

SECOND AMENDED  
UNR ASBESTOS-DISEASE CLAIMS  
RESOLUTION PROCEDURES

A. INTRODUCTION TO SECOND 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 and the Trust had paid out approximately \$250 million in nominal dollars to claimants. 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. The Trustees amended the Claims Procedures effective July 1, 2002.

At the end of 2013, more than 445,000 claims had been filed against the Trust, and the most recent projections, applying the 2002 amended Claims Procedures, provide for more than 14,000 claims to be filed by the year 2050. At the end of 2013, the Trust had paid out approximately \$266 million in nominal dollars to claimants, and since 2001 the assets available to pay claimants had diminished greatly. Minimal available funds, and claim filings that exceeded earlier projections, again resulted in a much lower percentage of the full value of each claim being paid. The projections further showed that if the Trust continued to attempt to pay claims under the 2002 amended Claims Procedures it would spend substantially more on costs and administration than it would pay to claimants.

The Trustees raised these concerns in a Motion for Instruction, which was filed in the United States Bankruptcy Court for the Northern District of Illinois, Eastern Division (the “Court”) on April 28, 2014, and which is incorporated into these Claims Procedures (the “Motion for Instruction”) (and is available from the Court or from the Trust on request). As stated in the Motion for Instruction, the Trustees determined that—while it was no longer workable or practicable to attempt to reserve money to pay all future claims as the Claims Procedures previously required—it was also not in the best overall interest of beneficiaries to immediately terminate the Trust. Instead, as more fully stated in the Motion, the Trustees determined that it was in the best overall interest of beneficiaries to terminate the Trust before the last claim is projected to be filed on a date certain in or about 2019 that will be determined by the Trustees (the “Termination Date”), while reserving money under the assumption that the last future claim will be filed on or before a date certain prior to the Termination Date (which will be set by the Trustees pursuant to these amended Procedures) (the “Bar Date”).

On June 25, 2014, the Court issued an Order in response to the Motion, which is incorporated into these Claims Procedures (the “Order”) (and is available from the Court or from the Trust on request). Consistent with the Order, the Trustees, in consultation and with

the consent of the Trust Advisory Committee (the "TAC"), now amend the Claims Procedures to address the concerns raised in the Motion for Instruction. This amendment is made effective October 2, 2014.

## B. INTRODUCTION

There is not sufficient money available to pay full and fair value for each UNR Asbestos-Disease Claim. Until 2013, the Trust devoted resources in order to have the capacity to identify all future bona fide claims, with a corresponding increase in the ratio of expenses to payments. At this point in the Trust's life, there simply are not sufficient assets to attempt to reserve money to identify all future claimants and to process and pay their claims equivalently. The Trustees have therefore determined to terminate the Trust and to set a Bar Date prior to termination (after which claims will not be accepted or processed). The Trust will devote resources to identify bona fide claims that are filed before the Bar Date, and will attempt to use its remaining assets to pay all such claims.

Bankruptcy law requires that the members of each class of claimants be treated as equivalently as possible. It has always been evident that there is not sufficient funds to pay full value for all of the claims in a class. Accordingly, the Trust has always paid all class claimants the same percentage of full value in accordance with available funds based on projected claim filings and operating costs, as determined from time to time. The Trust now will pay claimants based on the funds available before the Bar Date.

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 that will be filed before the Bar Date, along with projected expenses of operating the Trust in the future, to ensure to the best of their ability, that sufficient funds are reserved to permit current and future claimants who file claims before the Bar Date 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 received payment earlier in the life of the Trust may have received a smaller or larger percentage of the value of a claim than a claimant who receives payment in the future. However, the Trustees shall treat all claimants who file claims before the Bar Date 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.

To the extent feasible in light of changing conditions discussed above and available information, each member of the Asbestos-Disease Claims class who files a claim before the Bar Date will be treated as equivalently as possible in accordance with these Procedures.

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.

Consistent with the limited resources available to the Trust and the need to expeditiously process a large number of claims, all claims filed before the Bar Date 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 that are filed before the Bar Date and are 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 before the Bar Date, 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 who has filed a claim before the Bar Date, the claimant has the option of seeking Alternative Dispute Resolution (“ADR”) in accordance with Section G.9 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 F. The Trustees shall participate and consult with the TAC (which is 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 holders of valid Asbestos-Disease Claims who file claims before the Bar Date, 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 are insufficient funds available to make full and fair payments to all claimants for the injury and damages from exposure to UNR asbestos-containing products, and that there are insufficient funds to make even partial payments to all claimants who would be projected to file a claim with the Trust if the Trust continued to operate until the last remaining claim was filed.

Consistent with this reality, the nature of asbestos-related disease, and the inherent characteristics of the related litigation, the Trust: (1) shall treat similar and common claims with similar circumstances and factors alike; and (2) shall not pay any claims beyond the Bar Date, which will be prior to the Termination Date and will be set by the Trustees. The Trust shall make payments to valid claimants who file claims before the Bar Date as funds become available and as claims are liquidated while maintaining resources expected to be sufficient to pay valid Asbestos-Disease Claims, including future claims that are filed before the Bar Date, 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 [G.14](#).

### E. NOTICE

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, and prior to the Bar Date, 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 filed prior to the Bar Date 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. INDIVIDUALIZED REVIEW AND RESOLUTION

Claimants shall receive 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 payment, the claimant must satisfy exposure and medical criteria outlined by the Trust by submitting evidence that will conclusively demonstrate exposure to a UNR asbestos-containing product and verify diagnosis of an asbestos-related disease or injury. 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 shall be determined by the Trustees in accordance with Section G.5. 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 payments and shall monitor claims in accordance with Section G.7 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, either the claimant or the Trust may initiate non-binding alternative dispute resolution in accordance with Section G.8. 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 G.9.

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.

#### G. GUIDELINES

##### 1. Application

These guidelines shall apply to all claims submitted to the Trust.

##### 2. The Bar Date

Based on the information now available to them, the Trustees intend to terminate the Trust in or about 2019. The precise Termination Date will be determined by the Trustees, in consultation with the TAC and in accordance with the Trust Agreement. The Trustees will set a Bar Date in consultation with the TAC. The Bar Date will be prior to the Termination Date. After the Bar Date, the Trust will not accept any additional claims. It is anticipated that all such timely filed claims will be fully processed before closure.

##### 3. 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 before the Bar Date but 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, before the Bar Date, 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. If the filing fee for any claim is not received prior to the Bar Date, then the claim will not be considered filed and it will not be processed or paid.

#### 4. Order of Consideration

In determining eligibility for consideration, claims will be processed when practicable on a first-in-first-out basis. Claims involving extreme and undue hardship not experienced by other claimants may be considered separately

#### 5. 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 G. To the extent feasible, payments shall be in cash by check and/or payments over time. 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 filed before the Bar Date 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 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 G.9 of these Procedures.

#### 6. Claim Abandonment

If a settlement offer for a 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 or for other good cause.

Abandoned claims will be closed without payment and cannot be refilled or reopened unless good cause is shown.

#### 7. 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 G.8 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.

8. 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.

9. 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 G.8 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.

10. Forms and Procedures

The Trustees shall draft appropriate forms and instructions for all Asbestos-Disease Claims. 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 in accordance with principles outlined in Section C.

11. 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. 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.

12. 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.



13. 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.

14. Trustees' Advisory Committee

There shall be a 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 for reviewing and paying claims; setting the Bar Date; 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.