

UNR ASBESTOS-DISEASE CLAIMS TRUST

EAST-WEST CORPORATE CENTER
1771 WEST DIEHL ROAD, SUITE 220
NAPERVILLE, IL 60563

DAVID E. MAXAM
Executive Director

PHONE (630) 281-6548
FACSIMILE (630) 281-6748
Email dem@cpf-inc.com

April 1, 2014

Re: Proposed Motion Concerning Early Termination of the
UNR Asbestos-Disease Claims Trust (the "Trust")

Dear Claimant Counsel

For some time, the expected duration of the Trust has been considered by the Trustees and the Trust Advisory Committee (the "TAC"). In April 2013, with the added concern of the then recent material increase in malignancy filings, the Trust imposed a moratorium on claims processing in order to conduct actuarial analysis concerning the future duration of the Trust. That analysis is complete and this notice is to advise you of a Motion that the Trustees are planning to file seeking an instruction that will permit the Trustees to terminate the Trust in 2019.

Since the Trust began operating in 1990, it has paid claims based on actuarial assumption that Trust assets would be available until the last claim with the Trust is projected to be filed (currently estimated to be in 2050), and has set the Payment Percentage that is applied to each claim accordingly. Based on the new actuarial analysis, if the Trust were to continue paying claims based on this assumption, it would need to lower the Payment Percentage from 0.82% to 0.29%. At a Payment Percentage of 0.29%, the Trust projects that it would spend more on an annual basis processing claims and administering the Trust than it would pay to claimants.

The Trust Agreement provides that the Trustees may terminate the Trust 90 days after certain events, including when (in consultation with the TAC) they "determine that the continued administration of said Trust is uneconomic or inimical to the best interests of the persons holding [claims]." The complex factors that would go into such a determination make it difficult to project exactly when such determination could occur. The Trust Agreement also provides, that within 90 days of making such a determination, any remaining assets to be distributed, with the consent of the TAC, can be donated to an asbestos-related charity. The literal terms of the Trust Agreement therefore appear to require the Trust to either pay claims at the 0.29% Payment Percentage for some undetermined period of time (which would mean the bulk of Trust assets would be used on costs and expenses), or to terminate the Trust within 90 days (which would mean virtually all of the remaining assets would go to a charity and not to claimants who are beneficiaries of the Trust).

The Trust's experts project, however, that if the Trust were to set an earlier termination date, such as in 2019, and pay all valid claims filed through that date it could not only adopt a

higher Payment Percentage (currently projected to be 1.38%) but would minimize the funds used to process those claims and administer the Trust, which would mean that the Trust's remaining assets would be distributed to known beneficiaries of the Trust over the next five years.

While setting an earlier termination date is not specifically contemplated by the Trust Agreement and would mean that some future claimants would not be paid, the Trustees believe that doing so with such a plan of maximizing distribution, appears more consistent with the fundamental Trust purpose of distributing assets to known beneficiaries than it does attempting to pay all claimants uneconomically until 2050 or terminating the Trust now and donating to a charity. The payments to distant future claimants technically foreclosed by this approach would be trivial given the Payment Percentage that would be associated with continuing under current assumptions and almost certainly not be worth pursuing by their nominal beneficiaries, considering the cost of filing. They would have been consumed in administrative costs or the charitable contribution

The Trustees are considering filing this Motion for Instruction with the Bankruptcy Court shortly to resolve the matter by instructing the Trustees if they may set a termination date in 2019. The legal and factual basis for this Motion will be set forth more fully in that Motion. In making this determination, we have of course solicited the advice and input from the Trust's legal and financial experts and advisors, as well as the TAC and we are herewith soliciting such from known beneficiaries, through their legal representatives.

Please contact me directly by April 15, 2014 with any input or questions you may have. Your early attention to this matter is appreciated. When the Trust petitions the Bankruptcy Court for instruction, we will provide you with a separate notice indicating the time and place of any hearing to be held related to such petition as well as provide you with a copy of that motion. In the meantime of course, the moratorium remains in place.

Yours very truly,

A handwritten signature in black ink, appearing to read "J. J. Maxon". The signature is written in a cursive style with a large initial "J" and "M".