

FIRST AMENDED
UNR ASBESTOS-DISEASE CLAIMS
RESOLUTION PROCEDURES

A. INTRODUCTION TO FIRST AMENDMENT

In 1990, the best available information arising from the consolidated bankruptcy reorganization proceedings of UNR Industries, Inc. *et al.* (collectively, "UNR") indicated that there would be in excess of 90,000 claims made against the UNR Asbestos-Disease Claims Trust ("Trust") and that there would be approximately \$114 million to pay claims and expenses. At the end of 2001, more than 420,000 claims had been filed against the Trust, and the most recent projections of future claims provided for more than 300,000 additional claims to be filed by the year 2030. At the end of 2001, the Trust had paid out approximately \$250 million in nominal dollars to claimants, and the assets available to pay claimants in the future continued to diminish. The rise in claim filings and the fall in Trust assets has resulted in such a low percentage of the full value of a claim being paid, that the Claims Resolution Procedures as originally drafted became unworkable, in part, and required amendment. This amendment is made as of July 1, 2002.

B. INTRODUCTION

There is not sufficient money available to pay full and fair value for each UNR Asbestos-Disease Claim. Notwithstanding the insufficiency of funds, the Trust is still obligated to devote resources in order to have the capacity to identify bona fide claims, with a corresponding increase in the ratio of expenses to payments.

Bankruptcy law requires that the members of each class of claimants be treated equivalently. Since it is evident that there is not sufficient money to pay full value for all of the claims in a class, all class claimants must be paid the same percentage of full value in accordance with available funds. If, for example, there are funds sufficient to pay 25 percent of the total value of all claims, then each claimant should be paid 25 percent of the total value of his respective claim.

In determining what percentage of the value of a claim the Trust may pay to a claimant in a particular period, the Trustees must necessarily estimate the timing, number and value of future claims as well as changes in the value of the Trust assets in the future and the expenses of operating the Trust in the future in order to ensure to the best of their ability that sufficient funds are reserved to permit current and future claimants to be treated equivalently. Because such estimates cannot be done precisely and may have to be revised in the light of experience over time, a claimant who receives payment early in the life of the Trust may receive a smaller or larger percentage of the value of his claim than a claimant who receives payment in the middle of or late in the life of the Trust. However, the Trustees shall treat all claimants as equivalently as possible consistent with their duties as trustees in these

circumstances given the practical limitations imposed by the inability to predict the future with precision.

The claims covered by these UNR Asbestos-Disease Claims Resolution Procedures (“Procedures”) are “Asbestos-Disease Claims.” These claims have been defined in the Consolidated Plan of Reorganization of UNR and its affiliates (the “Plan”) as:

All alleged liabilities or obligations (under any theory of law; equity or admiralty) for death, personal injury, personal damages or punitive damages (whether physical, emotional or otherwise), whether or not included in the definition of claim’ in § 101(4) of the Code, arising out of exposure to asbestos, and arising from acts or omissions by one or more of the Debtors or the Debtors’ predecessors in interest prior to the Effective Date, regardless of when the sickness, injury or disease which gives rise to such liability or obligation, becomes or will become manifest, including, without limitation, all warranty, guarantee, indemnification or contribution liabilities or obligations of any of the Debtors to any other Entity to the extent that such warranties, guarantees, indemnifications or contribution responsibilities to such Entity cover claims against such Entity that would, if such claims had been made directly against any of the Debtors, constitute Asbestos-Disease Claims.

Under the Procedures, to the extent feasible in light of changing conditions discussed above and available information, each member of the Asbestos-Disease Claims class must be treated equivalently in accordance with a series of claims resolution options. The procedure for payment of allowable Asbestos-Disease Claims derived from warranty, guarantee, indemnification or contribution liabilities or obligations of any of the Debtors has been developed by the Trustees in accordance with Section 2.04 of the Trust Agreement and all such claims have been heretofore settled and dismissed. The procedures set forth herein apply only to Claimants other than Claimants under theories of warranty, guarantee, indemnification or contribution. Asbestos-Disease Claimants may choose among three different options for the liquidation and settlement of their claims: (1) only in the event the Trustees deem it advisable to make such an option available, an expeditious, but limited immediate flat payment; (2) immediate partial payment plus payment over time; or (3) a deferred claim. Consistent with the limited resources available to the Trust and the need to expeditiously process a large number of claims, all claims will be reviewed to ensure that the only claims paid are valid asbestos injury claims caused by exposure to UNR asbestos-containing products. Values for the claims will be based upon values established in the tort system considering all relevant factors.

One very significant feature of the Procedures is that a claimant to whom the Procedures apply maintains the right to jury trial to liquidate the value of his claim. The liquidated value of any claim as determined by a jury or by any other method provided herein shall be for purposes of setting a value only. Claims so valued shall be paid in fair proportion as determined by the Trustees. For example, if the Trustees have determined to pay 10% of the liquidated value of each claim made during a particular one-year claim period, and are presented with a judgment rendered during this period of \$20,000 against the Trust, the Trust will pay the claimant holding such judgment \$2,000 in full satisfaction of that judgment.

To the extent the payment offered by the Trustees is not accepted by a claimant, the claimant has the option of seeking Alternative Dispute Resolution (“ADR”) in accordance with Section I.8 of these Procedures.

Payments will be made from the Trust in a first-in-first-out order as explained in the Guidelines set forth hereafter in Section I. The Trustees shall participate and consult with the Trustees’ Advisory Committee (“TAC”) composed of representatives of claimants in making all major policy and administrative decisions concerning the operation of the Trust and the implementation of these Procedures. A detailed explanation of the operation of some of these Procedures prepared in consultation with the UNR Creditors Committee of Asbestos-Related Plaintiffs and the Legal Representative for Unknown Asbestos-Related Claimants was made available by the Committee.

C. PURPOSE

The purpose of the Procedures is to provide fair payment to all holders of valid Asbestos-Disease Claims, taking into account the basic principles of the tort system, the resources available to the Trust and the necessarily imperfect information regarding the timing, nature, and number of future claims. It remains clear, based on the information presently available, that there will be insufficient funds available to make full and fair payments to all claimants for the injury and damages from exposure to UNR asbestos-containing products. Consistent with this reality, the nature of asbestos-related disease, and the inherent characteristics of the related litigation, the Trust shall treat similar and common claims with similar circumstances and factors alike. The Trust shall make payments to valid claimants as funds become available and as claims are liquidated while maintaining resources expected to be sufficient to pay all valid Asbestos-Disease Claims, including future claims, on a substantially equal basis. It is recognized that precise equivalency may not be possible, because the Trust may have to adjust the percentage of the liquidated value it pays on claims as the Trust’s projections of future costs and future claims are updated and revised. Settlements shall be favored over all other forms of claim resolution, and the lowest feasible transaction costs shall be incurred in order to conserve resources and ensure, as much as possible, substantially equal payment for all valid claims without regard to interest or present value of payments made.

D. ORGANIZATION

In accordance with the Trust Agreement, the Trust shall be governed by Trustees who will be responsible for its organization, administration, staffing policy, operation, location and any other necessary functions under these Procedures. In developing the operation of the Procedures and facilitating the expeditious liquidation and payment of valid claims, the Trustees may, if economically advisable and administratively suitable, operate the Trust and these Procedures in a manner adaptable for use in connection with other similar asbestos claims resolution organizations. In no event, however, shall the Trustees delegate their responsibilities for the liquidation and determination of payments in accordance with the policies established in these Procedures to any separate claims resolution organization, nor shall they make any arrangement with any other claims resolution organization without consultation with and the consent of the TAC described below in Section I.13.

E. NOTICE AND OPTION SELECTION

The Trust mailed timely to each person or the attorney for such person with an Asbestos-Disease Claim who had filed a proof of claim in the Bankruptcy Court, or had pending a pre-petition lawsuit against UNR, or otherwise had been identified to the Trustees prior to the Effective Date as eligible to vote on the Plan in the UNR proceedings, such materials (“Materials”) as the Trustees deemed appropriate in order to inform such claimants of the various claims resolution options available to them. For any Asbestos-Disease Claim filed with the Trust subsequent to the Effective Date of the Plan, the Trust shall, on request, within a reasonable time after receipt of such claim, mail to the claimant the Materials. The applicable statute of limitations for a person having an Asbestos-Disease Claim who had filed a proof of claim in the Bankruptcy Court or had pending a pre-petition lawsuit against UNR or otherwise had been determined eligible to vote on the Plan in the UNR proceedings was or shall be tolled in accordance with the Bankruptcy Code or by order of the Bankruptcy Court until such time as the claim shall be finally resolved by (i) settlement, (ii) disallowance, or (iii) a determination by the claimant to file suit and seek a trial in accordance with the Procedures herein. All claims made after the Effective Date of the Plan, must be made within the applicable statute of limitations. Despite any state law to the contrary, the statute of limitations for an Asbestos-Disease Claim entailing a malignancy shall not begin to run until diagnosis of the malignant condition. Timely filing shall toll any applicable statute of limitations until such time as the claim shall be finally resolved by (i) settlement, (ii) disallowance, or (iii) a determination by the claimant to file suit and seek a trial in accordance with the Procedures herein.

F. OPTION 1: CASH PAYMENT

Provided the Trustees deem it advisable, claimants shall have the option of making a full and final settlement with the Trust in exchange for a single cash payment in an amount to be determined by the Trustees. This option has been designed for claimants who readily can be determined by the Trust to have a valid UNR Asbestos-Disease Claim and who desire to have a fixed payment made expeditiously rather than a potentially higher, but delayed payment. In order to qualify for the exercise of this option, the claimant must make a conclusive demonstration of exposure to a UNR asbestos-containing product and submit a medical report from a qualified physician containing a diagnosis of an asbestos-related disease or injury and outlining the condition, symptoms, work history and/or exposure of the injured person.

The cash payment made in accordance with this provision is designed to constitute a rapid liquidation of a valid claim for an amount to be determined by the Trustees in accordance with Section I.4. The Trustees shall determine the most appropriate procedures for making Option 1 payments and shall monitor and verify claims in accordance with Section I.6 in order to ensure that payments are made only for valid claims.

The Trustees may suspend Option 1 altogether in the event the percentage of the full value of a claim being paid to Option 2 claimants is so low that Option 1 payments cannot be set at realistic enough values to make the election of Option 1 meaningful or efficient.

G. OPTION 2: INDIVIDUALIZED RESOLUTION

The claimants shall have the option of receiving payments for valid claims in an individualized amount based upon the aggregation of claims into categories of similar cases with similar value, or based upon a more detailed individual examination of exposure, loss, injury and other characteristics. In order to qualify for the exercise of this option, the claimant must also make a conclusive demonstration of exposure to a UNR asbestos-containing product and submit a medical report from a qualified physician containing a diagnosis of an asbestos-related disease or injury and outlining the condition, symptoms, work history and/or exposure to the injured person. The Trustees may determine the common or individual characteristics of claimants that deserve payment because of their exposure to UNR asbestos-containing products and their asbestos-related injury, and organize those characteristics so that similar meritorious claims can be placed into categories or treated individually and resolved as expeditiously as possible. If a claim fits within a given category, the Trustees can settle that claim for an amount tailored to fit the values represented by that category. The Trustees may make those presumptions concerning claimants in order to create categories of similarly situated claimants that can be treated similarly, thereby reducing transaction costs. Payments under this option shall be determined by the Trustees in accordance with Section I.4. As indicated in Sections B and C above, it seems clear that payments will be made for a percentage of the total value of the claims. The Trustees shall determine the most appropriate procedures for making Option 2 payments and shall monitor claims in accordance with Sections I.6 in order to ensure that payments are made only for valid claims.

In the event that there is no settlement between the Trust and a claimant under Section F or G, either the claimant or the Trust may initiate non-binding alternative dispute resolution in accordance with Section I.7. In the event the parties agree to engage in voluntary non-binding alternative dispute resolution and there is no settlement, the claimant and the Trust may, if they both agree, obtain binding alternative dispute resolution in accordance with Section I.8.

In the event that the claim is not resolved by settlement or any alternative dispute resolution, the claimant may then proceed to file a lawsuit against the Trust to determine the value of his claim, to obtain discovery and proceed to trial. If a trial is sought, the right to a jury trial shall be preserved with the defendant being the "UNR Asbestos-Disease Claims Trust." Venue shall be unchanged by the Chapter 11 case. The law to be applied either shall be (i) the law that is, or would have been, applicable, notwithstanding the pendency of the Chapter 11 case, or (ii) the law in existence at the time the completed claim information and option selection form is filed with the Trust, at the election of the claimant; provided, however, that the statutes of limitations and repose applicable to claims are tolled in accordance with the Bankruptcy Code and Section E above. All claims and defenses which exist under the law as elected by the claimant shall be available to both sides at trial. The award of an arbitrator or the recommendation of a mediator and the positions and admissions of the parties during compliance with alternative dispute resolution procedures shall not be admissible for any purpose at trial by any party or third party and are expressly determined not to be admissions by either party. If necessary, the Trustees may obtain an order from the U.S. District Court in which the bankruptcy was filed incorporating an offer of judgment to liquidate the amount of the claim, scheduling discovery and trial in such a fashion as not to

create an undue burden on the Trust, or containing any other provisions in order to ensure that the Trust fulfills its obligations in accordance with the principles enumerated in Section C.

H. OPTION 3: DEFERRAL

A claimant may elect Option 3 to defer consideration of his claim without waiving any rights to that claim. If a claimant decides to defer consideration of his claim, no action will be taken on the claim until the claimant selects among Options 1 or 2 to receive payment in accordance with Section I.4. A claimant may not elect Option 3 once a claim has been processed. Any claimant electing Option 3 will be placed in the FIFO queue for processing based on the date the claimant selects either Option 1 or Option 2.

I. GUIDELINES

1. Application

These guidelines shall apply to all options.

2. Filing Fee

In order to defray the cost of processing claims and to deter the filing of poorly documented or meritless claims, all claims must be accompanied by a non-refundable filing fee in an amount to be determined from time to time by the Trustees. If a claim is received without the required filing fee, the claim will be recorded, but the claim will not be processed until the filing fee is received and the statute of limitations will continue to run in the interim. When a filing fee is received with multiple claims and the aggregate fee does not correspond with number of claims filed, all of the claims will be recorded as filed for statute of limitation purposes, but none of the claims will be processed until the Trust is informed as to which claim(s) the fee applies or the necessary aggregate fee is received. A claim will be placed in the FIFO queue based on the date the filing fee is received.

3. Order of Consideration

In determining eligibility for consideration, claims will be processed when practicable on a first-in-first-out basis in order of the date of the earliest filing of the claim (i) if before July 29, 1982, in a court against UNR; (ii) if after July 29, 1982, but before the confirmation of the Plan, in a court against any asbestos producer, regardless of whether UNR was named as a party co-defendant in such initial filing, or (iii) if after the confirmation of the Plan, against the Trust. In the event that a claim against UNR as the only defendant could not have been filed because of the UNR Chapter 11 proceeding, the claim shall be processed based upon the date of initial diagnosis of an asbestos-related disease. The Trust may make group settlements, but payments called for by group settlements shall be made so they do not materially alter the first-in-first-out rule of priority. Claims involving extreme and undue hardship not experienced by other claimants may be considered separately. In the event that the Trustees determine it advisable primarily, but not exclusively, in order to reduce transaction costs, they may suspend their normal order of consideration in favor of claimants who select Option 1.

4. Payments

The amount, time, and manner of payments to be made by the Trust shall be determined by the Trustees in accordance with the principles contained in Sections C and I. To the extent feasible, Option 1 payments shall be made in cash by check; Option 2 payments shall be in cash by check and/or payments over time; and Option 3 payments shall be in cash by check and/or payments over time after the election of either Option 1 or Option 2. No Asbestos-Disease Claimant shall be entitled to interest with respect to his or her Asbestos-Disease Claim.

As determined by the Trustees based upon the availability of funds and other considerations, payments made over time shall be paid in a manner designed to ensure that all claims are paid substantially equally. For example, the Trustees may make annual analyses in order to determine the availability of current funds and the future requirements for funds. The Trustees may then utilize available cash to make annual payments of a percentage of all outstanding monies owed over time consistent with the demands of equal treatment of all claimants. In addition, the Trustees may withhold some portion of the amounts awarded for claims under Option 2 and pay the balance withheld at such time and in such amounts as necessary to enhance equality in distribution and payment among all claimants.

To the extent the payment offered by the Trustees is not accepted by a claimant, the claimant has the option of seeking Alternative Dispute Resolution (“ADR”) in accordance with Section I.8 of these Procedures.

5. Claim Abandonment

If a settlement offer for an Option 1 claim is not accepted within 180 days of the offer being made, the claim is deemed abandoned.

If a settlement offer for an Option 2 claim is not accepted within 180 days of the offer being made, the claim is deemed abandoned unless, before the expiration of the 180-day period, the claimant notifies the Trust that an extension of time is necessary to discuss and consider the offer.

Abandoned claims will be closed without payment and cannot be refiled unless good cause is shown.

6. Monitoring

The Trustees may conduct random or other audits to verify information submitted in connection with any option or step in any option in the claims resolution procedures. To the extent practicable and appropriate, the Trust shall utilize the panels described in Section I.7 for this purpose. In the event that an audit reveals that invalid information has been provided to the Trust, the Trustees may penalize any claimant or claimant’s attorney by seeking sanctions from the U.S. District Court in which the bankruptcy was filed including, but not limited to, requiring the offending source to pay the costs associated with the audit and any future audit or audits, reordering the priority of payment of

claims, raising the level of scrutiny of additional information submitted from the same source or sources, or prosecuting the claimant or claimant's attorney for presenting a fraudulent claim in violation of Title 18, U.S.C. § 152.

7. Pro Bono Plaintiff Attorney and Neutral Panels

The Trust shall seek to establish panels of pro bono plaintiffs' attorneys and/or other neutral persons to provide an appropriate methodology for verification and evaluation of claims. This verification and evaluation shall be conducted by plaintiffs' attorneys and/or neutrals on issues requested by the Trust or the claimants. Pro bono plaintiffs' attorney panels may be used only with the consent of the claimant or claimant's attorney and shall be done anonymously so that neither the identification of the claimant, nor the claimant's attorney, nor the pro bono evaluator is known to the other. Notwithstanding anything to the contrary, the claimant's attorney and the pro bono evaluator may waive the requirement of anonymity.

8. Alternative Dispute Resolution

The Trustees shall maintain an appropriate alternative dispute resolution process so that the claimants and the Trust shall have a full range of alternative dispute resolution devices available for their use including, but not limited to, mediation, facilitation, and arbitration. Members of the Section I.7 panels may also be used for any form of alternative dispute resolution. If compensation of an alternative dispute resolution provider becomes necessary, each side shall bear its own costs.

9. Forms and Procedures

The Trustees shall draft appropriate forms and instructions for all Asbestos-Disease Claims under Options 1-3. All forms shall indicate that they are submitted to the Trust with a declaration of their accuracy under penalty for presentation of a fraudulent claim in accordance with Title 18, U.S.C. § 152. The Trustees shall develop and implement procedures and processes under each option in accordance with principles outlined in Section C.

10. Release

As a condition to making any payment to a claimant, the Trust may obtain a general or partial or limited release as appropriate in accordance with the applicable state or other law and consistent with the Option selection by the claimant. If the Trustees so determine, the endorsing of a check or draft for payment by or on behalf of a claimant shall constitute such a release.

11. Time Frames

Time frames for the performance of the various duties of the Trust shall be determined by the Trustees consistent with the purpose of these Procedures as contained in Section C.

12. Alternative Claim Resolution Options

The Trustees may, based upon new circumstances or developments, design alternative options to these Procedures as long as they are consistent with the purposes contained in Section C.

13. Trustees' Advisory Committee

There shall be a Trustees' Advisory Committee ("TAC") composed of three persons initially selected by the UNR Creditors' Committee of Asbestos-Related Plaintiffs. The Trustees shall consult with the TAC on the following issues facing the Trust; implementation of procedures under Options 1, 2, and 3; development of first-in-first-out rules; payments; monitoring; attorney and neutral panels; alternative dispute resolution; forms and procedures; releases; time frames; cooperation with other claims resolution organizations; and alternative options under these procedures. Where consultation is required under the Trust or these Procedures, the Trustees need only to seek advice and counsel from the TAC and are independent and free to accept or reject any recommendation so offered.