

COPY

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE WESTERN DISTRICT OF PENNSYLVANIA

IN RE:

Case No. 91-468 (PGH) WWB

H.K. PORTER COMPANY, INC.,

Chapter 11

Debtor.

H.K. PORTER COMPANY, INC.

ASBESTOS TRUST AGREEMENT

Douglas A. Campbell, Esquire  
PA I.D. No. 23143  
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H.K. PORTER COMPANY, INC.  
ASBESTOS TRUST AGREEMENT

This Asbestos Trust Agreement is between H.K. Porter Company, Inc., a Delaware corporation and ~~debtor in possession~~ <sup>1977</sup> ("Porter" "Debtor" or "Settlor"), and Mark E. Gleason, as Trustee ("Trustee"), pursuant to the Fourth Amended Creditors' Committee Plan of Reorganization for the H.K. Porter Company, Inc. (the "Plan"). (M.) mng

WHEREAS, Porter has reorganized under the provisions of Chapter 11 of the Bankruptcy Code in the case pending in the United States Bankruptcy Court for the Western District of Pennsylvania known as In re H.K. Porter Company, Inc., Case No. 91-468 (PGH) ("Chapter 11 Case"); and

WHEREAS, at the time of the entry of the order for relief in the Chapter 11 Case, Porter was named as a defendant in personal injury, wrongful death, and property damage actions seeking recovery for damages allegedly caused by the presence of, or exposure to, asbestos or asbestos-containing products; and

WHEREAS, the Plan has been confirmed by the District Court; and

WHEREAS, the Plan provides, *inter alia* for the creation of the H.K. Porter Company, Inc. Asbestos Settlement Trust ("Asbestos Trust"); and

WHEREAS, pursuant to the Plan, the Asbestos Trust is to be funded in whole or in part by the stock of Porter and its obligation to make future payments; and

WHEREAS, pursuant to the Plan, the Asbestos Trust is to own all of the voting shares of Porter; and

WHEREAS, pursuant to the Plan, the Asbestos Trust is to use its assets or income to pay Asbestos Claims and Demands as against the Debtor; and

WHEREAS, the Plan provides, among other things, for the complete settlement and satisfaction of all liabilities and obligations of the Debtor with respect to Asbestos Claims; and

WHEREAS, the Asbestos Trust is intended to qualify as a "Qualified Settlement Fund" within the meaning of Section 1.468B-1 of the Treasury Regulations promulgated under Section 468B of the Internal Revenue Code; and

WHEREAS, the Bankruptcy Court and the District Court have determined that the Asbestos Trust and the Plan satisfy all the prerequisites for a supplemental injunction pursuant to Section 524(g) of the Bankruptcy Code, which has been entered in connection with the Confirmation Order as the Asbestos Permanent Channeling Injunction;

NOW, THEREFORE, it is hereby agreed as follows:

## ARTICLE I

### DEFINITIONS

All capitalized terms used herein and not defined in another provision of this Asbestos Trust Agreement shall have the meanings assigned to them in the Plan and/or the Bankruptcy Code and/or the Asbestos Claims Resolution Procedures, which definitions are incorporated by reference herein.

## ARTICLE 2

### AGREEMENT OF TRUST

2.1 *Creation and Name.* The Settlor creates a trust known as the "H.K. Porter Company, Inc. Asbestos Trust", which is the Asbestos Trust provided for and referred to in the Plan. The Trustee of the Asbestos Trust may transact the business and affairs of the Asbestos Trust in the names, "H.K. Porter Asbestos Trust," and/or "Porter Asbestos Trust."

2.2 *Purpose.* The purpose of the Asbestos Trust is to assume liability pursuant to the Plan for all Asbestos Claims; to use the Asbestos Trust's assets and income to pay holders of valid Asbestos Claims in such a way that holders of similar Asbestos Claims are paid in substantially the same 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. This purpose shall be fulfilled through the provisions of this Trust Agreement and the H.K. Porter Asbestos Claims Resolution Procedures attached hereto as Annex A ("**Asbestos Claims Procedures**").

2.3 *Transfer of Assets:* The Settlor is obligated to transfer and assign to the Asbestos Trust the property set forth in Article 10 of the Plan and acknowledges the obligation to pay set forth therein (herein the "Assets").

#### 2.4 *Acceptance Of Assets and Assumption of Liabilities:*

(a) In furtherance of the purposes of the Asbestos Trust, the Trustee, on behalf of the Asbestos Trust, hereby expressly accepts the transfer and assignment to the Asbestos Trust of the Assets.

(b) In furtherance of the purposes of the Asbestos Trust and subject to Article 5.3, the Trustee, on behalf of the Asbestos Trust, expressly assumes liability pursuant to the Plan for all Asbestos Claims. Except as otherwise provided in the Asbestos Claims Procedures, the Asbestos Trust shall have all defenses, cross-claims, offsets, and recoupments regarding Asbestos Claims that Porter has or would have had under applicable law.

(c) Neither the Debtor nor its successors in interest or its affiliates shall be entitled to any indemnification from the Asbestos Trust for any expenses, costs, or fees, judgments, settlements, or other liabilities arising from or incurred in connection with, any action related to an Asbestos Claim. Nothing in this section or any other section of this Asbestos Trust Agreement shall be construed in any way to limit the scope, enforceability, or effectiveness of the Asbestos Permanent Channeling Injunction issued in connection with the Plan or the Asbestos Trust's assumption of all liability with respect to the Asbestos Claims.

### ARTICLE 3

#### POWERS AND TRUST ADMINISTRATION

##### 3.1 *Powers:*

(a) Subject to the limitations set forth in this Asbestos Trust Agreement and the Asbestos Claims Procedure, the Trustee shall have the power to take any and all actions that, in the judgment of the Trustee, are necessary or proper to fulfill the purposes of the Asbestos Trust, including, without limitation, each power expressly granted in this Article 3.1, any power reasonably incidental thereto, and any trust power now or hereafter permitted under the laws of the Commonwealth of Pennsylvania;

(b) Except as otherwise specified herein, the Trustee need not obtain the order or approval of any court in the exercise of any power or discretion conferred hereunder.

(c) Without limiting the generality of Article 3.1(a) above, the Trustee shall have the power to:

- (i) receive and hold the Assets, vote the New Porter Common Stock and exercise all rights with respect thereto;
- (ii) invest the monies held from time to time by the Asbestos Trust;
- (iii) sell, transfer or exchange any or all of the Assets at such prices and upon such terms as he may consider proper, consistent with the other terms of this Asbestos Trust Agreement;
- (iv) pay liabilities and expenses of the Asbestos Trust;
- (v) change the state of domicile of the Asbestos Trust;
- (vi) establish such funds, reserves and accounts within the Asbestos Trust estate, as deemed by the Trustee to be useful in carrying out the purposes of the Asbestos Trust;
- (vii) sue and be sued and participate, as a party or otherwise, in any judicial, administrative, arbitative or other proceeding;
- (viii) appoint such officers and hire such employees and engage such legal, financial, accounting, investment and other advisors, alternative dispute resolution panelists and agents as the business of the Asbestos Trust requires, and to delegate to such persons such powers and authorities as the fiduciary duties of the Trustee permit and as the Trustee, in his discretion, deems advisable or necessary in order to carry out the terms of this Asbestos Trust;
- (ix) pay employees, legal, financial, accounting, investment and other advisors and agents reasonable compensation;
- (x) reimburse himself, subject to Article 5.4, and reimburse such officers, employees, legal, financial, accounting, investment and other advisors and agents all reasonable out-of-pocket costs and expenses incurred by such persons in connection with the performance of their duties hereunder;
- (xi) execute and deliver such deeds, leases and other instruments as he considers proper in administering the Asbestos Trust;
- (xii) enter into such other arrangements with third parties as are deemed by the Trustee to be useful in carrying out the purposes of the

Asbestos Trust, provided such arrangements do not conflict with any other provision of this Asbestos Trust Agreement;

(xiii) in accordance with Article 5.5, indemnify (and purchase insurance indemnifying himself and members of the TAC (as defined in Article 6) and officers, employees, agents, advisers and representatives of the Asbestos Trust or the TAC to the fullest extent that a corporation or trust organized under the law of the Asbestos Trust's domicile is from time to time entitled to indemnify and/or insure its directors, trustees, officers, employees, agents, advisers and representatives;

(xiv) indemnify (and purchase insurance indemnifying) the Additional Indemnities as defined in Article 5.5 hereof;

(xv) delegate any or all of the authority herein conferred with respect to the investment of all or any portion of the Assets to any one or more reputable individuals or recognized institutional investment advisers or investment managers without liability for any action taken or omission made because of any such delegation, except as provided in Article 5.3;

(xvi) consult with the Reorganized Debtor at such times and with respect to such issues relating to the conduct of the Asbestos Trust as the Trustee considers desirable;

(xvii) make, pursue (by litigation or otherwise), collect, compromise or settle any claim, right, action or cause of action; and

(xviii) merge or contract with other trusts or claims resolution facilities that are not specifically created by this Trust Agreement or the Asbestos Claims Procedures, subject to Article 3.2(d) of this Agreement; provided that such merger or contract shall not (a) alter the Asbestos Claims Procedures; (b) subject the Reorganized Debtor or any successor in interest to any risk of having any Asbestos Claim asserted against it or them; or (c) otherwise jeopardize the validity or enforceability of the Asbestos Permanent Channeling Injunction;

(d) The Trustee shall not have the power to guaranty the debt of any Entity other than Porter.

### 3.2 *General Administration:*

(a) The Trustee 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 Internal Revenue Code and of any state law and the regulations promulgated thereunder;

(b) (i) The Trustee shall cause to be prepared and filed with the Bankruptcy Court, as soon as available, and in any event within ninety (90) days following the end of each fiscal year, an annual report containing financial statements of the Asbestos Trust (including, without limitation, balance sheet of the Asbestos Trust and Porter as of the end of such fiscal year and statements of operations for such fiscal year) audited by a firm of independent certified public accountants selected by the Trustee and accompanied by an opinion of such firm as to the fairness of the financial statements' presentation of the cash and investments available for the payment of claims and as to the conformity of the financial statements with generally accepted accounting principles. The Trustee shall provide a copy of such report to the TAC and to Porter.

(ii) Simultaneously with delivery of each set of financial statements referred to in Article 3.2(b)(i) above, the Trustee 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;

(iii) All materials required to be filed with the Bankruptcy Court by this Article 3.2 shall be available for inspection by the public in accordance with procedures established by the Bankruptcy Court;

(c) The Trustee shall cause to be prepared and submitted to the TAC as soon as practicable prior to the commencement of each fiscal year a budget and cash flow projections for the Asbestos Trust and Porter covering such fiscal year and the succeeding two fiscal years;

(d) The appointment of a successor Trustee shall be approved by the TAC and the Trustee shall consult with the TAC and be subject to Article 3.2 of the Asbestos Claims Procedure on the implementation and administration of the Asbestos Claims Procedures. The Trustee shall be required to obtain the consent of a majority of the members of the TAC in order:

(i) to amend materially the Asbestos Claims Procedures;

(ii) to merge or participate with any trust or claims resolution facility that was not specifically created under this Trust Agreement or the Asbestos Claims Procedures;

(iii) to amend any provision of Article 6 herein; or

(iv) to terminate the Asbestos Trust pursuant to Article 7.2(a)(iii) herein.

(e) The Committee of Unsecured Creditors by majority vote shall provide to the Trustee Expedited Payment Election guidelines for establishing exposure and liability criteria for payment of Asbestos Personal Injuries Claims, and the Trustee shall follow such guidelines.

(f) The Trustee shall consult with the Co-Defendant Representative on the appointment of a successor trustee and on the implementation and administration of the Asbestos Claims Procedures as they impact Asbestos Co-Defendant Claims. The Trustee shall obtain the written consent of the Co-Defendant Representative to materially amend the Asbestos Claims Procedures affecting Asbestos Co-Defendant Claims.

(g) The Trustee shall consult with the Property Damage Futures Representative on the appointment of a successor trustee and on the implementation and administration of the Asbestos Claims Procedures as they impact Property Damage claims. The Trustee shall obtain the written consent of the Property Damage Futures Representative to materially amend the Asbestos Claims Procedure affecting Property Damage Claims.

### 3.3 *Claims Administration:*

(a) General Principles.

The Trustee shall proceed diligently to implement the Asbestos Claims Procedures. The Asbestos Trust shall pay or otherwise treat holders of valid Asbestos Claims in accordance with the provisions hereof as promptly as feasible. In his administration of the Asbestos Claims Procedures, the Trustee shall favor settlement over arbitration, arbitration over resort to the tort system, and fair and efficient resolution of claims in all cases, while endeavoring to preserve and enhance the Asbestos Trust estate.

(b) Asbestos Personal Injury Claims and Asbestos Co-Defendant Claims.

(i) The Trustee shall employ mechanisms such as the review of records and estimates of the numbers and values of Asbestos Personal Injury Claims and Asbestos Co-Defendant Claims, or other comparable mechanisms, that provide reasonable assurance the Asbestos Trust will value, and be in a financial position to pay, similar present Asbestos Personal Injury Claims and



Asbestos Co-Defendant Claims and future asbestos personal injury Demands in substantially the same manner.

(ii) The Trustee shall administer the processing and payment of Asbestos Personal Injury Claims and Asbestos Co-Defendant Claims in accordance with the Asbestos Claims Procedures, a copy of which is annexed hereto as Annex A, as the same may be amended from time to time, in accordance with the provisions hereof and thereof.

(c) Asbestos Property Damage Claims.

(i) The Trustee shall employ mechanisms such as the review of records and estimates of the numbers and values of Asbestos Property Damage Claims, or other comparable mechanisms, that provide reasonable assurance the Asbestos Trust will value, and be in a financial position to pay, similar present Asbestos Property Damage Claims and future Asbestos Property Damage Demands in substantially the same manner.

(ii) The Trustee shall administer the processing and payment of Asbestos Property Damage Claims in accordance with the Asbestos Claims Procedures, a copy of which is annexed hereto as Annex A, as the same may be amended from time to time, in accordance with the provisions hereof and thereof.

3.4 *Asbestos Trust Beneficiaries:* The beneficiaries of this Asbestos Trust have no right or ability to influence or control the management or operation of the Asbestos Trust, including but not limited to, the right to participate in decisions relating to the investment or distribution of assets held in the Asbestos Trust.

## ARTICLE 4

### ACCOUNTS, INVESTMENTS, AND PAYMENTS

4.1 *Accounts:* The Trustee may, from time to time, create such accounts and reserves within the Asbestos Trust estate as he may deem necessary, prudent or useful in order to provide for the payment of expenses and valid Asbestos Claims and may, with respect to any such account or reserve, restrict the use of monies therein.

4.2 *Investments:* Investment of monies held in the Asbestos 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 Asbestos Trust may acquire and hold any stock or securities issued by the Reorganized Debtor, without regard to any of the limitations set forth in the other parts of this Article 4.

(b) Except with respect to entities owned and controlled by the Asbestos Trust, the Asbestos Trust shall not acquire or hold any equity in any Entity unless such equity is in the form of securities that are traded on a national securities exchange or major international securities exchange or over the National Association of Securities Dealers Automated Quotation System.

4.3 *Source of Payments:* All Asbestos Trust expenses, payments and all liabilities with respect to Asbestos Claims shall be payable solely out of the Asbestos Trust estate. Neither Porter or the present or future directors, officers, employees or agents of Porter, nor the Trustee, the TAC, or any of their officers, agents, advisers or employees shall be liable for the payment of any Asbestos Trust expense or Asbestos Claim or any other liability of the Asbestos Trust. Under no circumstances may liabilities with respect to Asbestos Claims be paid with distributions from the Asbestos Trust in the form of stock of the Reorganized Debtor.

## ARTICLE 5

### TRUSTEE

5.1 *Number:* There shall be one (1) Trustee, Mark  Gleason, CPA (the "Trustee").

(a) The Trustee shall serve until the earlier of (i) the termination of the Asbestos Trust pursuant to Article 7.2 below, (ii) his death, (iii) his resignation pursuant to Article 5.1(b) below, or (iv) his removal pursuant to Article 5.1(c) below, at which time his term shall terminate automatically.

(b) The Trustee may resign at any time by written notice to the TAC. 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) The Trustee may be removed for good cause. Such removal shall require a majority vote of the TAC. Under no circumstances may the Trustee be removed by vote of the Asbestos Trust beneficiaries.

5.2 *Appointment of Successor Trustee:*

(a) In the event of a vacancy in the position of Trustee, the vacancy shall be filled by a majority vote of the TAC.

(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 predecessor Trustee.

5.3 *Liability of Trustee:* No Trustee, officer, or employee of the Asbestos Trust shall be liable to the Asbestos Trust, to any person holding an Asbestos Claim, or to any other Entity except for such Trustee's, officer's or employee's own breach of trust committed in bad faith or for willful misappropriation. No Trustee, officer, or employee of the Asbestos Trust shall be liable for any act or omission of any other officer, agent, or employee of the Asbestos Trust, unless the Trustee acted with bad faith, gross negligence or willful misconduct in the selection or retention of such officer, agent, or employee.

5.4 *Compensation and Expenses of Trustee.*

(a) The Trustee shall receive compensation from the Asbestos Trust for his services as Trustee on an hourly basis at the rate of \$150 per hour, or some other amount as determined by the TAC, payable as determined by the TAC. Any dispute over the compensation of the Trustee shall be subject to the jurisdiction of the Bankruptcy Court.

(b) The Asbestos Trust will promptly reimburse the Trustee for all reasonable and properly documented out-of-pocket costs and expenses incurred by the Trustee in connection with the performance of his duties hereunder.

5.5 *Indemnification of Trustee and Others.*

(a) The Asbestos Trust shall indemnify and defend the Trustee, the Asbestos Trust's officers, agents, advisers or employees, to the fullest extent that a corporation or trust organized under the laws of the Asbestos Trust's domicile is from time to time entitled to indemnify and defend its directors, trustees, officers, employees, agents or advisers against any and all liabilities, expenses, claims, damages or losses incurred by him in the performance of his duties hereunder. Notwithstanding the foregoing, the Trustee shall not be indemnified or defended in

any way for any liability, expense, claim, damage or loss for which he is liable under Article 5.3. Additionally, each member of the Committee of Unsecured Creditors and their professionals, the Future Representatives and their professionals, the Debtor's professionals and each member of the TAC (collectively, "**Additional Indemnities**") who was or is a party, or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding of any kind, whether civil, administrative or arbitral, by reason of any act or omission of such Additional Indemnities with respect to (i) the Chapter 11 Case, (ii) the liquidation of any Asbestos Claims, or (iii) the administration of the Asbestos Trust and the implementation of the Claims Resolution Procedures, shall be indemnified and defended by the Asbestos Trust against expenses, costs and fees, judgments, awards, costs, amounts paid in settlement, and liabilities of all kinds incurred by each Additional Indemnitee in connection with or resulting from such action, suit, or proceeding, if he or she acted in good faith and in a manner such Additional Indemnitee reasonably believed to be in, or not opposed to, the best interests of the holders of Asbestos Claims.

(b) Reasonable expenses, costs and fees incurred by or on behalf of the Trustee or an Additional Indemnitee in connection with any action, suit, or proceeding, whether civil, administrative or arbitral from which they are indemnified by the Asbestos Trust pursuant to this Article 5.5, may be paid by the Asbestos Trust in advance of the final disposition thereof upon receipt of an undertaking by or on behalf of such Trustee or Additional Indemnitee to repay such amount unless it shall be determined ultimately that such Trustee or Additional Indemnitee is entitled to be indemnified by the Asbestos Trust.

(c) The Trustee shall have the power, generally or in specific cases, to cause the Asbestos Trust to indemnify the employees and agents of the Asbestos Trust to the same extent as provided in this Article 5.5 with respect to the Trustee.

(d) The Trustee may purchase and maintain reasonable amounts and types of insurance on behalf of an individual who is or was a Trustee, officer, employee, agent or representative of the Asbestos Trust or Additional Indemnitee against liability asserted against or incurred by such individual in that capacity or arising from his status as a Trustee, officer, employee, agent or representative.

5.6 *Trustee's Lien.* The Trustee and the Additional Indemnities shall have a prior lien upon the Asbestos Trust corpus to secure the payment of any amounts payable to them pursuant to Articles 5.4, 5.5, or 5.6.

5.7 *Trustee's Employment of Experts:* The Trustee may, but shall not be required to, consult with counsel, accountants, appraisers and other parties deemed by the Trustee to be qualified as experts on the matters submitted to them (regardless of whether any such

party is affiliated with the Trustee or the TAC in any manner, except as otherwise expressly provided in this Asbestos Trust Agreement), and the opinion of any such parties on any matters submitted to them by the Trustee shall be full and complete authorization and protection in respect of any action taken or not taken by the Trustee hereunder in good faith and in accordance with the written opinion of any such party.

5.8 *Trustee's Independence:* The Trustee shall not have acted as an advisor for any person who holds an Asbestos Claim. Further, during the term of his service, the Trustee shall not act as an advisor for any person who holds an Asbestos Claim.

5.9 *Trustee's Service as Director of Reorganized Debtor:* The Trustee may serve as director of the Reorganized Debtor.

5.10 *Bond:* The Trustee shall be required to post a bond of Fifteen Million (\$15,000,000) Dollars unless otherwise ordered by the Bankruptcy Court.

## ARTICLE 6

### TRUSTEE'S ADVISORY COMMITTEE

6.1 *Formation Duties:* A Trustee's Advisory Committee (the "TAC") shall be formed as of the Effective Date. The appointment of a successor Trustee shall be approved by the TAC and the Trustee shall consult with the TAC and be subject to Article 3.2 of the Asbestos Claims Procedures on and the implementation and administration of the Asbestos Claims Procedures. The Trustee shall consult with the TAC on any matter materially affecting the Asbestos Trust, and certain actions by the Trustee are subject to the prior consent of the TAC as provided in Article 3.2(d) hereof. The Trustee is subject to and bound by the Asbestos Claims Procedures guidelines to be established by the Committee of Unsecured Creditors and is bound by the decision of the Committee of Unsecured Creditors as provided in Article 3.2(e) hereof and as provided in Article 3.2 of the Asbestos Claims Procedures. The TAC shall endeavor to act in the best interests of the holders of all Asbestos Claims.

6.2 *Number: Chairperson*

(a) There shall be three members of the TAC. The initial TAC members shall be Philip Pahagian, Brent Rosenthal and Perry Weitz. The TAC shall act in all cases by majority vote.

(b) There shall be a Chairperson of the TAC. The Chairperson shall be Philip Pahagian. The Chairperson shall act as the TAC's liaison, he shall coordinate and schedule meetings of the TAC, and he shall handle all administrative matters that come before the TAC.

### 6.3 *Term of Office:*

(a) Each member of the TAC shall serve for the duration of the Asbestos Trust, subject to the earlier of his or her death, resignation, or removal.

(b) Subject to Article 6.4(b) hereof, any member of the TAC may resign at any time by written notice to each of the remaining members specifying the date when such resignation shall take place.

(c) Any member of the TAC may be removed in the event such member becomes unable to discharge his 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 nonattendance at scheduled meetings. Such removal shall be made by the unanimous decision of the other members of the TAC, and it shall be effective at such time as all other members of the TAC determine.

### 6.4 *Appointment of Successor:*

(a) A vacancy in the TAC caused by the resignation of a TAC member shall be filled with an individual nominated by the resigning TAC member and approved by the unanimous vote of all TAC members. The resigning TAC member's resignation shall not be effective until such approval is obtained and the successor TAC member has accepted the appointment.

(b) In the event of a vacancy in the membership of the TAC other than one caused by resignation, the vacancy shall be filled by the unanimous vote of the remaining member(s) of the TAC.

### 6.5 *Compensation and Expenses of TAC Members:*

(a) Each member of the TAC shall receive compensation from the Asbestos Trust for his services in the amount of \$2,500 per diem for meetings attended by such member, payable as determined by the Trustee but not less frequently than quarterly. For purposes of determining the per diem amount hereunder, the Trustee shall determine the scope and duration of activities that constitute a meeting.

(b) All reasonable and properly documented out-of-pocket costs and expenses incurred by TAC members in connection with the performance of their duties hereunder will be promptly reimbursed to such members by the Asbestos Trust. The per annum compensation payable to each member of the TAC may only be increased annually by the Trustee proportionately with an increase in the Consumer Price Index--all cities (or any successor index) for the corresponding annual period. Any increase in excess of that amount may be made only with the approval of the Bankruptcy Court.

#### 6.6 *TAC Meetings:*

(a) Regular meetings of the TAC may be held at such time and place as shall from time to time be determined by the TAC, provided that the TAC shall meet as often as is necessary to respond promptly to matters referred to it for consultation or consent by the Trustee. After a schedule for regular meetings has been determined, and a notice thereof has been once given to each TAC member, regular meetings may be held without further notice being given.

(b) Special meetings of the TAC shall be held whenever called by one or more of the TAC members. Notice of each such meeting shall be delivered by overnight courier to each TAC member, addressed to him at his 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 him at such place by personal delivery or by telephone or telecopy, not later than two (2) 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 TAC members entitled to receive such notice, whether before or after the meeting, shall be deemed equivalent thereto for purposes of this Section. No notice to or waiver by any TAC member with respect to any special meeting shall be required if such TAC member shall be present at such meeting.

(c) Any action required or permitted to be taken at any meeting of the TAC may be taken without a meeting if all members of the TAC consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the TAC.

The TAC may take any 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. Participation in a meeting pursuant to this paragraph shall constitute presence in person at such meeting.

## ARTICLE 7

### GENERAL PROVISIONS

7.1 *Irrevocability:* The Asbestos Trust is irrevocable, but is subject to amendment as provided in Article 7.3.

7.2 *Termination:*

(a) The Asbestos Trust shall automatically terminate on the date (the "**Termination Date**") 90 days after the first occurrence of any of the following events:

(i) subject to the consent of the TAC, the Trustee in his sole discretion decides to terminate the Asbestos Trust because (A) he deems it unlikely that new Asbestos Claims will be filed against the Asbestos Trust and (B) all Asbestos Claims duly filed with the Asbestos Trust have been liquidated and satisfied and twelve consecutive months have elapsed during which no new Asbestos Claims have been filed with the Asbestos Trust;

(ii) subject to the consent of the TAC, if the Trustee has procured and has in place irrevocable insurance policies and has established claims handling agreements and other necessary arrangements with suitable third parties adequate to discharge all expected remaining obligations and expenses of the Asbestos Trust in a manner consistent with this Asbestos Trust Agreement and the Asbestos Claims Procedures, the date on which the Bankruptcy Court enters an order approving such insurance and other arrangements and such order becomes final;

(iii) if in the judgment of the Trustee, with the consent of the TAC, the continued administration of the Asbestos Trust is uneconomic or inimical to the best interests of the persons holding Asbestos Claims and the termination of the Asbestos Trust will not expose or subject the Reorganized Debtor, any successor in interest or any Protected Party under the Channeling Injunction to any increased or undue risk of having any Asbestos Claims asserted against it or them or in any way jeopardize the validity or enforceability of the Asbestos Permanent Channelling Injunction; or

(iv) 21 years less 91 days pass after the death of the last survivor of all the descendants of Joseph P. Kennedy, Sr. of Massachusetts living on the date hereof.



(b) On the Termination Date, after payment of all the Asbestos Trust's liabilities have been provided for, all monies remaining in the Asbestos Trust estate shall be transferred to charitable organization(s) exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, which tax-exempt organization(s) shall be selected by the Trustee and the TAC jointly using their reasonable discretion; provided, however, that (i) if practicable, the tax-exempt organization(s) shall be related to the treatment of, research, or the relief of suffering of individuals suffering from asbestos caused disorders, and (ii) the tax-exempt organization(s) shall not bear any relationship to the Reorganized Debtor within the meaning of Section 468(d)(3) of the Internal Revenue Code.

7.3 *Amendments:* The Trustee, after consultation with the TAC, and subject to the TAC's consent, may modify or amend this Trust Agreement or any document annexed to it, including, without limitation, the Asbestos Claims Procedures, except (A) may not modify 3.2 of the Asbestos Claims Procedures and (B) that Articles 2.2 (Purpose), 2.4 (Acceptance of Assets and Assumption of Liabilities), 3.1(d) (precluding guaranty of others' debt), 3.2(d) (Trustee's consultation with TAC), 3.3(a)-(d) (claims administration), 5.1 (Number of Trustee), 5.2 (Appointment of Successor Trustee), 5.5 (Indemnification of Trustee and Others), 5.8 (Trustee's Disinterestedness), 6.1 (TAC Formation and Duties), 5.5 (bond), 6.2 (TAC Number and Chairperson), 6.4 (Appointment of Successor (TAC)), 7.1 (Irrevocability), 7.2 (Termination) and 7.3 (Amendments) herein shall not be modified or amended in any respect. No consent from the Settlor shall be required to modify or amend this Asbestos Trust Agreement or any document annexed to it. Any modification or amendment made pursuant to this section must be done in writing on at least ten (10) days prior notice to each member of the TAC. Notwithstanding anything contained herein to the contrary, neither this Asbestos Trust Agreement nor the Asbestos Claims Procedures shall be modified or amended in any way that would jeopardize the efficacy or enforceability of the Asbestos Permanent Channeling Injunction. The Asbestos Trust beneficiaries have no right to amend or revise any portion of this Asbestos Trust Agreement.

7.4 *Meetings:* For purposes of Article 6.5 of this Asbestos Trust Agreement, a TAC member or the 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 Asbestos Trust matters with TAC members and relevant third parties. The Trustee shall have complete discretion to determine whether a meeting, as described herein, occurred for purposes of Articles 6.5.

7.5 *Severability:* Should any provision in this Asbestos 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 Asbestos 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 legal representative, in each case as provided on such person's claim form submitted to the Asbestos Trust with respect to his or her Asbestos Claim.

7.7 *Counterparts:* This Asbestos 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.

7.8 *Successors and Assigns:* The provisions of this Asbestos Trust Agreement shall be binding upon and inure to the benefit of the Settlor, the Asbestos Trust, and the Trustee and their respective successors and assigns, except that neither the Settlor nor the Asbestos Trust nor the Trustee may assign or otherwise transfer any of its, or his rights or obligations under this Asbestos Trust Agreement except, in the case of the Asbestos Trust and the Trustee, as contemplated by Article 3.1.

7.9 *Limitation on Claim Interests for Securities Laws Purposes:* Asbestos 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 in the Asbestos Trust; and (d) shall not entitle the holder of any Asbestos Claims to receive any dividends or interest.

7.10 *Entire Agreement: No Waiver:* The entire agreement of the parties relating to the subject matter of this Asbestos Trust Agreement is contained herein and in the documents referred to herein, and this Asbestos 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.

7.11 *Headings:* The headings used in this Asbestos Trust Agreement are inserted for convenience only and neither constitute a portion of this Asbestos Trust Agreement nor in any manner affect the construction of the provisions of this Asbestos Trust Agreement.

7.12 *Governing Law:* This Asbestos Trust Agreement shall be governed by, and construed in accordance with, the laws of the Commonwealth of Pennsylvania.

7.13 *Dispute Resolution:* Any disputes that arise under this Asbestos 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 Asbestos Trust Agreement is inconsistent with any provision of the Plan, the Plan shall control.

7.14 *Enforcement and Administration:* The parties hereby acknowledge the Bankruptcy Court's continuing exclusive jurisdiction to interpret and enforce the terms of this Asbestos Trust Agreement and the annexes hereto, pursuant to the Plan.

7.15 *Effectiveness:* This Asbestos Trust Agreement shall not become effective until it has been executed and delivered by all the parties hereto and until the Effective Date.

[THIS SPACE LEFT BLANK INTENTIONALLY]

IN WITNESS WHEREOF, the parties have executed this Trust Agreement this 28<sup>th</sup> day of July 1998.

TRUSTEE

Mark M. Gleason

SETTLOR

H.K. PORTER COMPANY, INC.

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

TAC COMMITTEE

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

IN WITNESS WHEREOF, the parties have executed this Trust Agreement this 20<sup>th</sup>  
day of July day of 1998.

TRUSTEE

\_\_\_\_\_

SETTLOR

H.K. PORTER COMPANY, INC.

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

TAC COMMITTEE

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

IN WITNESS WHEREOF, the parties have executed this Trust Agreement this 28<sup>th</sup>  
day of July day of 1998.

TRUSTEE

\_\_\_\_\_

SETTLOR

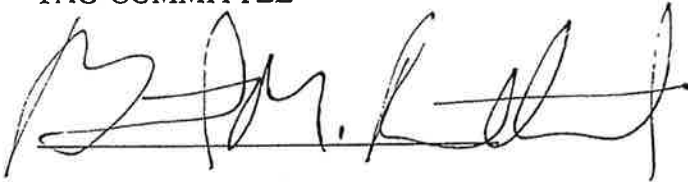
H.K. PORTER COMPANY, INC.

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

TAC COMMITTEE



\_\_\_\_\_

\_\_\_\_\_

IN WITNESS WHEREOF, the parties have executed this Trust Agreement this 28<sup>th</sup>  
day of July day of 1998.

TRUSTEE

\_\_\_\_\_

SETTLOR

H.K. PORTER COMPANY, INC.

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

TAC COMMITTEE

Ray Alutz  
\_\_\_\_\_  
\_\_\_\_\_

IN WITNESS WHEREOF, the parties have executed this Trust Agreement this 28<sup>th</sup>  
day of July day of 1998.

TRUSTEE

\_\_\_\_\_

SETTLOR

H.K. PORTER COMPANY, INC.

By: Kenneth B. McCarthy  
Name: Kenneth B. McCarthy  
Title: President

TAC COMMITTEE

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