law.

(c) In furtherance of the purpose 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, Faricy & Roen, P.A. ("F&R"), Morgan, Lewis & Bockius LLP ("Morgan Lewis"), Orrick, Herrington & Sutcliffe LLP ("Orrick"), Miller, Starr & Regalia ("MS&R") and Brobeck, Phleger & Harrison LLP ("Brobeck"), 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 that certain Agreement Regarding Continued Representation dated as of about April 29, 2003 (the "April Agreement"), entered into by and among Mac Arthur, Western MacArthur, Morgan Lewis, Brobeck, Orrick, MS&R and F&R, and accepted by the Committee and the Futures Representative, and, to the extent not amended or altered by the April Agreement, that certain letter agreement dated November 21, 2002 among the Debtors, F&R and Brobeck.

(d) In furtherance of the purposes of the Trust, the Trustees, on behalf of the Trust, hereby indemnify the Debtors, and each of their respective successors in interest and Affiliates from 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 action related to an Asbestos Related Claim, including, but not limited to, indemnification or contribution for Asbestos Related Claims prosecuted against any of the Debtors.

(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.

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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 Mac Arthur Pledge Agreement with respect to the shares of common stock of Mac Arthur pledged pursuant thereto, as and to the extent provided therein, and exercise all rights with respect to the Mac Arthur 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;

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(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 the Matrix and administer, amend, supplement or modify the TDP and the Matrix in accordance with the terms thereof, a copy of which is annexed hereto as Annex B;

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

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

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

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

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

(xvi) in accordance with Section 4.7, indemnify (and purchase insurance indemnifying) the Trustees, the Futures Representative, the TAC, and each of the Debtors, and the respective Agents of the Trust, the Futures Representative, the TAC, and each of the Debtors 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;

(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 Debtors 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 Action

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Recoveries and the Asbestos In-Place Insurance Coverage, 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 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 Debtors 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

(xxi) 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.

(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 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.

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2. The funding received from Western Asbestos, Western MacArthur and their insurers shall be recorded directly to net claimants' equity. These funds shall not represent income of the Trust. Settlement offers for asbestos health 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 noncancelable operating leases, net of any sublease agreements, shall be recorded as deductions to net claimants' equity.

5. The liability for unpaid claims reflected in the statements of net claimants' equity shall represent settled but unpaid claims and outstanding settlement offers. A claims liability shall be recorded once a settlement offer is made to the claimant at the amount equal to the expected pro rata payment. No liability shall be recorded for future claim filings and filed claims on which no settlement offer has been made. Net claimants' equity represents funding available to pay present and future claims on which no fixed liability has been recorded.

6. Available-for-sale securities shall be recorded at market. All interest and dividend income on available-for-sale securities, net of investment expenses, shall be included in investment income on the statement of changes in net claimants' equity. Net realized and unrealized gains and losses on available-for-sale securities shall be recorded as a separate component 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 amortized 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 each of the Debtors 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 Debtors 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 Northern District of California. The Trustees shall file materials under seal which they determine should remain confidential.

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(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 Allowed Liquidated Values 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, where required by the TDP, the TDP; or

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

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

(vi) to settle the liability of any insurer under any insurance policy covering Asbestos Related Claims or Demands or to settle any Asbestos Insurance Action; or

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

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

(ix) to amend, supplement or modify the provisions of the Case Valuation 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.

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(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 Reimbursement Obligation of the Trust The Trust and, to the extent necessary for the Trust to act, the Trustees, shall, within fifteen (15) days following recovery from any Asbestos Insurance Company that is not a USF&G Party of any amounts, whether by judgment, settlement or otherwise, reimburse to the USF&G Parties: (a) the amounts advanced under Sections 3.2(a)(i) through (iii) of the USF&G Settlement Agreement; (b) fees and expenses of the USF&G Parties in connection with the USF&G's efforts to obtain Plan Approval to the extent undertaken in the interest of the Debtors, the USF&G Parties and Asbestos Related Claimants, and not solely for the benefit of the USF&G Parties, that were requested in writing to be performed by certain counsel to holders of Asbestos Related Claims, being the law firms of: (1) Kazan, McClain, Edises, Abrams, Fernandez, Lyons & Farrise, PLC, (2) Brayton Purcell, and (3) The Wartnick Law Firm; and (c) interest on (a) and (b) hereof at the 30-day T-bill rate accrued from the dates of payment of the foregoing by the USF&G Parties until the date of payment by the Trust; provided, however, in no event shall such amounts, fees, expenses and interest exceed the amounts recovered by the Trust.

2.5 Property Damage Claims Defense Fund For a period of ten (10) years following "substantial consummation" of the Plan, the Trustees shall make available to Western MacArthur and Mac Arthur funds in an amount not to exceed $5,000,000 in the aggregate, for defense of claims (excluding Asbestos Related Claims, but including asbestos related property damage claims) potentially covered by Policies issued by any USF&G Parties to Western Asbestos and described in the form of "Stipulation and Order Re: Determination of Certain Issues and Stay of Trial Against USF&G" entered in *Western MacArthur Company, et al. v. United States Fidelity & Guaranty Co., et al.*, Case No. 721595-7 (Consolidated with Case No. 828101-2), Superior Court of the State of California, County of Alameda.

2.6 Johns-Manville Litigation Fund As more particularly described in the Disclosure Statement, under the terms of the trust established pursuant to Johns-Manville's confirmed plan of reorganization (the "Johns-Manville Trust"), Johns-Manville paid to Western MacArthur $10,000,000 to fund expenses relating to the Debtors' lawsuits against the Asbestos Insurance Companies. To the extent that Western MacArthur's litigation with respect to such Asbestos Insurance Companies is resolved finally as to all Asbestos Insurance Companies, Western MacArthur is obligated to pay to the Johns-Manville Trust $10,000,000 (less any undisbursed portion of such amount), plus interest. The fund was fully disbursed in connection with the Coverage Litigation and, following Confirmation of the Plan, the Trust will be required to repay such amount as and when required under the terms of the Johns-Manville 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.

3.2 Investments Investment of monies held in the Trust shall be administered in the manner in which individuals of ordinary prudence, discretion and judgment would act in the management of their own affairs, subject to the following limitations and provisions:

(a) The Trust shall not acquire, directly or indirectly, equity in any Person (other than the Debtors or any successor to any of the Debtors, 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 Debtors, on the terms and conditions in the Plan) or business enterprise.

(b) 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's 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.

(c) 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's or has been given an equivalent rating by another nationally recognized statistical rating agency.

(d) Excluding any securities issued by the Debtors, 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.

(e) 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

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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 Debtors or any successor to any of the Debtors) 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.

(f) 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).

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

(h) 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 Settlement Agreements, Asbestos Insurance Policies, and Asbestos Insurance Action Recoveries. Neither the Debtors, their subsidiaries, any successor in interest or the present or former stockholders, directors, officers, employees or agents of the Debtors, or their subsidiaries, nor the Trustees, the Approving Entities, or any of their officers, agents, advisors, or employees shall be liable for the payment of any Trust Expense or any other liability of the Trust.

ARTICLE 4

TRUSTEES

4.1 Number of Trustees

(a) There shall be at least two Trustees and no more than three Trustees.

(b) The Trustees shall designate one of their number to serve as the Managing Trustee.

(c) Trustees shall act by majority vote when there are three Trustees and by unanimous vote when there are two Trustees. When there are two Trustees and the Trustees, having exercised reasonable efforts to discuss their differing views and reach consensus, cannot agree on action that requires a vote of the Trustees the Trustees will promptly so inform the Approving Entities in writing thereby invoking the provisions of Section 4.3(a) requiring the appointment of a third Trustee.

4.2 Term of Service

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

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(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.

(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" includes, 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. If there are three Trustees, a Trustee shall be removed by unanimous decision of the two other Trustees and prompt written notification by the two other Trustees to the Trustee being removed and the Approving Entities of the removal decision specifying the basis for removal. If there are two Trustees, such removal shall be made upon prompt written notification by the removing Trustee to the Trustee being removed and to the Approving Entities of the removal decision specifying the basis for removal and invoking the process for appointment of a Trustee in accordance with the provisions of Section 4.3(a) below.

4.3 Appointment of Successor Trustee

(a) In the event of a vacancy in the position of Trustee, the vacancy shall be filled by the unanimous vote of the remaining Trustee(s) subject to the consent of the Approving Entities. If, after a vacancy occurs, there are two remaining Trustees, the remaining Trustees may decide, subject to consent of the Approving Entities, not to fill the vacancy. Where such consent is given, thereafter any of the existing Trustees (acting individually), the TAC or the Futures Representative may deliver a written notice to the remaining Approving Entities and Trustees requiring that a third Trustee be appointed. The third Trustee shall be appointed in accordance with this Section 4.3(a). If the vacancy has not been filled within 90 days the matter shall, on application of any such persons, 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.

(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, Officers and Employees 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

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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) The Trustees shall be compensated as follows:

(1) *Hourly Compensation* Each of the Trustees shall receive compensation from the Trust for his or her services as Trustee for each hour spent at an official meeting of the Trustees, an official trip of the Trustees, or dedicated to Trust Business ("Hourly Compensation"). For the period January 1, 2019 to May 31, 2019, the rate for Hourly Compensation for individual Trustees shall remain the same as each has been paid as of January 1, 2019. As of June 1, 2019 the rate for Hourly Compensation for the remaining two Trustees including the Managing Trustee shall be $587.73.

(2) *Annual Compensation* As of January 1, 2019, in addition to the Hourly Compensation, each Trustee shall receive compensation from the Trust for his or her services as Trustee in the amount of $74,802 per annum paid quarterly in advance ("Annual Compensation").

(3) *Inflation Adjustment* The Hourly Compensation and the Annual Compensation 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 retroactive to the beginning of that year commencing January 1, 2020.

(4) *Managing Trustee* The Trustee serving as Managing Trustee shall be compensated as established from time to time by the other Trustees, the Futures Representative and the TAC.

(5) *Review of Trustee Compensation* The structure and amounts of Hourly Compensation and the Annual Compensation payable to the Trustees shall be reviewed when requested by the Trustees, the TAC and/or the Futures Representative but no less than every three years beginning in April 2022 and appropriately adjusted with the consent of the Approving Entities.

(b) *Out of Pocket Expenses* 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) *Reporting* 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 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

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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.

Additionally, the Committee, the Futures Representative, the TAC, the Debtors, 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 Debtors, and their respective Agents, with respect to (i) the Reorganization Case and any act or omission 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 Debtors, 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 and in a manner such Committee, the Futures Representative, the TAC, the Debtors, and their respective members, professionals, officers and directors reasonably believed to be in, or not opposed to, the best interests of the holders of Asbestos Related Claims whom the Committee, the Futures Representative, the TAC, the Debtors, and their respective members, professionals, officers, and directors represent.

(b) Reasonable expenses, costs and fees (including attorneys' fees and costs) incurred by or on behalf of a Trustee, the Committee, the Futures Representative, the TAC, the Debtors, 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 such Trustee the Committee, the Futures Representative, the TAC, the Debtors and their respective Agents, to repay such amount in the event that it shall be determined ultimately by Final Order that such Trustee or the Committee, the Futures Representative, the TAC, the Debtors and their respective professionals, officers and directors is not entitled to be indemnified by the Trust.

(c) 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.

(d) Any indemnification under Subsection 4.6(c) of this Trust Agreement shall be made by the Trust upon a determination by the Trustees that indemnification of such Person is proper in the circumstances.

(e) 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, the Committee, the Futures Representative, the TAC, the Debtors, 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.

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(f) 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 Debtors, 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, 6.5 or 6.6.

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 any of the Debtors. Notwithstanding the foregoing, the Trustees may serve as officers or directors of any of the Debtors. No Trustee shall act as an attorney for any person who holds an Asbestos Related Claim.

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

ARTICLE 5

THE FUTURES REPRESENTATIVE

5.1 Duties The Futures Representative shall serve in a fiduciary capacity, representing the interests of the Future Asbestos Claimants, for the purpose of protecting the rights of persons who might subsequently assert 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.

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(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.

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 Agents retained by the Trust, as well as all information generated by them or otherwise available to the Trust or Trustees.

5.5 Compensation and Expenses of the Futures Representative

(a) (a) As of January 1, 2019, 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 being subject to an annual review and adjustment by the Trustees with the consent of the TAC. As of January 1, 2019, the Futures Representative's hourly rate is set at $865.30 per hour spent at an official meeting of the Trust, an official trip of the Trustees, or dedicated to Trust Business. The hourly amount of compensation payable to the Futures Representative 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 retroactive to the beginning of that year commencing January 1, 2020. The hourly compensation for the Futures Representative will be reviewed annually when requested by the Trustees, the TAC and/or the Futures Representative, but no less than every three (3) years beginning in April 2022.

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

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

6.2 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 Subsection 6.2(b), (iii) his or her removal pursuant to Subsection 6.2(c) or (iv) the termination of the Trust pursuant to Section 7.2.

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

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(c) Any 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. Such removal shall be made by the unanimous decision of the Trustees and the Futures Representative.

6.3 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.

6.4 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.

6.5 Compensation and Expenses of TAC Members

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

(i) Attendance at meetings of the Trustees;

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

(b) As of January 1, 2019, each of the TAC members and/or their representatives shall each be compensated as a Trust Expense at the rate of $534.30 per hour spent at 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 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 retroactive to the beginning of that year commencing January 1, 2020.

(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

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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 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 April, 2022.

6.6 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.

6.7 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 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's consent shall be deemed to have objected to the request and the procedures set forth in Section 6.7 shall be followed.

6.8 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 6.6 of this Trust Agreement, or if the Trustees and the TAC are unable to reach agreement on any matter on which the TAC's consent is required, then the matter shall be submitted promptly to alternative dispute resolution if mutually agreeable to the Trustees and the TAC. If the disagreement is not resolved by alternative dispute resolution, the Trustees may apply to the Bankruptcy Court on an expedited basis for approval of such action or decision, and only if such approval is given by the Bankruptcy Court by entry of an appropriate order shall the Trustees have the authority to implement such action or decision without the TAC's consent.

ARTICLE 7

GENERAL PROVISIONS

7.1 Irrevocability The Trust is irrevocable.

7.2 Termination

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

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(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 Allowed and paid to the extent provided in this Trust Agreement and the TDP or disallowed by a final, non-appealable order, 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;

(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; or

(iii) to the extent that any rule against perpetuities shall be deemed applicable to the Trust, 21 years less 91 days pass after the death of the last survivor of all of the descendants of Joseph P. Kennedy, Sr., of Massachusetts living on the date hereof.

(b) On the Termination Date, after payment of all the Trust's liabilities have been provided for, all monies remaining in the Trust estate shall be given to such organization(s) exempt from federal income tax under section 501(c)(3) of the IRC, which tax-exempt organization(s) shall be selected by the Trustees using their reasonable discretion; provided, however, that (i) if practicable, the tax-exempt organization(s) shall be related to the treatment of, research on, or the relief of suffering of individuals suffering from asbestos related lung disorders, and (ii) the tax-exempt organization(s) shall not bear any relationship to any of the Debtors within the meaning of section 468B(d)(3) of the IRC. Notwithstanding any other provision of the Plan Documents, this Subsection 7.2(b) cannot be modified or amended.

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, neither 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 efficacy or enforceability of the Injunctions, the Trust's qualified settlement fund status or the rights of the USF&G Parties under the Plan Documents or the USF&G Settlement Agreement.

7.4 Meetings The TAC, the Futures Representative or a Trustee shall be deemed to have attended a meeting in the event such person spends a substantial portion of the day conferring, by phone or in person, on Trust matters with the TAC, the Futures Representative or Trustees, as applicable. The Trustees shall have complete discretion to determine whether a meeting, as described herein, occurred for purposes of Sections 4.5 and 5.5.

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

7.6 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 of the Notice Recipients, the Trustees, the Approving Entities or the Debtors, to the other notice recipients in compliance with the terms hereof.

To the Trust through the Trustees:
Executive Director
300 East Second Street, Suite 1205
Reno, NV 89501

with a copy to:
Eve H. Karasik, Esq.
Levene, Neale, Bender, Yoo & Brill, L.L.P.
10250 Constellation Boulevard, Suite 1700
Los Angeles, CA 90067
ehk@lnbyb.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, Esq.
Stutzman, Bromberg, Esserman & Plifka
2323 Bryan Street, Suite 2200
Dallas, TX 75201
esserman@sbep-law.com

To the TAC:
Alan R. Brayton
Brayton Purcell, LLP
222 Rush Landing Road
P.O. Box 6169
Novato, CA 94948–6169
abrayton@braytonlaw.com

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To Mac Arthur and Western MacArthur:	Mac Arthur Co. Western MacArthur Co. 2400 Wycliff Street St. Paul, MN 55114 Attention: Clyde A. Rhodes, Jr.
with a copy to:	Faricy Law Firm P.A. 12 South 6th Street, Suite 211 Minneapolis, MN 55402 Attention: John H. Faricy, Jr. jfaricy@faricylaw.com
To Western Asbestos:	Western Asbestos Company c/o Miller, Starr & Regalia 1331 N. California Boulevard, Fifth Floor Walnut Creek, CA 94596 Attention: Amy Matthew amy.matthew@msrlegal.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.

7.7 Successors and Assigns The provisions of this Trust Agreement shall be binding upon and inure to the benefit of the Debtors, the Trust, and the Trustees and their respective successors and assigns, except that neither the Debtors, nor 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.

7.8 Limitation on Claim Interests for Securities Laws Purposes Except as otherwise permitted under the Plan, Asbestos Related Claims and any interests therein: (a) shall not be assigned, conveyed, hypothecated, pledged or otherwise transferred, voluntarily or involuntarily, directly or indirectly, except by will or under the laws of descent and distribution; (b) shall not be evidenced by a certificate or other instrument; (c) shall not possess any voting rights; and (d) shall not be entitled to receive any dividends or interest; provided, however, that the foregoing shall not apply to the holder of an Indirect Asbestos Related Claim that is subrogated to an Asbestos Related Claim as a result of its satisfaction of such Asbestos Related Claim.

7.9 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

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other right, power or privilege. The rights and remedies herein provided are cumulative and are not exclusive of rights under law or in equity.

7.10 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.

7.11 Governing Law; 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 conflict of laws principles. The Trust is subject to the continuing jurisdiction of the Bankruptcy Court.

7.12 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.

7.13 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.

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

7.15 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.

[Remainder of page intentionally left blank]

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IN WITNESS WHEREOF, the parties have executed this Eighteenth Amendment to and Complete Restatement of Western Asbestos Settlement Trust Agreement as of this __ day of July, 2019.

TRUSTEES:

Sandra R. Hernandez, M.D.

John F. Luikart

FUTURES REPRESENTATIVE:

David F. Levi

TRUST ADVISORY COMMITTEE

By: _____
Name: Alan R. Brayton
Title: Chair

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IN WITNESS WHEREOF, the parties have executed this Eighteenth Amendment to and Complete Restatement of Western Asbestos Settlement Trust Agreement as of this 14th day of July, 2019.

TRUSTEES:

_____
Sandra R. Hernandez, M.D.

_____
John F. Luikart

FUTURES REPRESENTATIVE:

_____
David F. Levi

TRUST ADVISORY COMMITTEE

By: Alan R. Brayton
Name: Alan R. Brayton
Title: Chair

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EXHIBIT “F”

EXHIBIT "F"

FOURTH AMENDMENT TO AND COMPLETE RESTATEMENT OF WESTERN ASBESTOS SETTLEMENT TRUST BYLAWS

ARTICLE I – OFFICES

SECTION 1. Principal Office. The initial principal office of the Western Asbestos Settlement Trust (the "Trust")[1] shall be in the County of Washoe, the State of Nevada, or at such other place other than any location in California as the Trustees shall from time to time select.

SECTION 2. Other Offices. The Trust may have such other offices at such other places as the Trustees may from time to time determine to be necessary for the efficient and cost-effective administration of the Trust; provided that the Trust may not have any offices in California at any time.

ARTICLE II – TRUSTEES

SECTION 1. Control of Property, Business and Affairs. The property, business and affairs of the Trust shall be managed by or under the direction of the Trustees, provided that certain decisions of the Trustees shall be subject to the consent of the Futures Representative and the TAC, as provided in the Trust Agreement to which these Bylaws are attached as Annex A.

SECTION 2. Number, Resignation and Removal. The number of Trustees and the provisions governing the resignation and removal of a Trustee and the appointment of a successor Trustee shall be governed by the provisions of Article 4 of the Trust Agreement.

SECTION 3. Quorum and Manner of Acting. When there are three Trustees, a majority of the Trustees shall constitute a quorum for the transaction of business. When there are three Trustees, the vote, at a meeting at which a quorum is present, of a majority of Trustees shall be an act of the Trustees. When there are two Trustees, both must be present to constitute a quorum for the transaction of business. When there are two Trustees, at a meeting at which a quorum is present, only a unanimous vote of the Trustees shall be an act of the Trustees. In the absence of a quorum, the Trustee(s) present may adjourn the meeting from time to time until a quorum shall be present.

SECTION 4. Regular Meetings. Regular meetings of the Trustees with the Futures Representative and TAC may be held at such time and place as shall from time to time be determined by the Trustees ("Trust Meeting"), provided that the Trustees shall meet at least four

[1] Capitalized terms used herein shall be the meanings ascribed to them in the Glossary of Terms for the Plan Documents, attached as Exhibit 1 to the Plan, and such definitions are incorporated herein by reference. All capitalized terms not defined in the Glossary, but defined in the Bankruptcy Code or Rules, shall have the meanings ascribed to them by the Bankruptcy Code or Rules, and such definitions are incorporated herein by reference.

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times per year, as close as practicable on a quarterly basis, pursuant to a schedule announced each year, and provided further that all meetings shall be held in the State of Nevada or such other state (other than California) as may be selected by the Trustees. After there has been such determination, and a notice thereof has been once given to each Trustee, the Futures Representative and the TAC, regular meetings may be held without further notice being given.

SECTION 5. Special Meeting Notice. Special meetings of the Trustees shall be held whenever called by one or more of the Trustees. Notice of each such meeting shall be delivered by overnight courier to each Trustee, the Futures Representative and the TAC, addressed to each such party at the place designated by such party for receipt of such notice, or, failing such designation, at such party's residence or usual place of business, at least three days before the date on which the meeting is to be held, or shall be sent to such party at such place by personal delivery or by telephone or telecopy not later than two days before the day on which such meeting is to be held. Such notice shall state the place, date and hour of the meeting and the purposes for which it is called. In lieu of the notice to be given as set forth above, a waiver thereof in writing, signed by the Trustee or Trustees, the Futures Representative or the TAC, entitled to receive such notice, whether before or after the meeting, shall be deemed equivalent thereto for purposes of this Section 5. No notice or waiver by any Trustee, the Futures Representative or the TAC, with respect to any special meeting shall be required if such person or entity shall be present at said meeting. The Futures Representative and the TAC shall be entitled to attend every special meeting of the Trustees. All special meetings shall be held in the State of Nevada or such other state (other than California) as may be selected by the Trustees.

SECTION 6. Action without a Meeting; Meeting by Conference Call. Any action required or permitted to be taken at any meeting of the Trustees may be taken without a meeting of all Trustees, after notice to the Futures Representative and the TAC, consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the Trustees; provided that no such consents may be provided by a Trustee acting in the State of California.

The Trustees also may take action required or permitted to be taken at any meeting by means of conference telephone or similar communication equipment provided that all persons participating in the meeting can hear each other and provided that no Trustee shall participate in such a meeting from the State of California. Participation in a meeting pursuant to this paragraph shall constitute presence in person at such meeting.

SECTION 7. Meeting of Trustees Only.

(a) The Trustees may meet outside the presence of the TAC and Futures Representative for the purpose of (i) formulating policies to be presented to the TAC and Futures Representative at a Regular or Special Meeting of the Trustees, TAC and Futures Representative or (ii) meeting with counsel to the Trust regarding Trust documents and the fiduciary duties of the Trustees.

(b) In addition, the Trustees may also meet outside the presence of the TAC and the Futures Representative when necessary for routine administration of the Trust, including personnel, financial, investment or claims matters arising in the course of managing the affairs of the Trust or under circumstances where the Trustees in their judgment conclude that it is a matter requiring prompt action before a regular or special meeting could be scheduled. In all such circumstances, the Trustees shall record, and make available to the TAC and Futures

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Representative, the minutes of any meeting held pursuant to this Section 7(b). At the request of the TAC or Futures Representative the subject of any meeting held pursuant to Section 7(b) shall be placed on the agenda for the next regularly scheduled or special Trust meeting.

ARTICLE III – OFFICERS

SECTION 1. Principal Officers. The principal officer of the Trust shall be the Managing Trustee, as appointed pursuant to Section 4.1 of the Trust Agreement. The Trust may also have such other officers as the Trustees may appoint after determining that such appointment will promote the efficient and cost-effective administration of the Trust.

SECTION 2. Election and Term of Office. The principal officers of the Trust shall be chosen by the Trustees. Each such officer shall hold office until his or her successor shall have been duly chosen and qualified or until the earlier of his or her death, resignation, retirement or removal.

SECTION 3. Subordinate Officers. In addition to the principal officer enumerated in Section 1 of this Article 111, the Trust may have such other subordinate officers, agents and employees as the Trustees may deem necessary for the efficient and cost-effective administration of the Trust, each of whom shall hold office for such period, have such authority, and perform such duties as the Trustees may from time to time determine. The Trustees may delegate to any principal officer the power to appoint and to remove any such subordinate officers, agents or employees.

SECTION 4. Removal. The Managing Trustee or any other officer may be removed with or without cause, at any time, by resolution adopted by the Trustees at any regular meeting of the Trustees or at any special meeting of the Trustees called for that purpose; provided, however, that the consent of the TAC and the Futures Representative shall be required for the removal of the Managing Trustee without cause.

SECTION 5. Resignations. Any officer may resign at any time by giving written notice to the Trustees. The resignation of any officer shall take effect upon receipt of notice thereof or at such later time as shall be specified in such notice and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

SECTION 6. Powers and Duties. The officers of the Trust shall have such powers and perform such duties as may be conferred upon or assigned to them by the Trustees.

ARTICLE IV – AMENDMENTS

The Bylaws of the Trust, other than Article I, Article II, Article III Section 4, and this Article IV and any provisions relating to the activities of the Trustees in California, may be amended by the Trustees at any meeting of the Trustees, provided that notice of the proposed amendment is contained in the notice of such meeting. The remaining Bylaws may be amended by the Trustees only after receipt of the consent of the Approving Entities to the proposed amendment.

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CERTIFICATION

Each of the undersigned hereby certifies that he or she is a duly-selected and Bankruptcy Court-approved Trustee for the Trust and that the foregoing is a true and correct copy of the Fourth Amendment to and Complete Restatement of the Western Asbestos Settlement Trust Bylaws authorized by action of the Trust.

IN WITNESS WHEREOF, the each of the undersigned Trustees set his or her hand this __ day of July, 2019.

TRUSTEES:

Sandra R. Hernandez, M.D.

John F. Luikart

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CONSENT TO FOURTH AMENDMENT TO AND COMPLETE RESTATEMENT OF WESTERN ASBESTOS SETTLEMENT TRUST BYLAWS

The Trust Advisory Committee of the Western Asbestos Settlement Trust hereby consents to the **FOURTH AMENDMENT TO AND COMPLETE RESTATEMENT OF WESTERN ASBESTOS SETTLEMENT TRUST BYLAWS** attached hereto.

Executed in the State of Nevada on this 14th day of July, 2019

Trust Advisory Committee of the Western Asbestos Settlement Trust

By: Al R. Brayton

Al Brayton

Its: Chair

EXHIBIT “G”

EXHIBIT "G"

FOURTH AMENDMENT TO AND COMPLETE RESTATEMENT OF THE WESTERN ASBESTOS COMPANY/ WESTERN MAC ARTHUR CO./MAC ARTHUR CO. ASBESTOS PERSONAL INJURY SETTLEMENT TRUST DISTRIBUTION PROCEDURES

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FOURTH AMENDMENT TO AND COMPLETE RESTATEMENT OF THE WESTERN ASBESTOS COMPANY/WESTERN MAC ARTHUR CO./ MAC ARTHUR CO. ASBESTOS PERSONAL INJURY SETTLEMENT TRUST DISTRIBUTION PROCEDURES

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THIRDAMENDMENT TO AND COMPLETE RESTATEMENT OF THE WESTERN ASBESTOS COMPANY/WESTERN MAC ARTHUR CO./ MAC ARTHUR CO. ASBESTOS PERSONAL INJURY SETTLEMENT TRUST DISTRIBUTION PROCEDURES

The Western Asbestos Company/Western Mac Arthur Co./Mac Arthur Co. Asbestos Personal Injury Settlement Trust Distribution Procedures ("TDP") contained herein provide for satisfying all asbestos-related personal injury and death claims caused by conduct of, and/or exposure to asbestos-containing products for which, The Western Asbestos Company, Western Mac Arthur Co., or Mac Arthur Co. (collectively, "Western"), 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 Western Company Plan of Reorganization ("Plan") and The Western Asbestos Personal Injury Settlement Trust Agreement ("Trust Agreement"). The Plan and Trust Agreement establish The Western 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 Glossary, attached as Exhibit 1 to 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. Nothing in this TDP shall be deemed to create a substantive right for any claimant.

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SECTION II

Overview

2.1 Trust Goals. The goal of the Trust is to treat all claimants equitably. This TDP furthers that goal by setting forth procedures for processing and paying claims generally on an impartial, first-in-first-out ("FIFO") basis, with the intention of paying all claimants over time as equivalent a share as possible of the value of their claims based on historical values for substantially similar claims in the tort system. To this end, the TDP establishes for unliquidated claims in the Case Valuation Matrix ("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 history of Western and the rights claimants would have in the tort system 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 Payment Percentage, 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 Payment Percentage. After the liquidated value of a Trust Claim is determined, the claimant will ultimately receive a pro-rata share of that value based on a Payment Percentage calculated as described in Section 4.2 below. The Initial Payment Percentage is expected to be 11.5% based upon currently available information. The Initial Payment Percentage shall be set by agreement between the Asbestos Claimants Committee and the Futures Representative prior to the Effective Date and if no agreement is reached, by the bankruptcy court. Any determination by the bankruptcy court will be on a motion by the Asbestos Claimants Committee, the Futures Representative or Western, to be heard before the

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first date scheduled for hearing on confirmation of the Plan. All parties waive any right to move for reconsideration, to appeal or seek any other method of review of the ruling by the bankruptcy court on the Initial Payment Percentage or to request the bankruptcy court to abstain from ruling. The Initial Payment Percentage 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 Payment Percentage may 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 Trust's assets and its liabilities, as well as the estimated value of then-pending and future claims. However, any adjustment to the Initial Payment Percentage shall be made only pursuant to Section 4.2 below. If the Payment Percentage is increased over time, claimants 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. To the extent that the designated legal representative of a claimant or heir (or the Trust in the case of *in pro per* claimants), following reasonable efforts, cannot locate a claimant or heir within one year from the approval of any additional payment pursuant to Section 4.2, the legal representatives shall return all funds, which must be held in client trust accounts, to the Trust which the Trust shall return to net claimant equity. To the extent the Trust cannot locate a claimant or heir *in pro per* within one year from

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the approval of any additional payment pursuant to Section 4.2 following reasonable efforts, the entire additional payment shall also be returned to net claimant equity.

2.4 Trust's Determination of the Maximum Annual Payment. The Trust shall estimate or model the amount of cash flow anticipated to be necessary over its entire life to ensure that funds will be available to treat all present and future claimants as similarly as possible. In each year, the Trust will be empowered to pay out all of the interest earned during the year, together with a portion of its principal, calculated so that the application of Trust 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.

2.5 Trust Claims Payment Ratio.

Based upon Western's claim settlement history and analysis of present and future claims, two kinds of Claims Payment Ratios have been determined, one relating to the company against which the claim is made ("Company Categories"), and a second relating to the category of disease claim against the particular company ("Disease Categories").

The Company Categories divide claims into those claims made against Western Asbestos Company and Western Mac Arthur Co. collectively, on the one hand, and those claims made against Mac Arthur Co., on the other. The Company Categories will be referred to herein as the "WAC/WMC Ratio" (referring to the Claims Payment Ratio applicable collectively to Western Asbestos Company and Western Mac Arthur Co.), and the "MAC Ratio" (referring to the

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company Claims Payment Ratio applicable to Mac Arthur Co.). The WAC/WMC Ratio has been set at 88.35% for claims of all Disease Categories, and the MAC Ratio has been set at 11.65% for claims of all Disease Categories in Minnesota and North Dakota. The WAC/WMC Ratio and the MAC Ratio apply only to Trust Claims that were unliquidated as of the Petition Date. The Claims Payment Ratios shall not apply to any Pre-Petition Liquidated Claims.

In each year, after the determination of the Maximum Annual Payment, 88.35% of that amount will be available to pay liquidated claims against Western Asbestos Company and Western Mac Arthur Co., 11.65% will be available to pay liquidated claims against Mac Arthur Co. in Minnesota and North Dakota, referring in each instance to claims that have been liquidated since the Petition Date. Because virtually all claims against Western Asbestos Company and Western Mac Arthur Co. have been made historically in California, any claims from other jurisdictions against these companies will be carefully scrutinized. Similarly, because virtually all claims against Mac Arthur Co., when sued individually, have been made historically in Minnesota and North Dakota, any claims from other jurisdictions against Mac Arthur Co. will be carefully scrutinized.

In addition, Claims Payment Ratios have been established separately by Disease Category for the universe of claims against Western Asbestos Company and Western Mac Arthur Co. collectively, on the one hand, and for the universe of claims against Mac Arthur Co., on the other. For claims against Western Asbestos Company and Western Mac Arthur Co. collectively, the Disease Category Claims Payment Ratio has been set at 84% for "Category A" claims, which consist of Trust Claims involving malignant claims that were unliquidated as of the Petition Date, and at 16% for "Category B" claims, which are Trust Claims involving non-malignant claims that

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were similarly unliquidated as of the Petition Date. The Disease Category Claims Payment Ratios shall not apply to any Pre-Petition Liquidated Claims. In each year, after the determination of the Maximum Annual Payment, 84% of that amount will be available to pay liquidated Category A claims and 16% will be available to pay liquidated Category B claims that have been liquidated since the Petition Date.

In the event there are insufficient funds in any year to pay the liquidated claims against Western Asbestos Company and Western Mac Arthur Co. within either or both of the Disease Categories, the available funds within the particular Disease Category shall be paid to the maximum extent to claimants in the particular Disease Category based on their place in the FIFO Payment Queue 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.

For claims against Mac Arthur Co., except for year 2019 (**"2019 Exemption"**), the Disease Category Claims Payment Ratio has been set at 71.5% in Minnesota and North Dakota for "Category A" claims, which consist of Trust Claims involving malignant claims that were unliquidated as of the Petition Date, and at 28.5% in Minnesota and North Dakota for "Category B" claims, which are Trust Claims involving non-malignant claims that were similarly unliquidated as of the Petition Date. The Disease Category Claims Payment Ratios shall not apply

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to any Pre-Petition Liquidated Claims. In each year other than during the 2019 Exemption, after the determination of the Maximum Annual Payment, 71.5% of the Minnesota and North Dakota amount will be available to pay liquidated Category A claims, and 28.5% of the Minnesota and North Dakota amount will be available to pay liquidated Category B claims that have been liquidated since the Petition Date. For the 2019 Exemption, see below.

In the event there are insufficient funds in any year (other than during the 2019 Exemption) to pay the liquidated claims against Mac Arthur Co. within either or both of the Disease Categories, the available funds within the particular Disease Category shall be paid to the maximum extent to claimants in the particular Disease Category based on their place in the FIFO Payment Queue 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 of the Disease Categories will be rolled over and remain dedicated to the respective Disease Category to which they were originally allocated.

The Company Category Claims Payment Ratios and the Disease Category Claims Payment Ratios (other than during the 2019 Exemption) are depicted in the following table:

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	WAC/WMC COMPANY CATEGORY	MAC COMPANY CATEGORY Minnesota and North Dakota
DISEASE CATEGORY A	84% of 88.35%	71.5% of 11.65%
DISEASE CATEGORY B	16% of 88.35%	28.5% of 11.65%
TOTALS ALL DISEASE CATEGORIES	88.35%	11.65%

2019 Exemption

During 2019, in the event that the Trustees determine that the allocation of the Maximum Annual Payment for MAC Company Category (Minnesota and North Dakota)/Disease Category B claims (e.g. 28.5% of 11.65%) is greater than the amount required to pay the actual and reasonably anticipated MAC Company Category/Disease Category B claims in 2019, then the Trustees are authorized, with the consent of the TAC and the Futures Representative, to allocate as much of the excess MAC Company Category/Disease Category B funds as may be necessary to timely pay MAC Company Category/Disease Category A claims in 2019. In determining the amount of reasonably anticipated MAC Company Category/Disease Category B claims for 2019, the Trustees shall consider all available information, including, but not be limited to, (i) the amount forecast by the Trust's estimation expert as the dollar amount necessary to pay 2019 MAC Company Category/Disease Category B Claims pursuant to the TDP and the Trust's regular procedures and/or (ii) the dollar amount calculated by the Trust as necessary to pay MAC Company Category/Disease Category B claims pursuant to the TDP and the Trust's regular procedures based upon the claims submitted that the Trust anticipates will be ready for payment

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in 2019.

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 Ratios and the Company Category Claims Payment Ratios to the revised estimates of future claims prepared by Dr. Mark Peterson and Dr. Francine Rabinovitz presented to the Bankruptcy Court as part of the confirmation hearing ("Adjustment to Forecast"). There shall be no Disease Category Claims Payment Ratio for North Dakota in the MAC Company Category.

Fundamental Adjustments. The Company Category Claims Payment Ratio, 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 Claims Payment Ratios, shall not, in and of itself, constitute such circumstances. Nor may an increase in the numbers of Disease Category B claims beyond those predicted or expected be considered as a factor in deciding whether to reduce the percentage allocated to Disease Category A. In considering whether to make any 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 Payment Percentage and the Disease Category Claims Payment Ratio as it affects the net cash actually paid to claimants. In any event, no Fundamental Adjustment to the Disease

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Category Claims Payment Ratio may be made without the consent of the TAC and the Futures Representative pursuant to the consent process set forth in Section 2.2(f) of the Trust Agreement. However the Trustees may offer the option of a reduced payment percentage to either Disease Category 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.

The Company Category for a Trust Claim shall be determined by the jurisdiction where the tort action has been filed or litigation commenced. Litigation commenced in Minnesota and North Dakota shall be assigned to the MAC Company Category, and litigation filed in California shall be assigned to the WAC/WMC Company Category. Trust Claims based upon litigation commenced in any other jurisdiction shall be assigned to either the MAC Company Category or to the WAC/WMC Company Category in the sole discretion of the Trust.

2.6 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.

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SECTION III

TDP Administration

3.1 Trust Advisory Committee and Futures Representative. Pursuant to the Plan and the Trust Agreement, this TDP will be administered by the Trustees in consultation with a five-member Trust Advisory Committee ("TAC"), that represents the interests of holders of present Trust Claims, and a Legal Representative for Future Asbestos-Related Claimants ("Futures Representative"), who represents the interests of holders of Trust Claims that will be asserted in the future. The Trustees shall obtain the consent of the TAC and the Futures Representative to any amendments to these Procedures pursuant to Section 8.1 below, and to such other matters as are otherwise required below and in Section 2.2(f) of the Trust Agreement. The Trustees shall also consult with the TAC and the Futures Representative on such matters as are provided below and in Section 2.2(e) of the Trust Agreement. The initial members of the TAC and the initial Futures Representative are identified in the Trust Agreement.

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

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SECTION IV

Payment Percentage; Periodic Estimates

4.1 Uncertainty of Western's Personal Injury Asbestos Liabilities. As discussed above, there is inherent uncertainty regarding Western's total asbestos-related tort liabilities, as well as the total value of the assets available to pay such claims. Consequently, there is inherent uncertainty regarding the amounts that holders of Trust Claims will receive. To seek to ensure substantially equivalent treatment of all present and future claims, the Trustees must determine from time to time the percentage of full liquidated value that holders of Trust Claims will be likely to receive, i.e., the "Payment Percentage" described in Section 2.3 above and Section 4.2 below.

4.2 Computation of Payment Percentage. The Initial Payment Percentage is expected to be 11.5% based upon currently available information. The Initial Payment Percentage shall be set by agreement between the Asbestos Claimants Committee and the Futures Representative prior to the Effective Date and if no agreement is reached, by the bankruptcy court. Any determination by the bankruptcy court will be on a motion by the Asbestos Claimants Committee, the Futures Representative or Western, to be heard before the first date scheduled for hearing on confirmation of the Plan. All parties waive any right to move for reconsideration, to appeal or seek any other method of review of the ruling by the bankruptcy court on the Initial Payment Percentage or to request the bankruptcy court to abstain from ruling. The Payment Percentage shall be subject to change pursuant to the terms of this TDP and the Trust Agreement 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

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Confirmed, the Trustees shall reconsider the then applicable Payment Percentage to assure that it is based on accurate current information and may, after such reconsideration, change the Payment Percentage if necessary with the consent of the TAC and the 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 Payment Percentage to assure that it is based on accurate, current information and may, after such reconsideration, change the Payment Percentage if necessary with the consent of the TAC and the Futures Representative. The Trustees shall also reconsider the then applicable Payment Percentage at shorter intervals if they deem such reconsideration to be appropriate or if requested to do so by the TAC or the Futures Representative. The Trustees must base their determination of the Payment Percentage on 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 full value to all holders of Trust Claims. When making these determinations, the Trustees shall exercise common sense and flexibly evaluate all relevant factors. The Payment Percentage applicable to one category of claims may not be reduced to alleviate delays in another category claims payments caused by a backlog in that category. All claims will receive the same Payment Percentage.

4.3 Applicability of the Payment Percentage. No holder of a Trust Claim shall receive a payment that exceeds the Trust's determination of the Initial Payment Percentage, or the Payment Percentage in effect at the time of payment in the case of all other Trust Claims unless a

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Reduced Payment Option applies. If a redetermination of the Payment Percentage 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 Payment Percentage or the proposed Payment Percentage. However, if the proposed Payment Percentage 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 Payment Percentage 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

5.1 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 July 1, 2002, then that jurisdiction shall determine which limitations period, category, Average Value, and base case shall be used subject to the exceptions stated herein. If multiple pre-petition lawsuits in different jurisdictions naming one or more of the Debtors liable for such claim have been filed for an Injured Person or Claimant, then such Injured Person or Claimant may choose the pre-petition jurisdiction (from among the different jurisdictions in which the pre-petition lawsuits naming one or more of the Debtors liable for such claim were filed for that Injured Party or Claimant, so long as in personam jurisdiction existed) in which the limitations period, category, Average Value, and base case shall

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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 July 1, 2002 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, category, Average Value, and base case shall be used subject to the exceptions stated herein. To the extent that a claim is properly asserted under the foregoing rules against the Trust under a jurisdiction other than California, Minnesota or North Dakota, then the Trustees, in their discretion, may assign a valuation to such claim under one of the valuations provided for California, Minnesota or North Dakota as they deem appropriate. Notwithstanding any other provision hereof, the Trust shall not recognize a claim against Mac Arthur under the valuations provided for California, and under no circumstances shall the Trust recognize any liability as against Mac Arthur for any asbestos product sales, distributions and/or installations made by either Western MacArthur or Western Asbestos, nor shall the Trust recognize any liability as against Western Asbestos and Western MacArthur for any asbestos product sales, distributions and/or installations made by Mac Arthur.

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

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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 Processing Queue shall be determined as of the earlier of (i) the date prior to November 22, 2002, "Petition Date" (if any) that the specific claim was either served or filed against Western in a court in which Western could properly have been sued or was actually submitted to Western 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 Western; (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 Western 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.

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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 through and including April 22, 2005 without the need of the claimant to take any action whatsoever.

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

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

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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 Payment Percentage, Maximum Annual Payment, Company Category Claims Payment Ratio, 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.

5.4 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 default judgment, stipulated judgment, Miller Schugart judgment or other judgment entered on or before June 3, 2002, (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.

The amount due on all California default judgments as of June 3, 2002, without regard to any partial satisfaction thereof ("California Liquidated Judgments") shall be processed as follows:

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twelve (12%) percent of the amount of each of the California Liquidated Judgments shall be deferred ("Deferred Liquidated Value") until the amount collected by the Trust on behalf of all Trust beneficiaries reaches an aggregate amount in excess of $1.34 billion dollars ("Trigger Point"). Thereafter, the Deferred Liquidated Value shall be included as part of the California Liquidated Judgment amount in the calculation of future distributions from the Trust above the Trigger Point to all Trust beneficiaries. The amount due on all Minnesota default judgments as of June 3, 2002, shall be defined as "Minnesota Liquidated Judgments". The holders of the California Liquidated Judgments and the Minnesota Liquidated Judgments (collectively, "Liquidated Judgments") have already been paid a portion of their respective Liquidated Judgments out of the USF&G Settlement Judgment Escrow ("Escrow Payments"), and the Trust shall be entitled to offset the amount of those Escrow Payments dollar for dollar against any amounts the Trust would otherwise be obligated to pay the Liquidated Judgment holders until the full amount of the Escrow Payments has been credited. Thereafter, Liquidated Judgment holders shall participate in all Trust distributions to Trust beneficiaries, subject to the "Trigger Point" as described above for California Liquidated Judgments.

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, Company Category Claims Payment Ratio or Disease Category Claims Payment Ratio, but shall be subject to the Payment Percentage 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

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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, Company Category Claims Payment Ratio and Disease Category Claims Payment Ratio described above. A Trust Claim qualifies for payment as an Hardship Claim if the Trust, in its sole discretion, determines (a) that the claimant needs financial assistance on an immediate basis based on the claimant's expenses and all sources of available income, and (b) that there is a causal connection between the claimant's dire financial condition and the claimant's asbestos-related disease.

5.6 Contribution Claims. Contribution Claims that are asserted against the Trust based upon theories of contribution or indemnification under applicable law may not be processed or paid by the Trust unless such claim would not be disallowed by Section 502(e) of the Code if the Trust were a debtor in a case under the Code, and (b) the holder of such claim (the "Indirect Claimant") establishes to the satisfaction of the Trustees that (i) the Indirect Claimant has paid in full the liability and obligations of the Trust to the direct claimant to whom the Trust would otherwise have had a liability or obligation under these Procedures, (ii) the direct claimant and the Indirect Claimant have forever released the Trust from all liability to the direct claimant, and (iii) the claim is not otherwise barred by a statute of limitations or repose or by other applicable law. In no event shall any Indirect Claimant have any rights against the Trust superior to the rights of the related direct claimant against the Trust, including any rights with respect to the timing, amount or manner of payment.

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

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

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

5.7 Claim Auditing and Review Procedures.

5.7(a) Claims Audit Program. The Trust with consent of the TAC and Futures Representative may 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 Western, 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

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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.

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 and/or the USF&G Settlement Judgment Escrow for the non-malignant asbestos-related disease.

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5.8(b) Second Disease Default Judgment Claims. Claimants who took personal injury defaults 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 (½) 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 out of the Judgment Escrow and amounts paid pursuant to Section 5.4, 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

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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.

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

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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 and Minnesota Plaintiffs Set 1 Answers to Defendant's Interrogatories including the required complete occupational history and identification of other exposures, with the information relevant to exposure used to 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

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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;

(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

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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.

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

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(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 Western Asbestos or Western MacArthur's asbestos products or operations happened before or after December 5, 1980. Information of satisfied Medicare lien or global settlement documentation.

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6.3 Withdrawal of Claims. A claimant can withdraw a Trust Claim at any time upon written notice to the Trust and file another claim subsequently without affecting the status of the claim for statute of limitations purposes, but any such claim filed after withdrawal shall be given a place in the FIFO Processing Queue based 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 Assignment of Direct Actions to the Trust. Signature by an asbestos related claimant on his or her Trust Claim form will constitute his or her assignment to the Trust of any Direct Action he or she might have against any Asbestos Insurance Company. Such signature will also authorize the Trust to act as his or her sole attorney in fact to prosecute any such Direct Action at the Trust's sole discretion.

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, Company Category Claims Payment Ratio and Disease Category Claims Payment Ratio requirements set forth above, the Trustees shall proceed

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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.

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. 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 non-binding 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 the Trust can be obtained. Any such lawsuit must be filed by the claimant in his or her own right and name and

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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. All defenses (including, with respect to the Trust, all defenses which could have been asserted by Western) shall be available to the Trust at trial; however, the Trust may waive any defense and/or concede any issue of fact or law. If the claimant was alive at the 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. An insurer as to which the Trust asserts coverage liability in respect to the claim of a claimant filing a lawsuit consistent with the provisions of this Section (a "Litigation Claim"), which insurer continues to be entitled under the terms of its policies and applicable state law to participate in the resolution of a claim against the Debtors or the Trust, may participate in the resolution of the Litigation Claim to the extent so entitled 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 Payment Percentage, the Maximum Annual Payment, Company Category Claims Payment Ratio 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

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(10) equal installments in years six (6) through fifteen (15) following the year of the initial payment (also subject to the Payment Percentage, the Maximum Annual Payment, Company Category Claims Payment Ratio 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.

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, limited, Naig-Pierringer, 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

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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 Company Category Claims Payment Ratio and 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 Payment Percentage is governed by Section 4.2 above.

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

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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 the 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 payments to claimants are made by the Trust.

8.5 Exception in Minnesota and California. The holder of an asbestos claim who is a citizen of the State of Minnesota or California has the option to name the Trust as a party defendant where the only claims against the Trust are for Western related personal injury, wrongful death or derivative claim case filed or served in Minnesota or 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 Minnesota or California citizen opts to name the Trust in an action commenced in a Minnesota or California state court, the Trust shall not consent to remove the action to any federal court and if requested to do so, shall provide a declaration that it did not consent to any removal. The Trust shall not be required to answer or participate in the litigation and no payment shall be made to such Injured Person except as provided by the TDP and Matrix.

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IN WITNESS WHEREOF, the Trustees of the Western Asbestos Settlement Trust have executed this Fourth Amendment to and Complete Restatement of The Western Asbestos Company/Western Mac Arthur Co./Mac Arthur Co. Asbestos Personal Injury Settlement Trust Distribution Procedures this 20th day of September, 2019.

TRUSTEES:

Sandra R. Hernandez, M.D.

John F. Luikart

Consented to by:

FUTURES REPRESENTATIVE

David F. Levi

TRUST ADVISORY COMMITTEE

By: Alan R. Brayton

Alan R. Brayton, Chair

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EXHIBIT “H”

EXHIBIT "H"

Investment Policy Statement

Western Asbestos Settlement Trust

September, 2019

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 = 3.4 Risk = 6.3

Primary Goal

The Western Asbestos Settlement Trust (the Trust) is organized pursuant to the laws of the state of Nevada with its office in Reno, Nevada. It was established pursuant to the Western Asbestos Company, Western Mac Arthur Co. and Mac Arthur Co. (collectively the Debtors') Second Amended Joint Plan of Reorganization (the Plan) dated November 22, 2002. 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 with the U.S. Bankruptcy Court 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 (30%) geometric return and risk using Callan's 2019 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	65%
Equity	35%

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 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%**	**65%**	**80%**
Equity	**20%**	**35%**	**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 to the Trustees to consider moving the allocations back to toward the target allocation.

The Strategic Asset 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.

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

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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:

- **35% consisting of the following sub-components**
  - **40% Standard & Poor's 500 Stock Index**
  - **25% Russell 3000 Index**
  - **17.5% MSCI ACWI ex-US Index**
  - **17.5% Russell 3000 Value Index**
- **65% consisting of the following sub-components**
  - **70% Bloomberg Barclays Municipal Short Index**
  - **20% Bloomberg 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.

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.

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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 Western Asbestos Settlement Trust Agreement 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.
- The Trust seeks to limit exposure to securities issued by companies who produce tobacco products as well as companies who are, or may become, exposed to asbestos related claims. For this reason, the investment in debt or equity securities of companies who produce tobacco products is prohibited. In addition, the investment in equity and debt securities issued by Johnson & Johnson, Bayer, and Monsanto is prohibited.

A. Equity

Excluding any securities issued by the Debtors[2], the Trust shall not acquire or hold, directly or indirectly, any common or preferred stock, convertible securities, REITS, 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

[2] Debtors refer to the Western Asbestos Company, Mac Arthur Co. and its wholly owned subsidiary Western MacArthur Co.

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basis points or less. The percent ownership of any company is limited to 5% of market value, unless the company's representation in the S&P 500 Index is greater than 5%. If the company's representation in the S&P 500 Index is greater than 5%, then the portfolio can hold up to that percentage, subject to a 10% limit.

2. **Opportunistic Equity Strategy**

   - The objective of the opportunistic equity strategy is to provide for long-term growth and additional after-tax returns to the Trust and exceed the **Russell 3000 Index** over a market cycle.
   - 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.

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-

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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.

1. **Municipal Bond Crossover Portfolio(s)**
   - The portfolio's investment objective is to provide an after-tax total rate of return that exceeds the after-tax total return of the Bloomberg **Barclays Capital Municipal Short Index.**
   - The portfolio will have a targeted duration of approximately +/-40% around the benchmark.
   - 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.

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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 **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.
- 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 (e) 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 two 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.

(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.

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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 entitled **SIXTEENTH 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 24, 2020**, 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:

- Michael H. Ahrens mahrens@sheppardmullin.com
- Jean Lynne Bertrand jbertrand@schiffhardin.com, afiedler@schiffhardin.com
- Janet L. Chubb lbubala@kcnvlaw.com, mmarsh@kcnvlaw.com
- Michael D. Cooper mcooper@wendel.com, bankruptcy@wendel.com
- Richard W. Esterkin richard.esterkin@morganlewis.com, melissa.boey@morganlewis.com
- Trevor Ross Fehr trevor.fehr@usdoj.gov
- Gary S. Fergus gfergus@ferguslegal.com
- Harden Alexander Fisch Alex.Fisch@doj.ca.gov
- Ellen A. Friedman efriedman@friedmanspring.com
- Gabriel I. Glazer gglazer@pszjlaw.com
- Matthew A. Gold courts@argopartners.net
- Frederick D. Holden fholden@orrick.com, cflores@orrick.com
- Eve H. Karasik ehk@lnbyb.com
- Bennett J. Murphy bmurphy@bennettmurphylaw.com
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- John P. Sande jps@jonesvargas.com
- James A. Tiemstra jat@tiemlaw.com, sml@tiemlaw.com
- Ellen Jean Winograd , shascall@woodburnandwedge.com

2. SERVED BY UNITED STATES MAIL: On **April 24, 2020**, 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 24, 2020**, 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.

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

April 24, 2020	Lisa Masse	/s/ Lisa Masse
Date	*Type Name*	*Signature*

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