

Plan Exhibit 2

**Forms of Hercules Chemical
Company, Inc. Asbestos Trust
Agreement and Trust
Distribution Procedures**

HERCULES CHEMICAL COMPANY, INC.

ASBESTOS TRUST AGREEMENT

HERCULES CHEMICAL COMPANY, INC.

ASBESTOS TRUST AGREEMENT

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HERCULES CHEMICAL COMPANY

ASBESTOS TRUST AGREEMENT

This ASBESTOS TRUST AGREEMENT, dated as of _____, is made by and among Hercules Chemical Company, Inc. (the “Debtor” or “Hercules”), debtor-in-possession in Case No. 08-27822 (MS) in the United States Bankruptcy Court, District of New Jersey (the “Bankruptcy Court”), as the settlor of the trust established pursuant to this Agreement (the “Trust”) in accordance with Hercules’ Plan of Reorganization, filed pursuant to section 1121(a) of chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”) as confirmed by an order of the United States District Court, District of New Jersey (the “District Court”), dated [_____] , 2009 (the “Plan”); the trustee of the Trust appointed as contemplated by Section 5.1 below (the “Trustee”); the Delaware Trustee appointed as contemplated by Section 5.1 below; the members of the Trust Advisory Committee established pursuant to this Agreement and the Plan (the “TAC”) appointed as contemplated by Section 6.1 below; and the legal representative appointed pursuant to 11 U.S.C. § 524(g)(4)(B)(i) by order of the Bankruptcy Court and the District Court for the purpose of protecting the rights of all persons that might assert future asbestos claims against Hercules after Confirmation as contemplated by Section 7.1 below (the “Legal Representative”). All capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Plan. All terms used but not defined herein or in the Plan but defined in the Bankruptcy Code or Bankruptcy Rules shall have the meanings ascribed to them in the Bankruptcy Code and Bankruptcy Rules, as the case may be.

WHEREAS, at the time of the entry of the order for relief in its Reorganization Case, the Debtor was named as defendant in actions involving Asbestos Claims; and

WHEREAS, the Debtor has reorganized under the provisions of chapter 11 of the Bankruptcy Code in a case pending in the Bankruptcy Court known as In re: Hercules Chemical Company, Inc. Case No. 08-27822 (MS); and

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

WHEREAS, the Plan provides, *inter alia*, for the creation of the Trust in accordance with this Agreement; and

WHEREAS, pursuant to the Plan, the Trust is to use its assets and income to satisfy all Asbestos Claims (hereinafter, for ease of reference, “Trust Claims”); and

WHEREAS, it is the intent of the Debtor, the Trustee, the TAC and the Legal Representative that the Trust be administered, maintained and operated at all times through mechanisms that provide reasonable assurance that the Trust will satisfy all Trust Claims in accordance with the Trust Distribution Procedures (the “Trust Distribution Procedures” or “TDP” in substantially the form of Exhibit 2 to the Plan) so that all similar Trust Claims are valued and paid in substantially the same manner and in strict compliance with this Agreement; and

WHEREAS, pursuant to the Plan, the Trust is intended to qualify as a “qualified settlement fund” within the meaning of section 1.468B-1 *et seq.* of the Treasury Regulations promulgated under section 468B of the IRC; and

WHEREAS, the District Court has determined that the Trust and the Plan satisfy all the prerequisites for an injunction pursuant to section 524(g) of the Bankruptcy Code and such injunction has been entered in connection with the Confirmation Order;

NOW, THEREFORE, it is hereby agreed as follows:

Article I. Agreement of Trust

1.1 Creation and Name. The Debtor, as the settlor of the Trust, hereby creates a trust known as the “Hercules Chemical Company, Inc. Asbestos Trust,” which is the Trust provided for and referred to in the Plan. The Trustee may transact the business and affairs of the Trust in the name of the Trust. It is the intention of the parties hereto that the trust created hereby constitutes a statutory trust under Chapter 38 of title 12 of the Delaware Code, 12 Del. C. § 3801 *et seq.* (the “Act”) and that this document, together with the by-laws described herein, constitute the governing instruments of the Trust. The Trustee and the Delaware Trustee are hereby authorized and directed to execute and file a Certificate of Trust with the Delaware Secretary of State.

1.2 Purpose. The purpose of the Trust is to (a) assume all liability for all Trust Claims, (b) preserve, hold, manage and maximize the Asbestos Trust Assets (as defined below) for use in paying and otherwise satisfying Trust Claims and paying the Asbestos Trust Expenses, (c) provide for the allowance or disallowance and, if appropriate, satisfaction of all Trust Claims in accordance with the Trust Distribution Procedures, and (d) otherwise comply in all respects with the requirements of a trust set forth in section 524(g)(2)(B) of the Bankruptcy Code, all in accordance with the Plan and this Agreement.

1.3 Transfer of Assets. Pursuant to the Plan, the Asbestos Trust Assets as defined in the Plan have been issued or transferred to the Trust free and clear of any liens, security interests and other claims or causes of action. In furtherance of the purpose of the Trust, the Trustee, on behalf of the Trust, hereby expressly accepts such issuance and transfer to the Trust of the Asbestos Trust Assets.

1.4 Assumption of Liabilities and Certain Obligations.

(a) In furtherance of the purpose of the Trust, the Trustee, on behalf of the Trust, expressly assumes all liability and responsibility for (i) all Trust Claims and (ii) all Asbestos Trust Expenses. The Trustee, on behalf of the Trust, shall cooperate with Hercules and use commercially reasonable efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things that Hercules may reasonably consider necessary, appropriate or desirable to effect such assumption.

(b) The Trust is, and shall be deemed to be the successor to Hercules for all purposes in respect of Trust Claims, including, but not limited to, for purposes of insurance and indemnity.

(c) The Trust is and shall be deemed to be a party to any settlement agreement with Settling Asbestos Insurance Companies, upon and subject to approval of the Bankruptcy Court;

(d) The Trust shall advocate in any and all actions and proceedings brought against Hercules that involve Trust Claims that such Claims are and have been channeled to the Trust and shall cooperate with Hercules in any and all such actions and proceedings.

(e) Except as otherwise provided in this Agreement and the Trust Distribution Procedures, the Trust shall have all defenses, cross-claims, offsets and recoupments, as well as rights of indemnification, contribution, subrogation and similar rights, regarding Trust Claims that any reorganized debtor has under applicable law. Regardless of the foregoing, however, except as otherwise provided in Section 5.1(a)(2) of the Trust Distribution Procedures, a claimant must meet otherwise applicable federal, state and foreign statutes of limitations and repose.

(f) If any action or proceeding is brought after Confirmation against Hercules, the Reorganized Debtor, or the ESOP Trust (together, the “Indemnified Parties”) related to any Trust Claims, whether civil, administrative or arbitral, including without limitation indemnification or contribution for such Claims prosecuted against any of the Indemnified Parties, the Trust shall advocate that such Claims be channeled to the Trust, and the Trust shall cooperate with the Indemnified Parties in any and all such actions and proceedings. The Trust shall indemnify and hold the Indemnified Parties harmless from any such action or proceeding, shall be responsible for the payment of all reasonable out-of-pocket fees and expenses and attorneys’ fees and expenses, damages, awards, judgments, settlements or other liabilities arising from, associated with or reasonably incurred by or on behalf of the Indemnified Parties on or after the Effective Date in connection with any such action or proceeding, and shall pay or reimburse all deductibles, retrospective premium adjustments, or other charges which may arise from the receipt of insurance proceeds by the Trust.

(g) Nothing in this Agreement shall be construed in any way to limit the scope, enforceability or effectiveness of any injunction issued pursuant to Section 524(g) of the Bankruptcy Code in connection with the Plan or the Trust’s assumption of all liability for Trust Claims, subject to the provision of Section 1.4(c) above.

Article II. Powers and Trust Administration

2.1 Powers.

(a) The Trustee is, and shall act as, the fiduciary to the Trust in accordance with the provisions of this Agreement, the Trust Distribution Procedures and the Plan. The Trustee shall at all times administer the Trust and the Asbestos Trust Assets in accordance with the purpose set forth in Section 1.2 above. Subject to the Plan and this Agreement, the Trustee shall have the power to take any and all actions that he may consider necessary, appropriate or desirable to fulfill the purpose of the Trust, including without limitation each power expressly granted in this Section 2.1, any power reasonably incidental thereto and any trust power now or hereafter permitted under the laws of the State of Delaware.

(b) Except as required by applicable law, the Plan or this Agreement, the Trustee need not obtain the order or approval of any court in the exercise of any power or discretion conferred hereunder.

(c) Subject to and without limiting the generality of Section 2.1(a) above, and except as limited below, the Trustee shall have the power to:

(i) receive and hold the Asbestos Trust Assets and exercise all rights and powers with respect thereto, including without limitation voting and dispositive powers with respect thereto;

(ii) invest the monies held from time to time by the Trust;

(iii) sell, transfer or exchange any or all of the Asbestos Trust Assets at such prices and upon such terms as the Trustee may consider necessary, appropriate or desirable in fulfilling the purpose of the Trust;

(iv) enter into such leasing and financing agreements with third parties as the Trustee may consider necessary, appropriate or desirable in fulfilling the purpose of the Trust;

(v) pay liabilities and expenses of the Trust, including without limitation the Asbestos Trust Expenses;

(vi) establish funds, reserves and accounts within the Trust estate, as contemplated by Article IV below;

(vii) sue and be sued and participate, as a party or otherwise, in any judicial, administrative, arbitative or other proceeding;

(viii) establish, supervise and administer the Trust in accordance with this Agreement and the Trust Distribution Procedures;

(ix) appoint such officers and hire such employees and engage such legal, financial, accounting, investment, auditing and forecasting and other advisors, consultants, independent contractors and agents and, to the extent permitted by the fiduciary duties of the Trustee, delegate to such persons such powers and authorities, in each case as the Trustee may consider necessary, appropriate or desirable in fulfilling the purpose of the Trust;

(x) pay any officers, employees, legal, financial, accounting, investment, auditing and forecasting and other advisors, consultants, independent contractors and agents engaged by the Trust, including without limitation those engaged by the Trust in connection with its alternative dispute resolution activities pursuant to Section 8.12 below, reasonable compensation;

(xi) compensate the Trustee, the Delaware Trustee, the TAC members, the Legal Representative and their respective officers, employees, legal, financial, accounting, investment, auditing and forecasting and other advisors, consultants, independent contractors and

agents, and reimburse the Trustee, the Delaware Trustee, each member of the TAC, and the Legal Representative any out-of-pocket fees and expenses reasonably incurred by or on behalf of him, her or it in connection with the performance of his, her or its duties hereunder, all as provided below;

(xii) execute and deliver such instruments as the Trustee may consider necessary, appropriate or desirable in fulfilling the purpose of the Trust;

(xiii) enter into such other arrangements with third parties as the Trustee may consider necessary, appropriate or desirable in fulfilling the purpose of the Trust, provided such arrangements do not conflict with any other provision of this Agreement;

(xiv) in accordance with Section 5.6 below, defend, indemnify and hold harmless (and purchase insurance indemnifying) the Trustee the TAC, the Delaware Trustee, the Legal Representative, the officers and employees of the Trust and any advisors, consultants and agents of the Trust, the TAC or the Legal Representative (collectively, the "Additional Indemnitees"), to the fullest extent that a corporation or trust organized under the laws of the State of Delaware is from time to time entitled to indemnify and/or insure its directors, trustee, officers, employees, advisors, consultants and agents;

(xv) delegate any or all of the authority herein conferred with respect to the investment of all or any portion of the Asbestos Trust Assets to any one or more reputable individuals or recognized institutional investment advisors or investment managers without liability for any action taken or omission made because of any such delegation, except as provided in Section 5.4 below; and

(xvi) consult with the Debtor, the TAC or the Legal Representative at such times and with respect to such issues relating to the conduct of the Trust as the Trustee may consider necessary, appropriate or desirable; and

(xvii) make, pursue (by litigation or otherwise), collect, compromise or settle, in the name of the Trust, any claim, right, action or cause of action included in the Asbestos Trust Assets including, but not limited to, insurance recoveries, before any court of competent jurisdiction provided that settlement of actions before the Bankruptcy Court require the approval of the Bankruptcy Court after notice in accordance with the Bankruptcy Code and Federal Rules of Bankruptcy Procedure.

(d) Notwithstanding anything to the contrary contained herein, the Trustee shall not have the power to guarantee any debt.

(e) The Trustee shall give the TAC and the Legal Representative prompt notice of any act performed or taken pursuant to Section 2.1(c)(i), (iii), (vii) or (xv) above and any act proposed to be performed or taken of the type described in Section 2.2(e) below.

2.2 General Administration.

(a) The Trustee may adopt and act in accordance with written bylaws (the “Trust Bylaws”). To the extent not inconsistent with this Agreement, the Trust Bylaws shall govern the affairs of the Trust. In the event of an inconsistency between the Trust Bylaws and this Agreement or the Plan, this Agreement and the Plan shall govern.

(b) The Trustee shall timely account to the Bankruptcy Court as follows:

(i) The Trustee shall cause to be prepared and filed with the Bankruptcy Court, as soon as available and in any event within one hundred twenty (120) days following the end of each fiscal year of the Trust, an annual report containing financial statements of the Trust (including without limitation a balance sheet of the Trust as of the end of such fiscal year and a statement 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 Trust 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 Debtor, the TAC and the Legal Representative when such reports are filed with the Bankruptcy Court.

(ii) Simultaneously with delivery of each set of financial statements referred to in Section 2.2(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 Trust Claims disposed of during the period covered by the financial statements. The Trustee shall provide a copy of such report to the Debtor, the TAC and the Legal Representatives when such report is filed.

(iii) All materials required to be filed with the Bankruptcy Court by this Section 2.2(b) shall be available for inspection by the public in accordance with procedures established by the Bankruptcy Court and shall be filed with the United States Trustee.

(c) The Trustee shall cause to be prepared as soon as practicable prior to the commencement of each fiscal year of the Trust a budget and cash flow projections covering such fiscal year and the succeeding four fiscal years. The budget and cash flow projections shall include a determination of the “Maximum Annual Payment” pursuant to Section 5.2 of the Trust Distribution Procedures. Within ten (10) days of the preparation thereof, the Trustee shall provide a copy of the budget and cash flow projections to the TAC and the Legal Representative.

(d) The Trustee shall consult with both the TAC and the Legal Representative (i) on the general implementation and administration of the Trust, including without limitation with respect to any account or reserve established in accordance with Section 4.1 below, (ii) on the general implementation and administration of the Trust Distribution Procedures, and (iii) on such other matters as may be required under this Agreement or the Trust Distribution Procedures.

(e) The Trustee shall be required to obtain the consent of both the TAC and the Legal Representative pursuant to the consent process set forth in Section 6.7(b) and 7.7(b) below, as the case may be, in addition to any other instances elsewhere enumerated herein, in order:

(i) to change the “Disease Levels,” “Scheduled Values” and/or “Medical/Exposure Criteria” set forth in Section 5.3(a)(3) of the Trust Distribution Procedures and/or the “Maximum Values” set forth in Section 5.3(b) of the Trust Distribution Procedures;

(ii) to change the “Payment Percentage” described in Section 2.3 of the Trust Distribution Procedures as provided in Section 4.2 of the Trust Distribution Procedures;

(iii) to establish and/or to change the “Claims Materials” to be provided holders of Trust Claims under Section 6.1 of the Trust Distribution Procedures;

(iv) to require that claimants provide additional kinds of medical and/or exposure evidence pursuant to Section 5.7 of the Trust Distribution Procedures;

(v) to change the form of release to be provided pursuant to Section 7.8 of the Trust Distribution Procedures;

(vi) to terminate the Trust pursuant to Section 8.2(a)(i) or (ii) below;

(vii) to change the compensation of the Trustee, the Delaware Trustee, the members of the TAC, or the Legal Representative, other than to reflect reasonable cost-of-living increases or changes approved by the Bankruptcy Court as otherwise provided herein;

(viii) to take structural or other actions to minimize any tax on the Asbestos Trust Assets;

(ix) to amend any provision of this Agreement in accordance with the terms hereof;

(x) to amend any provision of the Trust Distribution Procedures in accordance with the terms thereof;

(xi) to adopt the Trust Bylaws in accordance with Section 2.2(a) above or thereafter to amend the Trust Bylaws in accordance with the terms thereof;

(xii) to merge with or to acquire an interest in any asbestos claims resolution organization formed by the Trust with another asbestos claims resolution organization that is not specifically created by this Agreement or the Trust Distribution Procedures or contract with another asbestos claims resolution organization or any other entity that is not specifically created by this Agreement or the Trust Distribution Procedures or permit any other party to join in any asbestos claims resolution organization that may be formed by the Trust pursuant to this Agreement or the Trust Distribution Procedures; provided that any such merger, acquisition or contract or joinder shall not (a) subject Hercules to any risk of having any Trust Claim asserted against it or (b) otherwise jeopardize the validity or enforceability of the Supplemental

Injunction; and provided, further, that the terms of any such merger will require the surviving organization to make decisions about the allowability and value of Trust Claims in accordance with the Trust Distribution Procedures.

(f) For all purposes of this Trust Agreement and the Act, the consent of the TAC and the Legal Representative shall be deemed the consent of the beneficial owners of the Trust, including the holders of Trust Claims and any other Person (as defined in the Act) that may be deemed a beneficial owner of the Trust.

(g) The Trustee shall meet with the TAC and the Legal Representative no less often than quarterly. The Trustee shall meet with the TAC and the Legal Representative between such quarterly meetings at mutually convenient times and locations when so requested by either the TAC or the Legal Representative.

(h) The Trustee, upon notice from either the TAC or the Legal Representative, if practicable in view of pending business, shall, at their next meeting with the TAC or the Legal Representative, as the case may be, consider issues submitted by either of them.

(i) Periodically, but not less often than once a year, the Trustee shall make available to holders of Trust Claims and other interested parties the number of Trust Claims by disease levels that have been resolved by arbitration, as well as by trial, indicating the amounts of the awards and the averages of the awards by jurisdiction pursuant to Section 7.10 of the Trust Distribution Procedures.

(j) The Trustee shall comply with the obligations set forth in Section 3.3 of this Trust Agreement.

2.3 Claims Administration. The Trustee shall promptly proceed to implement the Trust Distribution Procedures.

Article III. Qualified Settlement Fund

3.1 Tax Treatment. The Trust is intended to be treated for U.S. federal income tax purposes as a “qualified settlement fund” as described within section 1.468B-1 *et seq.* of the Treasury Regulations. Accordingly, for all U.S. federal income tax purposes the transfer of assets to the Trust will be treated as a transfer to a trust satisfying the requirements of section 1.468B-1(c) of the Treasury Regulations by the Debtor, as transferors, for distribution to holders of Trust Claims and in complete settlement of such Claims. Any income on the assets of the Trust will be treated as subject to tax on a current basis, and all distributions pursuant to the Plan will be made net of provision for taxes and subject to the withholding and reporting requirements set forth in the Plan and this Agreement.

3.2 No Right to Reversion with respect to Asbestos Trust Assets. Hercules will have no rights to any refunds or reversion with respect to any Asbestos Trust Assets or any earnings thereon.

3.3 Obligations of the Trustee.

(a) The Trustee shall be the “administrator” (as defined in section 1.468B-2(k) of the Treasury Regulations) of the Trust and shall (a) timely file such income tax and other returns and statements and timely pay all taxes required to be paid from the assets in the Trust as required by law and in accordance with the provisions of the Plan and this Agreement, (b) comply with all withholding obligations, as required under the applicable provisions of the IRC and of any state law and the regulations promulgated thereunder, (c) meet all other requirements necessary to qualify and maintain qualification of the Trust as a “qualified settlement fund” within the meaning of section 1.468B-1 *et seq.* of the Treasury Regulations, and (d) take no action that could cause the Trust to fail to qualify as a “qualified settlement fund” within the meaning of section 1.468B-1 *et seq.* of the Treasury Regulations.

(b) At the discretion of the Trustee, the Trustee shall obtain a Qualified Appraisal of the fair market value of the assets transferred to the Trust.

3.4 Obligations of the Debtor.

(a) The Debtor shall use the Qualified Appraisal obtained by the Trustee for purposes of its tax returns.

(b) Following the funding of the Trust and the receipt of the Qualified Appraisal pursuant to Section 3.3(b) above (and in no event later than February 15th of the calendar year following the date of this Agreement), the Debtor shall provide, or cause to be provided, to the Trustee a “§ 1.468B-3 Statement” in accordance with section 1.468B-3 of the Treasury Regulations. Following any subsequent transfers of cash or other property to the Trust, the transferor shall provide, or cause to be provided, to the Trustee a “§ 1.468B-3 Statement” on or before February 15th of the calendar year following the date of each such transfer.

3.5 No Contravention of Requirements. No provision in this Agreement or the Trust Distribution Procedures shall be construed to mandate any distribution on any Claim or other action that would contravene the Trust’s compliance with the requirements of a “qualified settlement fund” within the meaning of section 1.468B-1 *et seq.* of the Treasury Regulations promulgated under section 468B of the IRC.

Article IV. Accounts, Investments and Payments

4.1 Accounts.

(a) The Trustee may from time to time create such accounts and reserves within the Trust estate as he may consider necessary, appropriate or desirable in order to provide for payment, or to make provisions for future payment, of Trust Claims in accordance with the Trust Distribution Procedures or to provide for payment, or to make provisions for future payment, of Asbestos Trust Expenses of the Trust in accordance with this Agreement and may, with respect to any such account or reserve, restrict the use of monies therein.

(b) The Trustee shall include a reasonably detailed description of the creation of any account or reserve in accordance with this Section 4.1 and, with respect to any such

account, the transfers made to such account, the proceeds of or earnings on the assets held in each such account and the payments from each such account in the accounts to be filed with the Bankruptcy Court and provided to the Debtor, the TAC and the Legal Representative pursuant to Section 2.2(b)(i) above.

4.2 Investments. Investment of monies held in the Trust shall be administered in a manner consistent with the standards set forth in the Uniform Prudent Investor Act, subject to the following limitations and provisions:

(a) The Trust may invest in well diversified equity portfolios that have characteristics similar to a broad equity market index, e.g., S&P 500, Russell 1000 Index, MSCI EAFE Index. The Trust shall not acquire, directly or indirectly, equity in any entity or business enterprise if, immediately following such acquisition, the Trust would hold more than 5% of the equity in such entity or business enterprise. The Trust shall not hold, directly or indirectly, more than 10% of the equity in any entity or business enterprise.

(b) The Trust shall not acquire or hold for longer than ninety (90) days any long-term debt securities unless (i) such securities are Trust assets under the Plan, (ii) such securities are rated “Baa” or higher by Moody’s, “BBB” or higher by Standard & Poor’s (“S&P”), or have been given an equivalent investment grade rating by another nationally recognized statistical rating agency, or (iii) such assets have been issued or fully guaranteed as to principal and interest by the United States of America or any agency or instrumentality thereof. This restriction does not apply to any pooled investment vehicles where pooled assets receive a “BBB” rating or above by a nationally recognized rating agency.

(c) Notwithstanding (b) above, the Trust may acquire or hold non-investment grade debt securities for longer than ninety (90) days if the Trust holds these securities as part of the Trust’s intermediate-term bond manager portfolio, and such securities represent no more than 5% of the bond manager’s portfolio. However, the Trust may not acquire or hold non-investment grade debt securities for longer than ninety (90) days in an amount that exceeds 5% of the aggregate market value of the total assets of the Trust.

(d) The Trust shall not acquire or hold for longer than ninety (90) days any commercial paper unless such commercial paper is rated “Prime-1” or higher by Moody’s or “A-1” or higher by S&P, or has been given an equivalent rating by another nationally recognized statistical rating agency.

(e) The Trust shall not acquire any debt securities or other instruments issued by any entity if, following such acquisition, the aggregate market value of all debt securities and instruments issued by such entity held by the Trust would exceed 5% of the aggregate value of the Trust’s assets. There is no limitation on holding debt securities or other instruments issued or fully guaranteed as to principal and interest by the United States of America or any agency or instrumentality thereof.

(f) The Trust shall not acquire or hold any certificates of deposit unless all publicly held, long-term debt securities, if any, of the financial institution issuing the certificate of deposit and the holding company, if any, of which such financial institution is a subsidiary, meet the standards set forth in Section 4.2(b) above.

(g) The Trust shall not acquire or hold any repurchase obligations unless, based on the advice of the Trust's investment managers and advisors, they are adequately collateralized.

(h) Based on the advice and recommendation of its investment managers, the Trust may allow its investment managers to prudently acquire or hold derivative instruments like options and futures in the normal course of portfolio management. Specifically, the Trust may acquire or hold derivatives to manage portfolio risk, including, but not limited to, interest rate risk and equity market risk.

(i) The Trust may lend securities on a short-term basis, subject to adequate, normal and customary collateral arrangements.

(j) Notwithstanding (a) above, the Trust may acquire and hold an equity interest in a claims resolution organization without limitation as to the size of the equity interest acquired and held if prior to such acquisitions, the Trust complies with the provisions of Section 2.2(e)(xii) hereof with respect to the acquisition.

(k) Notwithstanding anything to the contrary in article 4.2(a)-(j), in order to reduce portfolio volatility and portfolio risk, the Trust may acquire or hold Hedge Funds (defined below). The investments made by any Hedge Fund need not comply with investment guidelines set forth in article 4.2(a)-(j) and shall not be deemed acquired or held by the Trust for purposes of this article 4.2. The Trust shall not acquire an interest in a particular Hedge Fund if, immediately following such acquisition, the aggregate market value of the Trust's interest in such Hedge Fund would exceed 2% of the aggregate market value of the Trust's assets. Trust shall not hold an interest in a particular Hedge Fund to the extent that the aggregate market value of the Asbestos PI Trust's interest in such Hedge Fund would exceed 4% of the aggregate market value of the Trust estate. The Trust shall not acquire an interest in a Hedge Fund if, immediately following such acquisition, the aggregate market value of the Trust's interest in all Hedge Funds would exceed 10% of the aggregate market value of the Trust estate. The Trust shall not hold an interest in a Hedge Fund to the extent that the aggregate market value of the Trust's interest in such Hedge Fund would exceed 12% of the aggregate market value of the Trust's assets. A Hedge Fund is a single investment fund, with one or more investment strategies, and that invests in equities, fixed income instruments, convertible bonds, preferred stocks or such other instruments that, in the opinion of the manager(s), will fulfill the fund's investment strategy(ies). In light of the investment objective of reducing volatility and risk, the Trust shall hold or acquire only Hedge Funds that have little or minimal leverage and little or minimal exposure to illiquid investments.

4.3 Source of Payments.

(a) All payments to be made by the Trust, including without limitation payments in respect of Trust Claims and the Asbestos Trust Expenses, shall be payable solely by the Trustee out of the Asbestos Trust Assets. The Debtor, any subsidiaries or the present or former directors, officers, employees, advisors, consultants or agents of any of them, or the Trustee, the Delaware Trustee, the TAC or the Legal Representative or the present or former officers, employees, advisors, consultants or agents of any of them, shall not be liable for the

payment of any Trust Claim or any Asbestos Trust Expense or other liability of the Trust. Nothing herein shall be deemed to waive any rights under any insurance policy in respect of any Trust Claims or Asbestos Trust Expenses or other liability of the Trust.

(b) The Trustee shall include a reasonably detailed description of any payments made in accordance with this Section 4.3 in the accounts to be filed with the Bankruptcy Court and provided to the Company, the TAC and the Legal Representative pursuant to Section 2.2(b)(i) above.

Article V. Trustee; Delaware Trustee

5.1 Initial Trustee.

(a) In addition to the Delaware Trustee appointed pursuant to Section 5.11, there shall be 1 (one) Trustee. The initial Trustee is the individual identified on the signature page hereof.

5.2 Term of Service.

(a) Subject to the other provisions of this Article V, the Trustee shall serve until the earliest of (i) his death, (ii) his resignation pursuant to Section 5.2(b) below, (iii) his removal pursuant to Section 5.2(c) below, or (iv) the termination of the Trust pursuant to Section 8.2 below.

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

(c) The Trustee may be removed by unanimous vote of the TAC members and the Legal Representative and subject to approval of the Bankruptcy Court or otherwise by order of the Bankruptcy Court in the event that the Trustee becomes unable to discharge his or her duties hereunder due to accident or physical or mental deterioration, or for other good cause. Good cause shall be deemed to include, without limitation, any substantial failure to comply with the general administration provisions of Section 2.2 above, a consistent pattern of neglect and failure to perform or participate in performing the duties of the Trustee hereunder, or repeated non-attendance at scheduled meetings. Such removal shall require the approval of the Bankruptcy Court and shall take effect at such time as the Bankruptcy Court shall determine.

5.3 Successor Trustee.

(a) In the event of a vacancy in the position of Trustee, whether by term expiration, resignation or removal, the TAC and the Legal Representative shall consult concerning appointment of the successor Trustee (the "Successor Trustee"). The vacancy shall be filled by the unanimous vote of TAC and the Legal Representative and be subject to the approval of the Bankruptcy Court. In the event that the TAC and the Legal Representative cannot agree on the proposed Successor Trustee, the Bankruptcy Court shall make the

appointment. Nothing shall prevent the reappointment of a Trustee for an additional term or terms.

(b) Immediately upon the appointment of any successor Trustee, all rights, titles, duties, powers and authority of the predecessor Trustee hereunder shall be vested in, and undertaken by, the successor Trustee without any further act. No successor Trustee shall be liable personally for any act or omission of his or her predecessor Trustee.

(c) Each successor Trustee shall serve until the earliest of (i) his or her death, (ii) his or her resignation pursuant to Section 5.2(b) above, (iii) his or her removal pursuant to Section 5.2(c) above, or (iv) the termination of the Trust pursuant to Section 8.2 below.

5.4 Liability of Trustee, Officers and Employees.

(a) The Trustee and the entities and individuals identified as Additional Indemnitees in Section 2.1(c)(xiv) above shall not be liable to the Trust, to any individual holding a Trust Claim, or to any other person, except for any such entity's or individual's own breach of trust committed in bad faith or willful misconduct. In addition, no Trustee or Additional Indemnitee shall be liable for any act or omission of another, unless such Trustee or Additional Indemnitee acted with bad faith in the selection or retention of such Trustee or Additional Indemnitee.

(b) To the extent that, at law or in equity, the Delaware Trustee has duties (including fiduciary duties) and liabilities relating thereto to the Trust, and beneficial owner, or to any other Person (as defined in the Act), the Delaware Trustee acting under this Agreement shall not be liable to the Trust, any beneficial owner, or to any other Person (as defined in the Act) for its good faith reliance on the provisions of this Agreement subject to the standard of care in (a) above. The provisions of this Agreement, to the extent that they restrict or eliminate the duties and liabilities of the Delaware Trustee otherwise existing at law or in equity are agreed by the parties hereto to replace such other duties and liabilities of the Delaware Trustee.

(c) Notwithstanding any other provision of this Agreement or otherwise applicable law, whenever in this Agreement the Delaware Trustee may be permitted or required to make a decision in its "good faith" or under another express standard, the Delaware Trustee shall act under such express standard and shall not be subject to any other or different standard.

5.5 Compensation and Expenses of Trustee.

(a) The Trustee shall receive compensation from the Trust for his or her services as a Trustee at a reasonable hourly rate or such other terms as the TAC and Legal Representative deem appropriate. Any dispute over the compensation of the Trustee shall be resolved in accordance with Section 8.12 below. The Delaware Trustee shall be paid such compensation as is agreed pursuant to a separate fee agreement approved by the TAC and Legal Representative.

(b) The Trust shall promptly reimburse the Trustee and Delaware Trustee for any out-of-pocket fees and expenses reasonably incurred by the Trustee or the Delaware Trustee

in connection with the performance of his or her duties as a Trustee or its duties as the Delaware Trustee. The Trustee shall also be compensated for pre-Effective Date activities and expenses related to the establishment of the Trust.

(c) The Trustee shall include a reasonably detailed description of the amounts paid under this Section 5.5 in the accounts to be filed with the Bankruptcy Court and provided to the Debtor, the TAC and the Legal Representative pursuant to Section 2.2(b)(i) above.

5.6 Indemnification of Trustee and Additional Indemnitees.

(a) The Trust shall indemnify and defend each Trustee and each Additional Indemnitee in the performance of his, her or its duties hereunder to the fullest extent that a statutory trust organized under the laws of the State of Delaware is from time to time entitled to indemnify and defend such person against any and all liabilities, expenses, claims, damages or losses incurred by or on behalf of him, her or it in the performance of his, her or its duties. Notwithstanding the foregoing, no Trustee or Additional Indemnitee shall be indemnified or defended in any way for any liability, expense, claim, damage or loss for which he or she is ultimately liable under Section 5.4 above.

(b) Any fees and expenses reasonably incurred by or on behalf of a Trustee or an Additional Indemnitee in connection with any action, suit or proceeding, whether civil, administrative or arbitrative, from which he, she or it is indemnified by the Trust pursuant to Section 5.6(a) above, including without limitation out-of-pocket fees and expenses and attorneys' fees and expenses, shall be paid by the Trust in advance of the final disposition thereof upon receipt of an undertaking, by or on behalf of the Trustee or Additional Indemnitee, as the case may be, to repay such amount in the event that it shall be determined by a Final Order that such Trustee or Additional Indemnitee is not entitled to be indemnified by the Trust.

(c) The Trustee may purchase and maintain reasonable amounts and types of insurance on behalf of an individual who is or was a Trustee or an Additional Indemnitee, including against liability asserted against or incurred by such individual in that capacity or arising from his or her status as a Trustee, a member of the TAC, the Legal Representative, an officer or employee of the Trust or an advisor, consultant or agent of the Trust, the TAC or the Legal Representative.

5.7 Trustee's Lien. The Trustee and the Additional Indemnitees shall have a first priority lien upon the Asbestos Trust Assets to secure the payment of any amounts payable to them pursuant to Section 5.6 above.

5.8 Trustee's Employment of Experts; Delaware Trustee's Employment of Counsel.

(a) The Trustee may, but shall not be required to, retain and/or consult with counsel, accountants, appraisers, auditors, forecasters, experts, financial and investment advisors and such other parties deemed by the Trustee to be qualified as experts on any matter submitted to them, and, in the absence of gross negligence, the written opinion of or information provided by any such party deemed by the Trustee to be an expert on the particular matter submitted to him or her 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 or information provided by any such party.

(b) The Delaware Trustee shall be permitted to retain counsel only in such circumstances as required in the exercise of its obligations hereunder and compliance with the advice of such counsel shall be full and complete authorization and protection for actions taken or not taken by the Delaware Trustee in good faith in compliance with such advice.

5.9 Trustee's Independence. No Trustee shall, during the term of his or her service, (a) hold a financial interest in, or act as attorney or agent or serve as any other professional for Hercules or (b) act as an attorney for any person who holds a Trust Claim. For avoidance of doubt, this Section shall not be applicable to the Delaware Trustee.

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

5.11 Delaware Trustee.

(a) There shall at all times be a Delaware Trustee. The Delaware Trustee shall either be (i) a natural person who is at least 21 years of age and a resident of the State of Delaware or (ii) a legal entity that has its principal place of business in the State of Delaware, otherwise meets the requirements of applicable Delaware law and shall act through one or more persons authorized to bind such entity. If at any time the Delaware Trustee shall cease to be eligible in accordance with the provisions of this Section 5.11, it shall resign immediately in the manner and with the effect hereinafter specified in Section 5.11(c) below. For the avoidance of doubt, the Delaware Trustee will only have such rights and obligations as expressly provided by reference to the Delaware Trustee hereunder.

(b) The Delaware Trustee shall not be entitled to exercise any powers, nor shall the Delaware Trustee have any of the duties and responsibilities, of the Trustee set forth herein (including in the event of a vacancy of the Trustee). The Delaware Trustee shall be one of the trustees of the Trust for the sole and limited purpose of fulfilling the requirements of Section 3807 of the Act and for taking such actions as are required to be taken by a Delaware Trustee under the Act. The duties (including fiduciary duties), liabilities, and obligations of the Delaware Trustee shall be limited to (i) accepting legal process served on the Trust in the State of Delaware and (ii) the execution of any certificates required to be filed with the Secretary of State of the State of Delaware that the Delaware Trustee is required to execute under Section 3811 of the Act and there shall be no other duties (including fiduciary duties) or obligations, express or implied, at law or in equity, of the Delaware Trustee.

(c) The Delaware Trustee shall serve until such time as the Trustee removes the Delaware Trustee or the Delaware Trustee resigns and a successor Delaware Trustee is appointed by the Trustee in accordance with the terms of Section 5.11(d) below. The Delaware Trustee may resign at any time upon the giving of at least 60 days' advance written notice to the Trustee; provided, that such resignation shall not become effective unless and until a successor Delaware Trustee shall have been appointed by the Trustee in accordance with Section 5.11(d) below. If the Trustee does not act within such 60-day period, the Delaware Trustee may apply to

the Court of Chancery of the State of Delaware for the appointment of a successor Delaware Trustee.

(d) Upon the resignation or removal of the Delaware Trustee, the Trustee shall appoint a successor Delaware Trustee by delivering a written instrument to the outgoing Delaware Trustee. Any successor Delaware Trustee must satisfy the requirements of Section 3807 of the Act. Any resignation or removal of the Delaware Trustee and appointment of a successor Delaware Trustee shall not become effective until a written acceptance of appointment is delivered by the successor Delaware Trustee to the outgoing Delaware Trustee and the Trustees and any fees and expenses due to the outgoing Delaware Trustee are paid. Following compliance with the preceding sentence, the successor Delaware Trustee shall become fully vested with all of the rights, powers, duties and obligations of the outgoing Delaware Trustee under this Agreement, with like effect as if originally named as Delaware Trustee, and the outgoing Delaware Trustee shall be discharged of its duties and obligations under this Agreement.

Article VI. Trust Advisory Committee

6.1 Initial Members of the TAC.

(a) The TAC shall consist of three (3) individuals. The initial members of the TAC are those individuals selected by the Asbestos Claimants' Committee, identified on the signature page hereof.

(b) Each initial member of the TAC shall serve until the earliest of (i) the end of his or her term pursuant to Section 6.3(a) below, (ii) his or her death, (iii) his or her resignation pursuant to Section 6.3(b) below, (iv) his or her removal pursuant to Section 6.3(c) below, or (v) the termination of the Trust pursuant to Section 8.2 below.

6.2 Duties. The members of the TAC shall serve in a fiduciary capacity, representing all of the holders of Asbestos Related Claims for the purpose of protecting the rights of such persons. The Trustee must consult with the TAC on matters identified in Section 2.2(d) above and in other provisions herein and must obtain the consent of the TAC on matters identified in Section 2.2(e) above.

6.3 Term of Office.

(a) The initial members of the TAC appointed in accordance with Section 6.1(a) above shall serve the staggered three-, four-, or five-year terms shown on the signatures pages hereof. Thereafter, each term of service shall be five (5) years. Each member of the TAC shall serve until the earliest of (i) the end of his or her first full term of office, (ii) his or her death, (iii) his or her resignation, (iv) his or her removal, or (v) the termination of the Trust, in each case as specified in 6.1(b) or 6.4(b), as applicable. A member of the TAC may re-designate his- or herself.

(b) A member of the TAC may resign at any time by written notice to the other members of the TAC, the Trustee and the Legal Representative. Such notice shall specify

a date when such resignation shall take effect, which shall not be less than ninety (90) days after the date such notice is given, where practicable.

(c) A member of the TAC may be removed in the event that he or she becomes unable to discharge his or her duties hereunder due to accident, physical deterioration, mental incompetence, a consistent pattern of neglect and failure to perform or to participate in performing the duties of such member (such as repeated nonattendance of scheduled meetings) or for other good cause. Such removal shall be made at the recommendation of the other members of the TAC with the approval of the Bankruptcy Court.

6.4 Successor Members of the TAC.

(a) If, prior to the termination of service of a member of the TAC other than as a result of removal, he or she has designated in writing an individual to succeed him or her as a member of the TAC, such individual shall be his or her successor. If such member of the TAC did not designate an individual to succeed him or her prior to the termination of his or her service as contemplated above, such member's law firm may designate his or her successor. If (i) a member of the TAC did not designate an individual to succeed him or her prior to the termination of his or her service and such member's law firm does not designate his or her successor as contemplated above or (ii) he or she is removed pursuant to Section 6.3(c) above, his or her successor shall be appointed by a majority of the remaining members of the TAC or, if such members cannot agree on a successor, the Bankruptcy Court. Nothing in this Agreement shall prevent the reappointment of an individual serving as a member of the TAC for an additional term or terms.

(b) Each successor member of the TAC shall serve until the earliest of (i) the end of a full term of five (5) years for which he or she was appointed if his or her immediate predecessor member of the TAC completed his or her term pursuant to Section 6.3(a) above, (ii) the end of the term of the member of the TAC whom he or she replaced if his or her predecessor member did not complete such term, (iii) his or her death, (iv) his or her resignation pursuant to Section 6.3(c) above, (v) his or her removal pursuant to Section 6.3(c) above, or (vi) the termination of the Trust pursuant to Section 8.2 below.

6.5 TAC's Employment of Professionals.

(a) The TAC may, but is not required to, retain and/or consult counsel, accountants, appraisers, auditors, forecasters, experts, financial and investment advisors and such other parties deemed by the TAC to be qualified as experts on any matter submitted to the TAC (the "TAC Professionals"); provided that the TAC, with the consent of the Legal Representative, shall retain an independent auditor to perform a general audit of the Trust's operations on no less than a yearly basis. The TAC and the TAC Professionals shall at all times have complete access to the Trust's officers, employees and agents, as well as to any counsel, accountants, appraisers, auditors, forecasters, experts and financial or investment advisors retained by the Trust, and shall also have complete access to all information generated by them or otherwise available to the Trust or the Trustee; provided that in no event shall the TAC, its members or the TAC Professionals (i) have any role, whether by consent, consultation or otherwise, in the Trust's selection of counsel, experts or other professionals to defend claims against the Trust that are

tendered to any insurer for defense or (ii) have any right to consult with or obtain information from the Trust or anyone employed by the Trust concerning the defense of any such claims; and provided, further, that in no event shall the TAC, its members or the TAC Professionals have any right to consult with counsel to the Trust or obtain any information in such a manner as would result in the waiver of attorney-client or other applicable privilege belonging to the Trust. In the absence of gross negligence, the written opinion of or information provided by any TAC Professional deemed by the TAC to be qualified as an expert on the particular matter submitted to the TAC shall be full and complete authorization and protection in support of any action taken or not taken by the TAC in good faith and in accordance with the written opinion of or information provided by such TAC Professional.

(b) The Trust shall promptly reimburse, or pay directly if so instructed, the TAC for any reasonable fees and expenses associated with the TAC's employment of legal counsel pursuant to this provision in connection with the TAC's performance of its duties hereunder. The Trust shall also promptly reimburse, or pay directly if so instructed, the TAC for any reasonable fees and expenses associated with the TAC's employment of any other TAC Professional pursuant to this provision in connection with the TAC's performance of its duties hereunder; provided, however, that (i) the TAC has first submitted to the Trust a written request for such reimbursement setting forth the reasons (A) why the TAC desires to employ such TAC Professional and (B) why the TAC cannot rely on any counsel, accountant, appraiser, auditor, forecaster, expert or financial or investment advisor retained by the Trust to meet the need of the TAC for such expertise or advice and (ii) the Trust has approved the TAC's request for reimbursement in writing. If the Trust agrees to pay for the TAC Professional, such reimbursement shall be treated as an Asbestos Trust Expense of the Trust. If the Trust declines to pay for the TAC Professional, it must set forth its reasons in writing. If the TAC still desires to employ such TAC Professional at the expense of the Trust, the TAC and/or the Trustee shall resolve their dispute in accordance with Section 8.12 below.

6.6 Compensation and Expenses of TAC. Each member of the TAC shall receive compensation from the Trust for attendance at meetings or other Trust business performed in the form of a reasonable hourly rate set by the Trustee in consultation with the Legal Representative. In addition, the Trust shall promptly reimburse each member of the TAC for any out-of-pocket fees and expenses reasonably incurred by him or her in connection with the performance of his or her duties as a member of the TAC. Such compensation or reimbursement shall be deemed an Asbestos Trust Expense of the Trust. The Trustee shall include a reasonably detailed description of the amounts paid under this Section 6.6 in the accounts to be filed with the Bankruptcy Court and provided to the Debtor, the TAC and the Legal Representative pursuant to Section 2.2(b)(i) above.

6.7 Procedures for Consultation with and Obtaining the Consent of the TAC.

(a) Consultation Process.

(i) In the event the Trustee is required to consult with the TAC pursuant to Section 2.2(d) above or on other matters as provided herein, the Trustee shall provide the TAC with written advance notice of the matter under consideration and with all relevant information concerning the matter as is reasonably practicable under the circumstances. The

Trustee shall also provide the TAC with such reasonable access to any counsel, accountants, appraisers, auditors, forecasters, experts or financial or investment advisors retained by the Trust and its staff (if any) as the TAC may reasonably request during the time that the Trustee is considering such matter and shall also provide the TAC the opportunity, at reasonable times and for reasonable periods of time, to discuss and comment on such matter with the Trustee; provided that in no event shall the TAC or its members (i) have any role, whether by consent, consultation or otherwise, in the Trust's selection of counsel, experts or other professionals to defend claims against the Trust that are tendered to any insurer for defense or (ii) have any right to consult with or obtain information from the Trust or anyone employed by the Trust concerning the defense of any such claims; and provided further, that in no event shall the TAC or its member have any right to consult with counsel to the Trust or obtain any information in such a manner as would result in the waiver of attorney-client or other applicable privilege belonging to the Trust.

(ii) In determining when to take definitive action on any matter subject to the consultation process set forth in this Section 6.7(a), the Trustee shall take into consideration the time required for the TAC, if its members so wish, to engage and consult with its own independent financial or investment advisors as to such matter. In any event, the Trustee shall not take definitive action on any such matter until at least thirty (30) days after providing the TAC with the initial written notice that such matter is under consideration by the Trustee, unless such time period is waived by the TAC.

(b) Consent Process.

(i) In the event the Trustee is required to obtain the consent of the TAC pursuant to Section 2.2(e) above, the Trustee shall provide the TAC with a written notice stating that its consent is being sought pursuant to that provision, describing in detail the nature and scope of the action the Trustee proposes to take and explaining in detail the reasons why the Trustee desires to take such action. The Trustee shall provide the TAC as much relevant additional information concerning the proposed action as is reasonably practicable under the circumstances. The Trustee shall also provide the TAC with such reasonable access to any counsel, accountants, appraisers, auditors, forecasters, experts or financial or investment advisors retained by the Trust and its staff (if any) as the TAC may reasonably request during the time that the Trustee is considering such action, and shall also provide the TAC the opportunity, at reasonable times and for reasonable periods of time, to discuss and comment on such action with the Trustee; provided that in no event shall the TAC or its members (i) have any role, whether by consent, consultation or otherwise, in the Trust's selection of counsel, experts or other professionals to defend claims against the Trust that are tendered to any insurer for defense or (ii) have any right to consult with or obtain information from the Trust or anyone employed by the Trust concerning the defense of any such claims; and provided further, that in no event shall the TAC or its member have any right to consult with counsel to the Trust or obtain any information in such a manner as would result in the waiver of attorney-client or other applicable privilege belonging to the Trust.

(ii) The TAC must consider in good faith and in a timely fashion any request for its consent by the Trustee and must in any event advise the Trustee in writing of its consent or its objection to the proposed action within thirty (30) days of receiving the original

request for consent from the Trustee. The TAC may not withhold its consent unreasonably. If the TAC decides to withhold its consent, it must explain in detail its objections to the proposed action. If the TAC does not advise the Trustee in writing of its consent or its objections to the action within thirty (30) days of receiving notice regarding such request, the TAC's consent to the proposed actions shall be deemed to have been affirmatively granted.

(iii) If, after following the procedures specified in this Section 6.7(b), the TAC continues to object to the proposed action and to withhold its consent to the proposed action, the Trustee and/or the TAC shall resolve their dispute in accordance with Section 8.12 below. However, the burden of proof with respect to the validity of the TAC's objection and withholding of its consent shall be on the TAC.

Article VII. The Legal Representative

7.1 Appointment of Initial Legal Representative. The initial Legal Representative shall be the individual appointed by order of the Bankruptcy Court as the legal representative for the purpose of protecting the rights of all Future Claimants.

7.2 Duties. The Legal Representative shall serve in a fiduciary capacity, representing the interests of the holders of future Trust Claims for the purpose of protecting the rights of such persons. The Trustee must consult with the Legal Representative on matters identified in Section 2.2(d) above and on certain other matters provided herein and must obtain the consent of the Legal Representative on matters identified in Section 2.2(e) above.

7.3 Term of Office.

(a) Each Legal Representative shall serve until the earliest of (i) his or her death, (ii) his or her resignation pursuant to Section 7.3(b) below, (iii) his or her removal pursuant to Section 7.3(c) below, or (iv) the termination of the Trust pursuant to Section 8.2 below.

(b) The Legal Representative may resign at any time by written notice to the Trustee. Such notice shall specify a date when such resignation shall take effect, which shall not be less than ninety (90) days after the date such notice is given, where practicable.

(c) At the request of the Trustee or the TAC, the Legal Representative may be removed pursuant to an order of the Bankruptcy Court in the event he or she becomes unable to discharge his or her duties hereunder or for other good cause.

7.4 Appointment of Successor. If the Legal Representative dies or resigns and, prior to his or her death or the effectiveness of his or her resignation, he or she has designated in writing an individual to succeed him or her as the Legal Representative, subject to the approval of the Bankruptcy Court, such individual shall be his or her successor. If the Legal Representative is removed in accordance with Section 7.3(c) above, the Trustee, in consultation with the TAC and subject to the approval of the Bankruptcy Court, shall appoint such Legal Representative's successor. If (a) the Legal Representative dies or resigns and did not designate an individual to succeed him or her prior to such death or resignation as contemplated above or (b) he or she is removed in accordance with Section 7.3(c) above but the Trustee in consultation

with the TAC cannot agree on or otherwise does not appoint a successor for such Legal Representative, the Bankruptcy Court shall make such appointment.

7.5 Legal Representative's Employment of Professionals.

(a) The Legal Representative may, but is not required to, retain and/or consult counsel, accountants, appraisers, auditors, forecasters, experts, financial and investment advisors and such other parties deemed by the Legal Representative to be qualified as experts on any matter submitted to the Legal Representative (the "Legal Representative Professionals"). The Legal Representative and his or her experts shall at all times have complete access to the Trust's officers, employees and agents, as well as to any counsel, accountants, appraisers, auditors, forecasters, experts and financial or investment advisors retained by the Trust, and shall also have complete access to all information generated by them or otherwise available to the Trust or the Trustee; provided that in no event shall the Legal Representative or the Legal Representative Professionals (i) have any role, whether by consent, consultation or otherwise, in the Trust's selection of counsel, experts or other professionals to defend claims against the Trust that are tendered to any insurer for defense or (ii) have any right to consult with or obtain information from the Trust or anyone employed by the Trust concerning the defense of any such claims; and provided further, that in no event shall the Legal Representative or the Legal Representative Professionals have any right to consult with counsel to the Trust or obtain any information in such a manner as would result in the waiver of attorney-client or other applicable privilege belonging to the Trust. In the absence of gross negligence, the written opinion of or information provided by any Legal Representative Professional deemed by the Legal Representative to be qualified as an expert on the particular matter submitted to the Legal Representative shall be full and complete authorization and protection in support of any action taken or not taken by the Legal Representative in good faith and in accordance with the written opinion of or information provided by such Legal Representative Professional.

(b) The Trust shall promptly reimburse, or pay directly if so instructed, the Legal Representative for any reasonable fees and expenses associated with the Legal Representative's employment of legal counsel pursuant to this provision in connection with the Legal Representative's performance of his or her duties hereunder. The Trust shall also promptly reimburse, or pay directly if so instructed, the Legal Representative for any reasonable fees and expenses associated with the Legal Representative's employment of any other Legal Representative Professional pursuant to this provision in connection with the Legal Representative's performance of his or her duties hereunder; provided, however, that (i) the Legal Representative has first submitted to the Trust a written request for such reimbursement setting forth the reasons (A) why the Legal Representative desires to employ such Legal Representative Professional and (B) why the Legal Representative cannot rely on any counsel, accountant, appraiser, auditor, forecaster, expert or financial or investment advisor retained by the Trust to meet the need of the Legal Representative for such expertise or advice and (ii) the Trust has approved the Legal Representative's request for reimbursement in writing. If the Trust agrees to pay for the Legal Representative Professional, such reimbursement shall be treated as an Asbestos Trust Expense of the Trust. If the Trust declines to pay for the Legal Representative Professional, it must set forth its reasons in writing. If the Legal Representative still desires to employ such Legal Representative Professional at the expense of the Trust, the Legal Representative and/or the Trustee shall resolve their dispute pursuant to Section 8.12 below.

7.6 Compensation and Expenses of the Legal Representative. The Legal Representative shall receive compensation at a reasonable hourly rate set by the Trustee in consultation with the TAC. In addition, the Trust shall promptly reimburse the Legal Representative for any out-of-pocket fees and expenses reasonably incurred by him or her in connection with the performance of his or her duties as the Legal Representative. Such compensation or reimbursement shall be deemed a Trust Expense of the Trust. The Trustee shall include a reasonably detailed description of the amounts paid under this Section 7.6 in the accounts to be filed with the Bankruptcy Court and provided to the Debtor, the TAC and the Legal Representative pursuant to Section 2.2(b)(i) above.

7.7 Procedures for Consultation with and Obtaining the Consent of the Legal Representative.

(a) Consultation Process.

(i) In the event the Trustee is required to consult with the Legal Representative pursuant to Section 2.2(d) above or on any other matters specified herein, the Trustee shall provide the Legal Representative with written advance notice of the matter under consideration and with all relevant information concerning the matter as is reasonably practicable under the circumstances. The Trustee shall also provide the Legal Representative with such reasonable access to any counsel, accountants, appraisers, auditors, forecasters, experts or financial or investment advisor retained by the Trust and its staff (if any) as the Legal Representative may reasonably request during the time that the Trustee is considering such matter, and shall also provide the Legal Representative the opportunity, at reasonable times and for reasonable periods of time, to discuss and comment on such matter with the Trustee; provided that in no event shall the Legal Representative have any right to consult with counsel to the Trust or obtain any information in such a manner as would result in the waiver of attorney-client or other applicable privilege belonging to the Trust.

(ii) In determining when to take definitive action on any matter subject to the consultation process set forth in this Section 7.7(a), the Trustee shall take into consideration the time required for the Legal Representative, if he or she so wishes, to engage and consult with his or her own independent financial or investment advisors as to such matter. In any event, the Trustee shall not take definitive action on any such matter until at least thirty (30) days after providing the Legal Representative with the initial written notice that such matter is under consideration by the Trustee, unless such time period is waived by the Legal Representative.

(b) Consent Process.

(i) In the event the Trustee is required to obtain the consent of the Legal Representative pursuant to Section 2.2(e) above, the Trustee shall provide the Legal Representative with a written notice stating that his or her consent is being sought pursuant to that provision, describing in detail the nature and scope of the action the Trustee proposes to take and explaining in detail the reasons why the Trustee desires to take such action. The Trustee shall provide the Legal Representative as much relevant additional information concerning the proposed action as is reasonably practicable under the circumstances. The Trustee shall also

provide the Legal Representative with such reasonable access to any counsel, accountants, appraisers, auditors, forecasters, experts or financial or investment advisors retained by the Trust and its staff (if any) as the Legal Representative may reasonably request during the time that the Trustee are considering such action, and shall also provide the Legal Representative the opportunity, at reasonable times and for reasonable periods of time, to discuss and comment on such action with the Trustee; provided that in no event shall the Legal Representative have any right to consult with counsel to the Trust or obtain any information in such a manner as would result in the waiver of attorney-client or other applicable privilege belonging to the Trust.

(ii) The Legal Representative must consider in good faith and in a timely fashion any request for his or her consent by the Trustee and must in any event advise the Trustee in writing of his or her consent or objection to the proposed action within thirty (30) days of receiving the original request for consent from the Trustee. The Legal Representative may not withhold his or her consent unreasonably. If the Legal Representative decides to withhold consent, he or she must explain in detail his or her objections to the proposed action. If the Legal Representative does not advise the Trustee in writing of his or her consent or objections to the proposed action within thirty (30) days of receiving the notice from the Trustee regarding such consent, the Legal Representative's consent shall be deemed to have been affirmatively granted.

(iii) If, after following the procedures specified in this Section 7.7(b), the Legal Representative continues to object to the proposed action and to withhold his or her consent to the proposed action, the Trustee and/or the Legal Representative shall resolve their dispute in accordance with Section 8.12 below. However, the burden of proof with respect to the validity of the Legal Representative's objection and withholding of his or her consent shall be on the Legal Representative.

Article VIII. General Provisions

8.1 Term – The term for which the Trust is to exist shall commence on the date of the filing of the Certificate of Trust and shall terminate pursuant to the provisions of Section 8.2 below.

8.2 Termination.

(a) The Trust shall automatically dissolve on the date (the "Dissolution Date") ninety (90) days after the first to occur of the following:

(i) the date on which the Trustee determines to dissolve the Trust because (A) the Trustee deems it unlikely that any new Trust Claim will be filed against the Trust, (B) all Trust Claims duly filed with the Trust have been liquidated and, to the extent possible based upon the funds available to the Trust through the Plan, paid to the extent provided in this Agreement and the Trust Distribution Procedures or disallowed by a final, non-appealable order, and (C) twelve (12) consecutive months have elapsed during which no new Trust Claim has been filed with the Trust; or

(ii) if the Trustee has procured and have in place irrevocable insurance policies and have established claims handling agreements and other necessary arrangements with suitable third parties adequate to discharge all expected remaining obligations and expenses

(including without limitation Asbestos Trust Expenses) of the Trust in a manner consistent with this Agreement and the Trust Distribution Procedures, the date on which the Bankruptcy Court enters an order approving such insurance and other arrangements and such order becomes a Final Order.

(b) On the Dissolution Date or as soon as reasonably practicable thereafter, after the wind-up of the Trust's affairs by the Trustee and payment of all the Trust's liabilities have been provided for (including without limitation Asbestos Trust Expenses) as required by applicable law including Section 3808 of the Act, all assets remaining in the Trust estate shall be given to such organization(s) exempt from federal income tax under section 501(c)(3) of the IRC, which tax-exempt organization(s) shall be selected by the Trustee using his or her reasonable discretion; provided, however, that (i) if practicable, the activities of the selected tax-exempt organization(s) shall be related to the treatment of, research on or the relief of suffering of individuals suffering from asbestos-related lung diseases or disorders and (ii) the tax-exempt organization(s) shall not bear any relationship to the Debtor within the meaning of section 468B(d)(3) of the IRC. Notwithstanding any contrary provision of the Plan and related documents, this Section 8.2(b) cannot be modified or amended.

(c) Following the dissolution and distribution of the assets of the Trust, the Trust shall notify the Delaware Trustee and the Trust shall terminate and the Trustee shall execute and cause a Certificate of Cancellation of the Certificate of Trust of the Trust to be filed in accordance with the Act. Notwithstanding anything to the contrary contained in this Trust Agreement, the existence of the Trust as a separate legal entity shall continue until the filing of such Certificate of Cancellation.

8.3 Amendments. The Trustee may modify or amend this Agreement by a writing signed by the Trustee; provided, however, that any such amendment shall require the consent of each member of the TAC and the Legal Representative in accordance with Section 2.2(e) above; and provided, further, that no such modification or amendment, unless the writing evidencing such modification or amendment is signed by the Debtor, may (a) alter Article I above or (b) adversely affect the rights or expand the obligations of Hercules under this Agreement provided further that no such modification or amendment, unless signed by the Delaware Trustee, may adversely affect or expand the obligations of the Delaware Trustee under this Agreement. The Trustee may modify or amend the Trust Distribution Procedures by a writing signed by the Trustee; provided, however, that any such amendment shall require the consent of the Legal Representative and a majority of the members of the TAC; and provided, further, that no amendment to such procedures shall be inconsistent with the provisions limiting amendments to such procedures provided therein. Notwithstanding anything contained in this Agreement to the contrary, none of this Agreement, the Trust Distribution Procedures or the Trust Bylaws, or any document annexed thereto, shall be modified or amended in any way that could jeopardize, impair or modify the applicability of section 524(g) of the Bankruptcy Code, the efficacy or enforceability of any injunction entered thereunder, or the Trust's qualified settlement fund status under section 1.468B-1 *et seq.* of the Treasury Regulations promulgated under section 468B of the IRC.

8.4 Severability. Should any provision in this 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 Agreement.

8.5 Notices.

(a) Any notices or other communications required or permitted hereunder to any person asserting a Trust Claim shall be in writing and delivered at the address for such person or, where applicable, such person's legal representative, in each case as provided on such person's claim form submitted to the Trust with respect to his or her Claim, or mailed by first class mail, postage prepaid, addressed to such address.

(b) Any notices or other communications required or permitted hereunder to any of the following parties shall be in writing and delivered at the address for such party designated below, mailed by registered or certified mail, return receipt requested, postage prepaid, addressed to such address or sent by telex, telecopy or facsimile pursuant to the instructions listed below, in each case or to such other address or addresses or in accordance with such other instructions, as the case may be, as may hereafter be furnished in writing to each of the other parties listed below in compliance with the terms hereof.

To the Debtor:

Hercules Chemical Company
Attention: President
[STREET ADDRESS]
[CITY, STATE]

with a copy to:

[COUNSEL]

To the Trust through the Trustee:

[TRUSTEE]

with a copy to:

[TRUST COUNSEL]

To the TAC:

[TAC MEMBERS]

To the Legal Representative:

[LEGAL REPRESENTATIVE ADDRESS]

[LEGAL REPRESENTATIVE COUNSEL]

To the Delaware Trustee:

[DELAWARE TRUSTEE]

All notices and communications in accordance with this Section 8.5 shall be effective, if mailed, when physically delivered at the designated addresses or, if electronically transmitted, when the communication is received at the designated addresses and confirmed by the recipient by return transmission.

8.6 Successors and Assigns. The provisions of this Agreement shall be binding upon and inure to the benefit of the Debtor, the Trust, the Trustee, the members of the TAC, the Legal Representative and their respective successors and assigns, except that none of such persons may assign or otherwise transfer any of its rights or obligations under this Agreement except, in the case of the Trust and the Trustee, as contemplated by Section 2.1 above.

8.7 Limitation on Claim Interests for Securities Laws Purposes. No Trust Claim or any interest therein shall (a) 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) be evidenced by a certificate or other instrument, (c) possess any voting rights, or (d) be entitled to receive any dividends or interest; provided, however, that clause (a) of this Section 8.7 shall not apply to the holder of a claim that is subrogated to a Trust Claim as a result of its satisfaction of such claim.

8.8 Entire Agreement; No Waiver. The entire agreement of the parties relating to the subject matter of this Agreement is contained herein and in the documents referred to herein, and this 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.

8.9 Headings. The headings used in this Agreement are inserted for convenience only and do not constitute a portion of this Agreement or any manner affect the construction of the provisions of this Agreement.

8.10 Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Delaware, without regard to its conflict of law principles that would result in the application of the laws of any other jurisdiction.

8.11 Settlor Representative and Cooperation. The Debtor is hereby irrevocably designated as the settlor of the Trust and is hereby authorized to take any action required as such in connection with this Agreement. The Debtor agrees to cooperate in implementing the goals and objectives of the Trust.

8.12 Dispute Resolution. Any disputes that arise under this Agreement or under the Trust Distribution Procedures shall be resolved by submission of the matter to an alternative dispute resolution (“ADR”) process mutually agreeable to the parties involved. Should any party to the ADR process be dissatisfied with the decision of the arbitrator(s), that party may apply to the Bankruptcy Court for a judicial determination of the matter. In either case, if the dispute arose pursuant to the consent provision set forth in Section 6.7(b) above or Section 7.7(b) above, the burden of proof shall be on the party or parties who withheld consent to show that the objection was valid. Should the dispute not be resolved by the ADR process within thirty (30) days after submission, the parties are relieved of the requirement to pursue ADR prior to application to the Bankruptcy Court. Notwithstanding anything else herein contained, to the extent any provision of this Agreement is inconsistent with any provision of the Trust Distribution Procedures or the Plan, the Trust Distribution Procedures or the Plan, as the case may be, shall control.

8.13 Enforcement and Administration. The provisions of this Agreement and the Trust Distribution Procedures attached hereto shall be enforced by the Bankruptcy Court pursuant to the Plan. The parties hereby further acknowledge and agree that the Bankruptcy Court shall have exclusive jurisdiction over the settlement of the accounts of the Trustee and over any disputes hereunder not resolved by ADR in accordance with Section 8.12 above.

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

8.15 Counterpart Signatures. This 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.

IN WITNESS WHEREOF, the parties have executed this Agreement this _____ day of _____, 2009.

Hercules Chemical Company
as a settlor of the Trust

By: _____
Name:
Title:

TRUSTEE

Name: Michael F. Rooney

DELAWARE TRUSTEE

By: _____
Name:
Title:

MEMBERS OF TRUST ADVISORY
COMMITTEE

Name: Mark Meyer
Expiration Date of Initial Term: 5-year anniversary
of the date of this Agreement

Name: Paul Matheny
Expiration Date of Initial Term: 4-year anniversary
of the date of this Agreement

Name: Deirdre Pacheco
Expiration Date of Initial Term: 3-year anniversary
of the date of this Agreement

LEGAL REPRESENTATIVE

By: _____
Name: Joel Helmrich

**HERCULES CHEMICAL COMPANY, INC
ASBESTOS TRUST DISTRIBUTION PROCEDURES**

HERCULES CHEMICAL COMPANY, INC
ASBESTOS TRUST DISTRIBUTION PROCEDURES

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HERCULES CHEMICAL COMPANY, INC.
ASBESTOS TRUST DISTRIBUTION PROCEDURES

The Hercules Chemical Company, Inc. Asbestos Trust Distribution Procedures (the “**TDP**”) contained herein provide for resolving all “Asbestos Claims” as defined in the First Amended Chapter 11 Plan of Reorganization for Hercules Chemical Company, Inc. (the “Plan”), as it may be amended or modified,¹ including (a) all asbestos-related personal injury and death claims caused by conduct of, and/or exposure to products for which, Hercules Chemical Company, Inc. (“**Hercules**”), and its predecessors, successors, and assigns, have legal responsibility, as provided in and required by the Plan and the Hercules Chemical Company, Inc. Asbestos Trust Agreement (the “**Trust Agreement**”). The Plan and Trust Agreement establish the Hercules Chemical Company, Inc. Asbestos Trust (the “**Asbestos Trust**”). The Trustee of the Asbestos Trust (the “**Trustee**”) shall implement and administer this TDP in accordance with the Trust Agreement.

SECTION I

Introduction

1.1 Purpose. This TDP has been adopted pursuant to the Trust Agreement. It is designed to provide fair, equitable and substantially similar treatment for all Trust Claims that may presently exist or may arise in the future.

¹ Capitalized terms used herein and not otherwise defined shall have the meanings assigned to them in the Plan and the Trust Agreement; provided, however, that “Asbestos Claims” as defined in the Plan shall be referred to herein as “**Trust Claims**” and “Indirect Asbestos Claims” as defined in the Plan shall be referred to herein as “**Indirect Trust Claims.**” For the avoidance of doubt the term “Trust Claims” includes “Indirect Trust Claims.

1.2 Interpretation. Except as may otherwise be provided below, nothing in this TDP shall be deemed to create a substantive right for any claimant. The rights and benefits provided herein to holders of Trust Claims shall vest in such holders as of the Effective Date.

SECTION II

Overview

2.1 Asbestos Trust Goals. The goal of the Asbestos Trust is to treat all claimants equitably. This TDP furthers that goal by setting forth procedures for processing and paying Hercules' several share of the unpaid portion of the liquidated value of Trust Claims generally on an impartial, first-in-first-out ("**FIFO**") basis, with the intention of paying all claimants over time as equivalent a share as possible of the value of their claims based on historical values for substantially similar claims in the tort system.² The TDP establishes a schedule of five (5) asbestos-related diseases ("**Disease Levels**"), which have presumptive medical and exposure requirements ("**Medical/Exposure Criteria**") and specific liquidated values ("**Scheduled Values**"), four of which have caps on liquidated values ("**Maximum Values**"). The Disease Levels, Medical/Exposure Criteria, Scheduled Values, and Maximum Values, which are set forth in Section 5.3 below, have been selected and derived with the intention of achieving a fair allocation of the Asbestos Trust funds as among claimants suffering from different disease processes in light of the best available information considering the settlement histories of Hercules and the rights claimants would have in the tort system absent the bankruptcy. A claimant may not assert more than one (1) Trust Claim hereunder.

² As used in this TDP, the phrase "in the tort system" shall not include claims asserted against a trust established for the benefit of asbestos personal injury claimants pursuant to section 524(g) and/or section 105 of the Bankruptcy Code or any other applicable law.

2.2 Claims Liquidation Procedures. Trust Claims shall be processed based on their place in the FIFO Processing Queue to be established pursuant to Section 5.1(a) below. The Asbestos Trust shall take all reasonable steps to resolve Trust Claims as efficiently and expeditiously as possible at each stage of claims processing and arbitration, which steps may include, in the Asbestos Trust's sole discretion, conducting settlement discussions with claimants' representatives with respect to more than one claim at a time, provided that the claimants' respective positions in the FIFO Processing Queue are maintained and each claim is individually evaluated pursuant to the valuation factors set forth herein. The Asbestos Trust shall also make every effort to resolve each year at least that number of Trust Claims required to exhaust the Maximum Annual Payment and the Maximum Available Payment.

The Asbestos Trust shall liquidate all Trust Claims that meet the presumptive Medical/Exposure Criteria of Disease Levels I–V under the Expedited Review Process described in Section 5.3(a) below.

Based upon Hercules' claims settlement history, in light of applicable tort law, and current projections of present and future unliquidated claims, the Scheduled Values for all Disease Levels and Maximum Values for the four (4) more serious Disease Levels have been established as set forth in Section 5.3(b).

The Asbestos Trust may consider additional evidence submitted in response to any deficiency under the presumptive criteria. If such deficiency is not resolved, all unresolved disputes over a claimant's medical condition, exposure history and/or the liquidated value of the claim shall be subject to binding or non-binding arbitration as set forth in Section 5.10 below, at the election of the claimant, under the ADR Procedures that are provided in Attachment A hereto. Trust Claims that are the subject of a dispute with the Asbestos Trust that cannot be

resolved by non-binding arbitration may enter the tort system as provided in Sections 5.11 and 7.6 below. However, if and when a claimant obtains a judgment in the tort system, the judgment shall be payable (subject to the Payment Percentage, Maximum Available Payment, and Claims Payment Ratio provisions set forth below) as provided in Section 7.7 below.

2.3 Application of the Payment Percentage. After the liquidated value of a Trust Claim as defined in Section 5 below, is determined pursuant to the procedures set forth herein for Expedited Review, arbitration, or litigation in the tort system, the claimant will ultimately receive the liquidated value times the Payment Percentage described in Section 4.2 below.

The initial Payment Percentage for Trust Claims (as may be adjusted from time to time, the “Payment Percentage”), shall be established by the Trustee of the Asbestos Trust with consent of the Trust Advisory Committee for the Asbestos Claimants (the “TAC”) and the Legal Representative for Future Asbestos Claimants (the “Legal Representative”) (who are described in Section 3.1 below) with respect to all Claims paid under this TDP.

The Payment Percentage may thereafter be adjusted upwards or downwards from time to time by the Asbestos Trust with the consent of the TAC and the Legal Representative to reflect then-current estimates of the Asbestos Trust’s assets and its liabilities, as well as then-estimated value of then-pending and future claims. Any adjustment to the Payment Percentage shall be made pursuant to Section 4.2 below. If the Payment Percentage is increased over time, claimants whose claims were liquidated and paid in prior periods under the TDP shall receive additional payments only as provided in Section 4.3 below. Because there is uncertainty in the prediction of both the number and severity of future Trust Claims, and the amount of the Asbestos Trust’s assets, no guarantee can be made of any Payment Percentage of a Trust Claim’s liquidated value.

2.4 Asbestos Trust's Determination of the Maximum Annual Payment and Maximum Available Payment for Trust Claims. The Asbestos Trust shall estimate or model the amount of cash flow anticipated as necessary over its entire life to ensure that funds will be available to treat all present and future Trust Claims as similarly as possible. In each year, the Asbestos Trust will be empowered to pay out all of the income earned during the year, together with a portion of its principal, calculated so that the application of the assets of the Asbestos Trust over its life shall correspond with the needs created by the anticipated flow of Claims (the "Maximum Annual Payment"), taking into account the Payment Percentage provisions set forth in Sections 2.3 above and Sections 4.2 and 4.3 below. The Asbestos Trust's distributions to all claimants for that year shall not exceed the Maximum Annual Payment determined for that year.

In distributing the Maximum Annual Payment, the Asbestos Trust shall first allocate the amount in question to outstanding Pre-Petition Liquidated Claims. The remaining portion of the Maximum Annual Payment (the "Maximum Available Payment"), if any, shall then be allocated and used to satisfy all other liquidated Trust Claims. In the event there are insufficient funds in any year to pay the total number of outstanding Pre-Petition Liquidated Claims, the available funds shall be paid to the maximum extent possible to Claimants based on their place in the FIFO Payment Queue.

2.5 Claims Payment Ratio. No claims payment ratio has been set because the assets of the Asbestos Trust are anticipated to be ample enough to pay a sufficient percentage of the value of the Trust Claims expected to be asserted against the Asbestos Trust. However, should the assets and cash flow of the Asbestos Trust prove insufficient to meet the liabilities as they come due, the Asbestos Trust, with the consent of the TAC and Legal Representative, may

establish a payment ratio to control the distribution of funds based upon the varying degrees of severity and malignancy of the Trust Claims.

In considering whether to establish a Claims Payment Ratio, the Trustee shall consider the reasons for which a Claims Payment Ratio and its rollover provisions would be adopted, the settlement history of Hercules, and the foreseeability or lack of foreseeability of the reasons why there would be any need to establish a Claims Payment Ratio. In that regard, the Trustee should keep in mind the interplay between the Payment Percentage and the Claims Payment Ratio as it affects the net cash actually paid to claimants.

2.6 Indirect Trust Claims. As set forth in Section 5.6 below, Indirect Trust Claims, if any, shall be subject to the same categorization, evaluation, and payment provisions of this TDP as all other Trust Claims.

SECTION III

TDP Administration

3.1 Trust Advisory Committee and Legal Representative. Pursuant to the Plan and the Trust Agreement, the Asbestos Trust and this TDP shall be administered by the Trustee in consultation with the TAC, which represents the interests of holders of present Trust Claims, and the Legal Representative, who represents the interests of holders of Trust Claims that shall be asserted in the future. The Trustee shall obtain the consent of the TAC and the Legal Representative on any amendments to this TDP pursuant to Section 8.1 below, and on such other matters as are otherwise required below and in Section 2.2(e) of the Trust Agreement. The Trustee shall also consult with the TAC and the Legal Representative on such matters as are provided below and in Section 2.2(d) of the Trust Agreement. The initial Trustee, the initial members of the TAC and the initial Legal Representative are identified in the Trust Agreement.

3.2 Consent and Consultation Procedures. In those circumstances in which consultation or consent is required, the Trustee shall provide written notice to the TAC and the Legal Representative of the specific amendment or other action that is proposed. The Trustee shall not implement such amendment nor take such action unless and until the parties have engaged in the Consultation Process described in Sections 6.7(a) and 7.6(a), or the Consent Process described in Sections 6.7(b) and 7.6(b), of the Trust Agreement, respectively.

SECTION IV

Payment Percentage; Periodic Estimates

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

4.2 Computation of Payment Percentage. As provided in Section 2.3 above, the Payment Percentage shall be established by the Trustee, and shall apply to all Trust Claims, including Indirect Trust Claims.

The Payment Percentage shall be subject to change (either increased or decreased) pursuant to the terms of this TDP and the Trust Agreement if the Trustee determines that an adjustment is required. No less frequently than once every three (3) years, commencing with the first (1st) day of January occurring after the Plan is consummated, the Trustee shall reconsider the

then-applicable Payment Percentage to assure that it is based on accurate, current information and may, after such reconsideration, change the Payment Percentage if necessary with the consent of the Trust Advisory Committee and the Legal Representative.

The Trustee shall also reconsider the then-applicable Payment Percentage at shorter intervals if he/she deems such reconsideration to be appropriate or if requested to do so by the Trust Advisory Committee or the Legal Representative. The Trustee must base his/her determination of the Payment Percentage on current estimates of the number, types, and values of present and future Trust Claims, the value of the assets then available to the Asbestos Trust for their payment, all anticipated administrative and legal expenses, and any other material matters that are reasonably likely to affect the sufficiency of funds to pay a comparable percentage of full liquidation value to all holders of Trust Claims. When making these determinations, the Trustee shall exercise common sense and flexibly evaluate all relevant factors.

There is uncertainty surrounding the amount of the Asbestos Trust's future assets. There is also uncertainty regarding the totality of the Trust Claims to be paid over time. If the Asbestos Trust's future assets increase significantly and/or the value or volume of Trust Claims actually filed with the Asbestos Trust is significantly lower than originally estimated, the Asbestos Trust shall use those proceeds first to maintain the Payment Percentage then in effect. The Asbestos Trust, with the consent of the Trust Advisory Committee and the Legal Representative, shall thereafter adjust the Payment Percentage upward to reflect the increase in available assets in the Asbestos Trust, and may also make supplemental payments to claimants who previously liquidated their Claims against the Asbestos Trust and received payments based on a lower Payment Percentage only when economically and administratively reasonable. The amount of

any such supplemental payment shall be the liquidated value of the claim in question times the newly adjusted Payment Percentage, less all amounts previously paid with respect to the claim.

4.3 Applicability of the Payment Percentage. Except as otherwise provided in Section 5.1(c) below for all Trust Claims involving deceased or incompetent claimants for which approval of the Asbestos Trust's offer by a court or probate process is required, in the event of a reduction in the Payment Percentage after the Asbestos Trust makes an offer of payment on such claim, no holder of any other Trust Claim shall receive a payment that exceeds the liquidated value of the claim times the Payment Percentage in effect at the time of payment.

If a re-determination of the Payment Percentage for the Asbestos Trust has been proposed in writing by the Trustee to the Trust Advisory Committee and the Legal Representative but has not yet been adopted, the claimant shall receive the lower of the current Payment Percentage or the proposed Payment Percentage. However, if the proposed Payment Percentage was the lower amount but was not subsequently adopted, the claimant shall thereafter receive the difference between the lower proposed amount and the higher current amount. Conversely, if the proposed Payment Percentage was the higher amount and was subsequently adopted, the claimant shall thereafter receive the difference between the lower current amount and the higher adopted amount.

If the Trustee, with the consent of the TAC and the Legal Representative, make a determination to increase the Payment Percentage due to a material change in the estimates of the Asbestos Trust's future assets and/or liabilities, the Trustee shall also make supplemental payments to all claimants who previously liquidated their claims against the Asbestos Trust and received payments based on a lower Payment Percentage. The amount of any such supplemental

payment shall be the liquidated value of the claim in question times the newly adjusted Payment Percentage, less all amounts previously paid with respect to the claim (excluding the portion of such previously paid amounts that was attributable to any sequencing adjustment paid pursuant to Section 7.5 below).

The Asbestos Trust's obligation to make a supplemental payment to a claimant shall be suspended in the event the payment in question would be less than \$100, and the amount of the suspended payment shall be added to the amount of any prior supplemental payment/payments that was/were also suspended because it/they would have been less than \$100. However, the Asbestos Trust's obligation shall resume and the Asbestos Trust shall pay any such aggregate supplemental payments due the claimant at such time that the total exceeds \$100.

SECTION V

Resolution of Trust Claims.

5.1 Ordering, Processing and Payment of Claims.

5.1(a) Ordering of Claims.

5.1(a)(1) Establishment of the FIFO Processing Queue. The Asbestos Trust shall order claims that are sufficiently complete to be reviewed for processing purposes on a FIFO basis except as otherwise provided herein (the "**FIFO Processing Queue**"). The claimant's position in the FIFO Processing Queue shall be determined by the date the claim is filed with the Asbestos Trust. If any claims are filed on the same date, the claimant's position in the FIFO Processing Queue shall be determined by the date of the diagnosis of the asbestos-related disease. If any claims are filed and diagnosed on the same date, the claimant's position in the FIFO Processing Queue shall be determined by the claimant's date of birth, with older claimants given priority over younger claimants.

5.1(a)(2) Effect of Statutes of Limitation and Repose. All unliquidated Trust Claims must meet either (i) for claims first filed in the tort system against Hercules prior to the Petition Date, the applicable federal, state and foreign statute of limitation and repose that was in effect at the time of the filing of the claim in the tort system, or (ii) for claims not filed against Hercules in the tort system prior to the Petition Date, the applicable federal, state or foreign statute of limitation that was in effect at the time of the filing with the Asbestos Trust. However, the running of the relevant statute of limitation shall be tolled as of the earliest of (A) the actual filing of the claim against Hercules prior to the Petition Date, whether in the tort system or by submission of the claim to Hercules pursuant to an administrative settlement agreement; (B) the tolling of the claim against Hercules prior to the Petition Date by an agreement or otherwise, provided such tolling is still in effect on the Petition Date; or (C) the Petition Date.

If a Trust Claim meets any of the tolling provisions described in the preceding sentence and the claim was not barred by the applicable federal, state or foreign statute of limitation at the time of the tolling event, it shall be treated as timely filed if it is actually filed with the Asbestos Trust within three (3) years after the date six (6) months after the date that the Asbestos Trust first makes available the proof of claim forms and other claims materials required to file a claim with the Asbestos Trust (the “**Initial Claims Filing Date**”). In addition, any claims that were first diagnosed after the Petition Date, irrespective of the application of any relevant federal, state or foreign statute of limitation or repose, may be filed with the Asbestos Trust within three (3) years after the date of diagnosis or within three (3) years after the Initial Claims Filing Date, whichever occurs later. However, the processing of any Trust Claim by the Asbestos Trust may be deferred at the election of the claimant pursuant to Section 6.3 below.

5.1(b) Processing of Claims. As a general practice, the Asbestos Trust shall review its claims files on a regular basis.

5.1(c) Payment of Claims. Trust Claims that have been liquidated by the Expedited Review Process as provided in Section 5.3(a) below, by arbitration as provided in Section 5.10 below, or by litigation in the tort system provided in Section 5.11 below, shall be paid in FIFO order based on the date their liquidation became final (the “**FIFO Payment Queue**”), all such payments being subject to the applicable Payment Percentage, the Maximum Available Payment, and the sequencing adjustment provided for in Section 7.5 below, except as otherwise provided herein. Pre-Petition Liquidated Claims, as defined in Section 5.2 below, shall be subject to the Maximum Annual Payment and Payment Percentage limitations, but not to the Maximum Available Payment and Claims Payment Ratio provisions set forth above.

Where the claimant is deceased or incompetent, and the settlement and payment of his or her claim must be approved by a court of competent jurisdiction or through a probate process prior to acceptance of the claim by the claimant’s representative, an offer made by the Asbestos Trust on the claim shall remain open so long as proceedings before that court or in that probate process remain pending, provided that the Asbestos Trust has been furnished with evidence that the settlement offer has been submitted to such court or in the probate process for approval. If the offer is ultimately approved by the court or through the probate process and accepted by the claimant’s representative, the Asbestos Trust shall pay the claim in the amount so offered, multiplied by the Payment Percentage in effect at the time the offer was first made.

If any claims are liquidated on the same date, the claimant’s position in the FIFO Payment Queue shall be determined by the date of the diagnosis of the claimant’s asbestos-related disease. If any claims are liquidated on the same date and the respective holders’

asbestos-related diseases were diagnosed on the same date, the position of those claims in the FIFO Payment Queue shall be determined by the Asbestos Trust based on the dates of the claimants' birth, with older claimants given priority over younger claimants.

5.2 Resolution of Pre-Petition Liquidated Trust Claims.

5.2(a) Processing and Payment. As soon as practicable after the Effective Date, the Asbestos Trust shall pay, upon submission by the claimant of the appropriate documentation, all Trust Claims that were liquidated by (i) a binding settlement agreement for the particular claim entered into prior to the Petition Date that is judicially enforceable by the claimant, (ii) a jury verdict or non-final judgment in the tort system obtained prior to the Petition Date, or (iii) by a judgment that became final and non-appealable prior to the Petition Date (collectively "**Pre-Petition Liquidated Claims**"). In order to receive payment from the Asbestos Trust, the holder of a Pre-Petition Liquidated Claim must submit all documentation necessary to demonstrate to the Asbestos Trust that the claim was liquidated in the manner described in the preceding sentence, which documentation shall include (A) a court-authenticated copy of the jury verdict (if applicable), a non-final judgment (if applicable) or a final judgment (if applicable), and (B) the name, social security number and date of birth of the claimant and the name and address of the claimant's lawyer.

The liquidated value of a Pre-Petition Liquidated Claim shall be the unpaid portion of the amount agreed to in the binding settlement agreement, the unpaid portion of the amount awarded by the jury verdict or non-final judgment, or the unpaid portion of the amount of the final judgment, as the case may be, plus a sequencing adjustment, if applicable; however, except as otherwise provided in Section 7.4 below, the liquidated value of a Pre-Petition Liquidated Claim shall not include any punitive or exemplary damages. In addition, the amounts payable with

respect to such claims shall not be subject to or taken into account in consideration of the Claims Payment Ratio and the Maximum Available Payment limitations, but shall be subject to the Maximum Annual Payment and Payment Percentage provisions. In the absence of a Final Order of the Bankruptcy Court determining whether a settlement agreement is binding and judicially enforceable, a dispute between the claimant and the Asbestos Trust over this issue shall be resolved pursuant to the same procedures in this TDP that are provided for resolving the validity and/or liquidated value of a Trust Claim (*i.e.*, arbitration and litigation in the tort system as set forth in Sections 5.10 and 5.11 below).

Pre-Petition Liquidated Claims shall be processed and paid in accordance with their order in a separate FIFO queue to be established by the Asbestos Trust based on the date the Asbestos Trust received all required documentation for the particular claim. If any Pre-Petition Liquidated Claims were filed on the same date, the claimants' position in the FIFO queue for such claims shall be determined by the date on which the claim was liquidated. If any Pre-Petition Liquidated Claims were both filed and liquidated on the same dates, the position of the claimants in the FIFO queue shall be determined by the dates of the claimants' birth, with older claimants given priority over younger claimants.

5.2(b) Marshalling of Security. Holders of Pre-Petition Liquidated Claims that are secured by letters of credit, appeal bonds, or other security or sureties shall first exhaust their rights against any applicable security or surety before making a claim against the Asbestos Trust. Only in the event that such security or surety is insufficient to pay the Pre-Petition Liquidated Claim in full shall the deficiency be processed and paid as a Pre-Petition Liquidated Claim.

5.3 Resolution of Unliquidated Trust Claims. Within six (6) months after the establishment of the Asbestos Trust, the Trustee, with the consent of the TAC and the Legal

Representative, shall adopt procedures for reviewing and liquidating all unliquidated Trust Claims, which shall include deadlines for processing such claims. Such procedures shall also require that claimants seeking resolution of unliquidated Trust Claims must first file a proof of claim form, together with the required supporting documentation, in accordance with the provisions of Sections 6.1 and 6.2 below. It is anticipated that the Asbestos Trust shall provide an initial response to the claimant within six (6) months of receiving the proof of claim form.

The proof of claim form shall require the claimant to assert his or her claim for the highest Disease Level for which the claim qualifies at the time of filing. Irrespective of the Disease Level alleged on the proof of claim form, all claims shall be deemed to be a claim for the highest Disease Level for which the claim qualifies at the time of filing, and all lower Disease Levels for which the claim may also qualify at the time of filing or in the future shall be treated as subsumed into the higher Disease Level for both processing and payment purposes.

Upon filing of a valid proof of claim form with the required supporting documentation, the claimant shall be placed in the FIFO Processing Queue described in Section 5.1(a) above. The claimant shall (i) upon request provide the Asbestos Trust with any additional medical and/or exposure evidence that was not provided with the original claim submission; and (ii) advise the Asbestos Trust of any change in the claimant's Disease Level. If a claimant fails to notify the Asbestos Trust of any of the foregoing, the Asbestos Trust shall process and liquidate the claim under the Expedited Review Process based upon the medical/exposure evidence previously submitted by the claimant.

5.3(a) Expedited Review Process.

5.3(a)(1) In General. The Asbestos Trust's Expedited Review Process is designed primarily to provide an expeditious, efficient and inexpensive method for liquidating all

Trust Claims. Expedited Review is also intended to provide qualifying claimants a fixed and certain claims payment.

Thus, claims that undergo Expedited Review and meet the presumptive Medical/Exposure Criteria for the relevant Disease Level shall be paid the Scheduled Value for such Disease Level set forth in Section 5.3(a)(3) below. All claims liquidated by Expedited Review shall be subject to the applicable Payment Percentage, Maximum Available Payment, and the Claims Payment Ratio limitations set forth above; provided, however, that Pre-Petition Liquidated Claims shall not be subject to the Maximum Available Payment or the Claims Payment Ratio.

Subject to the provisions of Section 5.8, the claimant's eligibility to receive the Scheduled Value for his or her Trust Claim pursuant to the Expedited Review Process shall be determined solely by reference to the Medical/Exposure Criteria set forth below for each of the Disease Levels eligible for Expedited Review.

5.3(a)(2) Claims Processing Under Expedited Review. All claimants seeking liquidation of their claims pursuant to Expedited Review shall file the Asbestos Trust's proof of claim form. As a proof of claim form is reached in the FIFO Processing Queue, the Asbestos Trust shall determine whether the claim described therein meets the Medical/Exposure Criteria for one of the Disease Levels, and shall advise the claimant of its determination. If a Disease Level is determined, the Asbestos Trust shall tender to the claimant an offer of payment of the Scheduled Value for the relevant Disease Level multiplied by the applicable Payment Percentage, together with a form of release of the Asbestos Trust, the Debtor, the Debtor's Estate and the Reorganized Debtor approved by the Asbestos Trust. If the claimant accepts the Scheduled Value and returns the release properly executed, the claim shall be placed in the FIFO

Payment Queue, following which the Asbestos Trust shall disburse payment subject to the limitations of the Maximum Available Payment and the Claims Payment Ratio, if any.

5.3(a)(3) Disease Levels, Scheduled Values and Medical/Exposure

Criteria. The five (5) Disease Levels, together with the Medical/Exposure Criteria for each and the Scheduled Values for the five (5) Disease Levels eligible for Expedited Review, are set forth below. These Disease Levels, Scheduled Values, and Medical/Exposure Criteria shall apply to all Trust Claims payable from the Asbestos Trust that were filed with the Asbestos Trust on or before the Initial Claims Filing Date provided in Section 5.1(a)(2) above. Thereafter, with the consent of the Trust Advisory Committee and the Legal Representative, the Trustee may add to, change or eliminate the Disease Levels, Scheduled Values, or Medical/Exposure Criteria; develop subcategories of Disease Levels, Scheduled Values or Medical/Exposure Criteria; or determine that a novel or exceptional asbestos personal injury claim is compensable even though it does not meet the Medical/Exposure Criteria for any of the then-current Disease Levels.

<u>Disease Level</u>	<u>Scheduled Value</u>	<u>Medical/Exposure Criteria</u>
Mesothelioma (Level V)	\$70,000	(1) Diagnosis ³ of mesothelioma; and (2) Hercules Exposure as defined in Section 5.7(b)(1).
Lung Cancer (Level IV)	\$14,000	(1) Diagnosis of a primary lung cancer, (2) six months Hercules Exposure prior to December 31, 1986, (3) Significant Occupational Exposure ⁴ to asbestos, and (4) supporting medical documentation establishing asbestos exposure as a contributing factor in causing the lung cancer in question.

³ The requirements for a diagnosis of an asbestos-related disease that may be compensated under the provisions of this TDP are set forth in Section 5.7 below.

⁴ The term “Significant Occupational Exposure” is defined in Section 5.7(b)(2) below.

<u>Disease Level</u>	<u>Scheduled Value</u>	<u>Medical/Exposure Criteria</u>
Other Cancer (Level III)	\$3,900	(1) Diagnosis of a primary colo-rectal, laryngeal, esophageal, pharyngeal, or stomach cancer, plus evidence of an underlying Bilateral Asbestos-Related Nonmalignant Disease, ⁵ (2) six months Hercules Exposure prior to December 31, 1986, (3) Significant Occupational Exposure to asbestos, and (4) supporting medical documentation establishing asbestos exposure as a contributing factor in causing the other cancer in question.
Severe Asbestosis (Level II)	\$6,500	(1) Diagnosis of asbestosis with ILO of 2/1 or greater or asbestosis determined by pathological evidence of asbestos, plus (a) TLC less than or equal to 65%, or (b) FVC less than or equal to 65% and FEV1/FVC ratio greater than 65%, (2) six months Hercules Exposure prior to December 31, 1986, (3) Significant Occupational Exposure to asbestos, and (4) supporting medical documentation establishing asbestos exposure as a contributing factor in

⁵ Evidence of “Bilateral Asbestos-Related Nonmalignant Disease,” for purposes of meeting the criteria for establishing Disease Levels I and III means either (i) a chest X-ray read by a qualified B reader of 1/0 or higher on the ILO scale or (ii)(x) a chest X-ray read by a qualified B reader or other Qualified Physician, (y) a CT scan read by a Qualified Physician, or (z) pathology, in each case showing either bilateral interstitial fibrosis, bilateral pleural plaques, bilateral pleural thickening, or bilateral pleural calcification. Evidence submitted to demonstrate (i) or (ii) above must be in the form of a written report stating the results (*e.g.*, in ILO report, written radiology report or a pathology report). Solely for asbestos claims filed against Hercules or another defendant in the tort system prior to the Petition Date, if an ILO reading is not available, either (i) a chest X-ray or a CT scan read by a Qualified Physician, or (ii) pathology, in each case showing bilateral interstitial fibrosis, bilateral pleural plaques, bilateral pleural thickening, or bilateral pleural calcification consistent with or compatible with a diagnosis of asbestos-related disease, shall be evidence of a Bilateral Asbestos-Related Nonmalignant Disease for purposes of meeting the presumptive medical requirements of Disease Levels I and III. Pathological proof of asbestosis may be based on the pathological grading system for asbestosis described in the Special Issue of the Archives of Pathology and Laboratory Medicine, “Asbestos-associated Diseases,” Vol. 106, No. 11, App. 3 (October 8, 1982). For all purposes of this TDP, a “Qualified Physician” is a physician who is board-certified in one or more relevant specialized fields of medicine such as pulmonology, radiology, internal medicine or occupational medicine; provided, however, subject to the provisions of Section 5.8, that the requirement for board certification in this provision shall not apply to otherwise qualified physicians whose X-ray and/or CT scan readings are submitted for deceased holders of Trust Claims.

<u>Disease Level</u>	<u>Scheduled Value</u>	<u>Medical/Exposure Criteria</u> causing the pulmonary disease in question.
Nonmalignant Disease (Level I)	\$1,100	(1) Diagnosis of Bilateral Asbestos-Related Nonmalignant Disease (2) six months Hercules Exposure prior to December 31, 1986, (3) Significant Occupational Exposure to asbestos, and (4) supporting medical documentation establishing asbestos exposure as a contributing factor in causing the pulmonary disease in question.

5.3(b) Scheduled and Maximum Values. The Scheduled and Maximum

Values for Trust Claims involving the Disease Levels compensable under this TDP are the following:

<u>Scheduled Disease</u>	<u>Scheduled Value</u>	<u>Maximum Value</u>
Mesothelioma (Level V)	\$70,000	\$[]
Lung Cancer (Level IV)	\$14,000	\$[]
Other Cancer (Level III)	\$3,900	\$[]
Severe Asbestosis (Level II)	\$6,500	\$[]
Nonmalignant Disease (Level I)	\$1,100	N/A

These Scheduled Values and Maximum Values shall apply to all Trust Claims filed with the Asbestos Trust on or before the Initial Claims Filing Date as provided in Section 5.1(a)(2) above. Thereafter, the Asbestos Trust, with the consent of the TAC and the Legal Representative pursuant to Sections 6.7(b) and 7.6(b) of the Trust Agreement, may change these valuation amounts for good cause and consistent with other restrictions on the amendment power.

5.4 Exigent Hardship Claims. At any time the Asbestos Trust may liquidate and pay Trust Claims that qualify as Exigent Hardship Claims as defined below. Such claims may be

considered separately no matter what the order of processing otherwise would have been under this TDP. An Exigent Hardship Claim, following its liquidation, shall be placed first in the FIFO Payment Queue ahead of all other liquidated Trust Claims, except Pre-Petition Liquidated Claims, and shall be subject to the Maximum Available Payment and Claims Payment Ratio described above. A Trust Claim qualifies for payment as an Exigent Hardship Claim if the claim meets the Medical/Exposure Criteria for Severe Asbestosis (Disease Level II) or an asbestos-related malignancy (Disease Levels III-V), and the Asbestos Trust, in its sole discretion, determines (i) that the claimant needs financial assistance on an immediate basis based on the claimant's expenses and all sources of available income, and (ii) that there is a causal connection between the claimant's dire financial condition and the claimant's asbestos-related disease.

5.5 Secondary Exposure Claims. If a claimant alleges an asbestos-related disease resulting solely from exposure to an occupationally exposed person, such as a family member, the claimant must establish that the occupationally exposed person would have met the exposure requirements under this TDP that would have been applicable had that person filed a direct claim against the Asbestos Trust. In addition, the claimant with secondary exposure must establish that he or she is suffering from one (1) of the five (5) Disease Levels described in Section 5.3(a)(3) above or an asbestos-related disease otherwise compensable under this TDP, that his or her own exposure to the occupationally exposed person occurred within the same time frame as the occupationally exposed person was exposed to asbestos products manufactured or produced by Hercules or to conduct for which Hercules has legal responsibility, and that such secondary exposure was a cause of the claimed disease. All other liquidation, payment rights and limitations under this TDP shall be applicable to such claims.

5.6 Indirect Trust Claims. Indirect Trust Claims asserted against the Asbestos Trust shall be treated as presumptively valid and paid by the Asbestos Trust subject to the applicable Payment Percentage if (a) such claim satisfied the requirements of the Bar Date for such claims established by the Bankruptcy Court, if applicable, and is not otherwise disallowed by Section 502(e) of the Code or subordinated under Section 509(c) of the Code, and, and (b) the holder of such claim (the “**Indirect Claimant**”) establishes to the satisfaction of the Asbestos Trust that (i) the Indirect Claimant has paid in full the liability and obligation of the Asbestos Trust to the individual claimant to whom the Asbestos Trust would otherwise have had a liability or obligation as of the Effective Date of this TDP under these Procedures (the “**Direct Claimant**”), (ii) the Direct Claimant and the Indirect Claimant have forever and fully released the Asbestos Trust from all liability to the Direct Claimant, and (iii) the claim is not otherwise barred by a statute of limitation or repose or by other applicable law. In no event shall any Indirect Claimant have any rights against the Asbestos Trust superior to the rights of the related Direct Claimant against the Asbestos Trust, including any rights with respect to the timing, amount or manner of payment. In addition, no Indirect Trust Claim may be liquidated and paid in an amount that exceeds what the Indirect Claimant has actually paid the related Direct Claimant.

To establish a presumptively valid Indirect Trust Claim, the Indirect Claimant’s aggregate liability for the Direct Claimant’s claim must also have been fixed, liquidated and paid fully by the Indirect Claimant by settlement (with an appropriate full release in favor of the Asbestos Trust) or a Final Order (as defined in the Plan) provided that such claim is valid under the applicable state law. In any case where the Indirect Claimant has satisfied the claim of a Direct Claimant against the Asbestos Trust under applicable law by way of a settlement, the

Indirect Claimant shall obtain for the benefit of the Asbestos Trust a release in form and substance satisfactory to the Trustee.

If an Indirect Claimant cannot meet the presumptive requirements set forth above, including the requirement that the Indirect Claimant provide the Asbestos Trust with a full release of the Direct Claimant's claim, the Indirect Claimant may request that the Asbestos Trust review the Indirect Trust Claim individually to determine whether the Indirect Claimant can establish under applicable state law that the Indirect Claimant has paid all or a portion of a liability or obligation that the Asbestos Trust had to the Direct Claimant as of the Effective Date of this TDP. If the Indirect Claimant can show that it has paid all or a portion of such a liability or obligation, the Asbestos Trust shall reimburse the Indirect Claimant the amount of the liability or obligation so paid, times the then-applicable Payment Percentage. However, in no event shall such reimbursement to the Indirect Claimant be greater than the amount to which the Direct Claimant would have otherwise been entitled. Further, the liquidated value of any Indirect Trust Claim paid by the Asbestos Trust to an Indirect Claimant shall be treated as an offset to or reduction of the full liquidated value of any Trust Claim that might be subsequently asserted by the Direct Claimant against the Asbestos Trust.

Any dispute between the Asbestos Trust and an Indirect Claimant over whether the Indirect Claimant has a right to reimbursement for any amount paid to a Direct Claimant shall be subject to the ADR Procedures provided in Section 5.10 below and set forth in Attachment A hereto. If such dispute is not resolved by said ADR Procedures, the Indirect Claimant may litigate the dispute in the tort system pursuant to Sections 5.11 and 7.6 below.

The Trustee may develop and approve a separate proof of claim form for Indirect Trust Claims. Indirect Trust Claims that have not been disallowed, discharged, or otherwise resolved

by prior order of the Bankruptcy Court shall be processed in accordance with procedures to be developed and implemented by the Trustee consistent with the provisions of this Section 5.6, which procedures (a) shall determine the validity, allowability and enforceability of such claims; and (b) shall otherwise provide the same liquidation and payment procedures and rights to the holders of such claims as the Asbestos Trust would have afforded the holders of the underlying valid Trust Claims. Nothing in this TDP is intended to preclude a trust to which asbestos-related liabilities are channeled from asserting an Indirect Trust Claim against the Asbestos Trust subject to the requirements set forth herein.

5.7 Evidentiary Requirements.

5.7(a) Medical Evidence.

5.7(a)(1) In General. All diagnoses of a Disease Level shall be accompanied by either (i) a statement by the physician providing the diagnosis that at least ten (10) years have elapsed between the date of first exposure to asbestos or asbestos-containing products and the diagnosis, or (ii) a history of the claimant's exposure sufficient to establish a 10-year latency period. A finding by a physician after the Petition Date that a claimant's disease is "consistent with" or "compatible with" asbestosis will not alone be treated by the Asbestos Trust as a diagnosis.

5.7(a)(1)(A) Disease Levels I–II. All diagnoses of a non-malignant asbestos-related disease (Disease Levels I–II) shall be based in the case of a claimant who was living at the time the claim was filed, upon a physical examination of the claimant by the physician providing the diagnosis of the asbestos-related disease. All living claimants must also provide (i) for Disease Level I, evidence of Bilateral Asbestos-Related Nonmalignant

Disease (as defined in Footnote 5 above); (ii) for Disease Level II,⁶ an ILO reading of 2/1 or greater or pathological evidence of asbestosis, and pulmonary function testing.⁷

In the case of a claimant who was deceased at the time the claim was filed, all diagnoses of a non-malignant asbestos-related disease (Disease Levels I–II) shall be based upon either (i) a physical examination of the claimant by the physician providing the diagnosis of the asbestos-related disease; or (ii) pathological evidence of the non-malignant asbestos-related disease; or (iii) (a) in the case of Disease Level I, evidence of Bilateral Asbestos-Related Nonmalignant Disease (as defined in Footnote 5 above), and (b) for Disease Level II, either an ILO reading of 2/1 or greater or pathological evidence of asbestosis and pulmonary function testing.

5.7(a)(1)(B) Disease Levels III-V. All diagnoses of an asbestos-related malignancy (Disease Levels III-V) shall be based upon either (i) a physical examination of the claimant by the physician providing the diagnosis of the asbestos-related disease, or (ii) a diagnosis of such a malignant Disease Level by a board-certified pathologist or by a pathology report prepared at or on behalf of a hospital accredited by the Joint Commission on Accreditation

⁶ All diagnoses of Severe Asbestosis (Disease Level II) not based on pathology shall be presumed to be based on findings of bilateral asbestosis or pleural disease, and all diagnoses of Mesothelioma (Disease Level V) shall be presumed to be based on findings that the disease involves a malignancy. However, the Trust may rebut such presumptions.

⁷ “Pulmonary function testing” or “PFT” shall mean testing that is in material compliance with the quality criteria established by the American Thoracic Society (“ATS”) and is performed on equipment which is in material compliance with ATS standards for technical quality and calibration. PFT performed in a hospital accredited by the JCAHO, or performed, reviewed or supervised by a board certified pulmonologist or other Qualified Physician shall be presumed to comply with ATS standards, and the claimant may submit a summary report of the testing. If the PFT was not performed in an JCAHO-accredited hospital, or performed, reviewed or supervised by a board certified pulmonologist or other Qualified Physician, the claimant must submit the full report of the testing (as opposed to a summary report); provided, however, that if the PFT was conducted prior to the Effective Date of the Plan and the full PFT report is not available, the claimant must submit a declaration signed by a Qualified Physician or other qualified party, in the form provided by the Trust, certifying that the PFT was conducted in material compliance with ATS standards.

of Healthcare Organizations (“JCAHO”). Further, all diagnosis of an asbestos-related malignancy (Disease Levels III - V) must include a pathological or post-operative report which identifies the primary location of the cancer or malignancy. Claimants with Claims for Disease Levels III - V who do not include such pathological or post-operative report are required to provide a statement to the Asbestos Trust explaining why no such report is provided and the Trustee has the discretion to deny the Claim of such a claimant based on the absence of credible evidence establishing the primary location of the cancer or malignancy.

5.7(a)(1)(C) Certain Pre-Petition Claims. If the holder of a Trust Claim that was filed against Hercules or another defendant in the tort system prior to the Petition Date has not provided the Asbestos Trust with a diagnosis of the asbestos-related disease by a physician who conducted a physical examination of the claimant described in sections 5.7(a)(1)(A) and 5.7(a)(1)(B), but the claimant has available such a diagnosis by an examining physician engaged by the claimant, the claimant shall provide such diagnosis to the Asbestos Trust notwithstanding the exceptions in sections 5.7(a)(1)(A) and 5.7(a)(1)(B).

5.7(a)(2) Credibility of Medical Evidence. Before making any payment to a claimant, the Asbestos Trust must have reasonable confidence that the medical evidence provided in support of the claim is credible and consistent with recognized medical standards. The Asbestos Trust may require the submission of X-rays, CT scans, detailed results of pulmonary function tests, laboratory tests, tissue samples, results of medical examination or reviews of other medical evidence, and may require that medical evidence submitted comply with recognized medical standards regarding equipment, testing methods and procedures to assure that such evidence is reliable. Medical evidence (i) that is of a kind shown to have been received in evidence by a state or federal judge at trial, (ii) that is consistent with evidence

submitted to Hercules to settle for payment similar disease cases prior to Hercules' bankruptcy, or (iii) a diagnosis by a physician shown to have previously qualified as a medical expert with respect to the asbestos-related disease in question before a state or federal judge, is presumptively reliable, although the Asbestos Trust may seek to rebut the presumption. In addition, claimants who otherwise meet the requirements of this TDP for payment of a Trust Claim shall be paid irrespective of the results in any litigation at any time between the claimant and any other defendant in the tort system. However, any relevant evidence submitted in a proceeding in the tort system involving another defendant, other than any findings of fact, a verdict, or a judgment, may be introduced by either the Claimant or the Asbestos Trust in any Arbitration proceeding conducted pursuant to 5.10.

5.7(b) Exposure Evidence.

5.7(b)(1) In General. As set forth above in Section 5.3(a)(3), to qualify for any Disease Level, the claimant must demonstrate exposure to an asbestos-containing product which Hercules has legal responsibility. The term "Hercules Exposure" means a meaningful and credible exposure to asbestos containing products manufactured, sold, supplied, distributed, or marketed by Hercules; however, the Asbestos Trust shall be free to contest whether a particular asbestos product was in fact manufactured, sold, distributed, or marketed by Hercules. Claims based on conspiracy theories that involve no exposure to Hercules Asbestos-containing products manufactured, sold, distributed, or marketed by Hercules are not recoverable hereunder.

To meet the presumptive exposure requirements of Expedited Review set forth in Section 5.3(a)(3) above, the claimant must show (i) for all Disease Levels, exposure to Hercules Asbestos before 1986; (ii) for Asbestos-Related Non-Malignant (Disease Level I), Disabling

Severe Asbestosis (Disease Level II), Other Cancer (Disease Level III) or Lung Cancer (Disease Level IV), the claimant must show six (6) months occupational exposure to Hercules Asbestos before 1986, plus Significant Occupational Exposure to asbestos as defined below.

5.7(b)(2) Significant Occupational Exposure. Significant Occupational Exposure means employment for a cumulative period of at least five (5) years with a minimum of two (2) years prior to 1986 such that the claimant (a) handled raw asbestos fibers on a regular basis; (b) fabricated asbestos-containing products so that the claimant in the fabrication process was exposed on a regular basis to raw asbestos fibers; (c) altered, repaired or otherwise worked with an asbestos-containing product such that the claimant was exposed on a regular basis to asbestos fibers; or (d) was employed in an occupation such that the claimant worked on a regular basis in close proximity to workers engaged in the activities described in (a), (b) and/or (c).

5.7(b)(3) Sufficiency of Evidence. The claimant must demonstrate meaningful and credible exposure to Hercules asbestos, in accordance with the exposure requirements described in Section 5.7(b)(1) and (2) above. That meaningful and credible exposure evidence may be established (a) by an affidavit or sworn statement of the claimant, (b) by an affidavit or sworn statement of a co-worker or the affidavit or sworn statement of a family member in the case of a deceased claimant (providing the Asbestos Trust finds such evidence reasonably reliable), (c) by invoices, employment, construction or similar records, or (d) by other credible evidence. The specific exposure information required by the Asbestos Trust to process a claim under Expedited Review shall be set forth on the proof of claim form to be used by the Asbestos Trust. The Asbestos Trust can also require submission of other or additional evidence of exposure when it deems such to be necessary.

Due to the nature of the products manufactured and sold by Hercules, the Asbestos Trust will only pay individuals who were engaged in the occupations listed under Appendix I, *List of Accepted Professions*. If a claimant engaged in any other profession asserts exposure to a Hercules asbestos product, that claimant must state first hand that they had exposure to such product, an affidavit from a co-worker will not suffice; provided, however, in the case of a deceased claimant a co-worker affidavit may suffice. The Trustee shall have the discretion to establish an individual review process, in consultation with the TAC and Legal Representative, for claims that fail to meet the occupation criteria set forth herein. Such individual review shall be limited to the issue of exposure.

5.8 Claims Audit Program. The Asbestos Trust, with the consent of the TAC and the Legal Representative, may develop methods for auditing the reliability of medical evidence, including additional reading of X-rays, CT scans and verification of pulmonary function tests, as well as the reliability of evidence of exposure to asbestos, including exposure to asbestos-containing products manufactured by Hercules prior to December 31, 1986. In the event that the Asbestos Trust reasonably determines that any individual or entity has engaged in a pattern or practice of providing unreliable medical evidence to the Asbestos Trust, it may decline to accept additional evidence from such provider in the future.

Further, in the event that an audit reveals that fraudulent information has been provided to the Asbestos Trust, the Asbestos Trust may penalize any claimant or claimant's attorney by disallowing the Trust Claim or by other means including, but not limited to, requiring the source of the fraudulent information to pay the costs associated with the audit and any future audit or audits, reordering the priority of payment of all affected claimants' Trust Claims, raising the level of scrutiny of additional information submitted from the same source or sources, refusing to

accept additional evidence from the same source or sources, seeking the prosecution of the claimant or claimant's attorney for presenting a fraudulent claim in violation of 18 U.S.C. § 152, and seeking sanctions from the Bankruptcy Court.

5.9 Second Disease (Malignancy) Claims. Notwithstanding the provisions of Section 2.1 that a claimant may not assert more than one (1) Trust Claim hereunder, the holder of a Trust Claim involving a non-malignant asbestos-related disease (Disease Levels I-II) may assert a new Trust Claim against the Asbestos Trust for a malignant disease (Disease Levels III-V) that is subsequently diagnosed. Any additional payments to which such claimant may be entitled with respect to such malignant asbestos-related disease shall not be reduced by the amount paid for the non-malignant asbestos-related disease, provided that the malignant disease had not been diagnosed by the time the claimant was paid with respect to the original claim involving the non-malignant disease.

5.10 Arbitration.

5.10(a) Establishment of ADR Procedures. The Asbestos Trust, with the consent of the TAC and the Legal Representative, shall institute binding and non-binding arbitration procedures in accordance with the Alternative Dispute Resolution (“**ADR**”) Procedures included in Attachment A hereto for resolving disputes concerning whether a Pre-Petition settlement agreement with Hercules is binding and judicially enforceable in the absence of a Final Order of the Bankruptcy Court determining the issue, whether the Asbestos Trust's outright rejection or denial of a claim was proper, or whether the claimant's medical condition or exposure history meets the requirements of this TDP for purposes of categorizing a claim involving Disease Levels I-V. Binding and non-binding arbitration shall also be available for resolving disputes over the liquidated value of a claim involving Disease Levels II-V, as well as disputes over

Hercules' share of the unpaid portion of a Pre-Petition Liquidated Trust Claim described in Section 5.2 above and disputes over the validity of an Indirect Trust Claim.

In all arbitrations, the arbitrator shall consider the same medical and exposure evidentiary requirements that are set forth in Section 5.7 above. In the case of an arbitration involving the liquidated value of a claim involving Disease Levels II-V, the Asbestos Trust shall thus take into consideration all of the factors that affect the severity of damages and values within the tort system including, but not limited to, credible evidence of (i) the degree to which the characteristics of a claim differ from the presumptive Medical/Exposure Criteria for the Disease Level in question; (ii) factors such as the claimant's age, disability, employment status, disruption of household, family or recreational activities, dependencies, special damages, and pain and suffering; (iii) whether the claimant's damages were (or were not) caused by asbestos exposure, including exposure to an asbestos-containing product or to conduct for which Hercules has legal responsibility prior to December 31, 1986 (for example, alternative causes, and the strength of documentation of injuries); (iv) the industry of exposure; (v) settlement and verdict histories and other law firms' experience in the Claimant's Jurisdiction for similarly situated claims; and (vi) settlement and verdict histories for the claimant's law firm for similarly situated claims.

For these purposes, the "Claimant's Jurisdiction" is the jurisdiction in which the claim was filed (if at all) against Hercules in the tort system prior to the Petition Date. If the claim was not filed against Hercules in the tort system prior to the Petition Date, the claimant may elect as the Claimant's Jurisdiction either (i) the jurisdiction in which the claimant resides at the time of diagnosis or when the claim is filed with the Asbestos Trust; or (ii) a jurisdiction in which the

claimant experienced exposure to an asbestos-containing product or to conduct for which Hercules has legal responsibility.

With respect to the “Claimant’s Jurisdiction” in the event a personal representative or authorized agent makes a claim under this TDP for wrongful death with respect to which the governing law of the Claimant’s Jurisdiction could only be the Alabama Wrongful Death Statute, the Claimant’s Jurisdiction for such claim shall be the State of New Jersey, and such claimant’s damages shall be determined pursuant to the statutory and common laws of the State of New Jersey without regard to its choice of law principles. The choice of law provision in Section 7.4 below applicable to any claim with respect to which, but for this choice of law provision, the applicable law of the Claimant’s Jurisdiction pursuant to this Section 5.10 is determined to be the Alabama Wrongful Death Statute, shall only govern the rights between the Asbestos Trust and the claimant, and, to the extent the Asbestos Trust seeks recovery from any entity that provided insurance coverage to Hercules, the Alabama Wrongful Death Statute shall govern.

With respect to all claims eligible for arbitration, the claimant, but not the Asbestos Trust, may elect either non-binding or binding arbitration. The ADR Procedures set forth in Attachment A hereto may be modified by the Asbestos Trust with the consent of the TAC and the Legal Representative.

5.10(b) Claims Eligible for Arbitration. In order to be eligible for arbitration, the claimant must first complete the Pro Bono Evaluation process set forth in the ADR Procedures.

5.10(c) Limitations on and Payment of Arbitration Awards. In the case of a claim involving Disease Level I, the arbitrator shall not return an award in excess of the Scheduled Value for such claim. In the case of a Trust Claim involving Disease Levels II-V, the arbitrator

shall not return an award in excess of the Maximum Value for the appropriate Disease Level as set forth in Section 5.3(b) above. A claimant who submits to arbitration and who accepts the arbitral award shall receive payments in the same manner as one who accepts the Asbestos Trust's original valuation of the claim.

5.11 Litigation. Claimants who elect non-binding arbitration and then reject their arbitral awards retain the right to institute a lawsuit in the tort system against the Asbestos Trust pursuant to Section 7.6 below. However, a claimant shall be eligible for payment of a judgment for monetary damages obtained in the tort system from the Asbestos Trust's available cash only as provided in Section 7.7 below.

SECTION VI

Claims Materials

6.1 Claims Materials. The Asbestos Trust shall prepare suitable and efficient claims materials ("**Claims Materials**") for all Trust Claims, and shall provide such Claims Materials upon a written request for such materials to the Asbestos Trust. The proof of claim form to be submitted to the Asbestos Trust shall require the claimant to assert the highest Disease Level for which the claim qualifies at the time of filing. The proof of claim form shall also include a certification by the claimant or his or her attorney sufficient to meet the requirements of Rule 11(b) of the Federal Rules of Civil Procedure. In developing its claim filing procedures, the Asbestos Trust shall make every effort to provide claimants with the opportunity to utilize currently available technology at their discretion, including filing claims and supporting documentation over the Internet and electronically by disk or CD-Rom. The proof of claim form to be used by the Asbestos Trust shall be developed by the Asbestos Trust and submitted to the

TAC and the Legal Representatives for approval; it may be changed by the Asbestos Trust with the consent of the TAC and the Legal Representative.

6.2 Content of Claims Materials. The Claims Materials shall include a copy of this TDP, such instructions as the Trustee shall approve, and a detailed proof of claim form. If feasible, the forms used by the Asbestos Trust to obtain claims information shall be the same or substantially similar to those used by other asbestos claims resolution organizations. If requested by the claimant, the Asbestos Trust shall accept information provided electronically. The claimant may, but shall not be required to, provide the Asbestos Trust with evidence of recovery from other defendants and claims resolution organizations.

6.3 Withdrawal or Deferral of Claims. A claimant can withdraw a Trust Claim at any time upon written notice to the Asbestos Trust and file another claim subsequently without affecting the status of the claim for statute of limitations purposes, but any such claim filed after withdrawal shall be given a place in the FIFO Processing Queue based on the date of such subsequent filing. A claimant can also request that the processing of his or her Trust Claim by the Asbestos Trust be deferred for a period not to exceed one (1) year without affecting the status of the claim for statute of limitation purposes. During the period of such deferral, a sequencing adjustment on such claimant's Trust Claim as provided in Section 7.5 hereunder shall not accrue and payment thereof shall be deemed waived by the claimant. Except for Trust Claims held by representatives of deceased or incompetent claimants for which court or probate approval of the Asbestos Trust's offer is required, or a Trust Claim for which deferral status has been granted, a claim shall be deemed to have been withdrawn if the claimant neither accepts, rejects, nor initiates arbitration within six (6) months of the Asbestos Trust's written offer of payment or

rejection of the claim. Upon written request and good cause, the Asbestos Trust may extend the withdrawal or deferral period for an additional six (6) months.

6.4 Filing Requirements and Fees. The Trustee shall have the discretion to determine, with the consent of the TAC and the Legal Representative, (a) whether a claimant must have previously filed an asbestos-related personal injury claim in the tort system to be eligible to file the claim with the Asbestos Trust and (b) whether a filing fee should be required for any Trust Claims.

6.5 Confidentiality of Claimants' Submissions. All submissions to the Asbestos Trust by a holder of a Trust Claim or a proof of claim form and materials related thereto shall be treated as made in the course of settlement discussions between the holder and the Asbestos Trust, and intended by the parties to be confidential and to be protected by all applicable state and federal privileges, including but not limited to those directly applicable to settlement discussions. The Asbestos Trust will preserve the confidentiality of such claimant submissions, and shall disclose the contents thereof only, with the permission of the holder, to another trust established for the benefit of asbestos personal injury claimants pursuant to section 524(g) and/or section 105 of the Bankruptcy Code or other applicable law, to such other persons as authorized by the holder, or in response to a valid subpoena of such materials issued by the Bankruptcy Court. Furthermore, the Asbestos Trust shall provide counsel for the holder a copy of any such subpoena immediately upon being served. The Asbestos Trust may on its own initiative or upon request of the claimant in question take all necessary and appropriate steps to preserve said privileges before the Bankruptcy Court and before those courts having appellate jurisdiction related thereto. Notwithstanding anything in the foregoing to the contrary, with the consent of the TAC and the Future Claimants' Representative, the Asbestos Trust may, in specific limited

instances, disclose information, documents, or other materials reasonably necessary in the Asbestos Trust's judgment to preserve, litigate, resolve, or settle coverage, or to comply with an applicable obligation under an insurance policy or settlement agreement within the Asbestos Trust Assets; provided, however, that the Asbestos Trust shall take any and all steps reasonably feasible in its judgment to preserve the further confidentiality of such information, documents and materials, and prior to the disclosure of such information, documents or materials to a third party, the Asbestos Trust shall receive from such third party a written agreement of confidentiality that (a) ensures that the information, documents and materials provided by the Asbestos Trust shall be used solely by the receiving party for the purpose stated in the agreement and (b) prohibits any other use or further dissemination of the information, documents and materials by the third party.

SECTION VII

General Guidelines for Liquidating and Paying Claims

7.1 Showing Required. To establish a valid Trust Claim, a claimant must meet the requirements set forth in this TDP. The Asbestos Trust may require the submission of X-rays, CT scans, laboratory tests, medical examinations or reviews, other medical evidence, or any other evidence to support or verify the Trust Claim, and may further require that medical evidence submitted comply with recognized medical standards regarding equipment, testing methods, and procedures to assure that such evidence is reliable.

7.2 Costs Considered. Notwithstanding any provisions of this TDP to the contrary, the Trustee shall always give appropriate consideration to the cost of investigating and uncovering invalid Trust Claims so that the payment of valid Trust Claims is not further impaired by such processes with respect to issues related to the validity of the medical evidence

supporting a Trust Claim. The Trustee shall also have the latitude to make judgments regarding the amount of transaction costs to be expended by the Asbestos Trust so that valid Trust Claims are not unduly further impaired by the costs of additional investigation. Nothing herein shall prevent the Trustee, in appropriate circumstances, from contesting the validity of any claim against the Asbestos Trust whatever the costs, or to decline to accept medical evidence from sources that the Trustee has determined to be unreliable pursuant to the Claims Audit Program described in Section 5.8 above.

7.3 Discretion to Vary the Order and Amounts of Payments in Event of Limited Liquidity. Consistent with the provisions hereof and subject to the FIFO Processing and Liquidation Queues, the Maximum Annual Payment, Maximum Available Payment, and the Claims Payment Ratio requirements set forth above, the Asbestos Trust shall proceed as quickly as possible to liquidate valid Trust Claims, and shall make payments to holders of such claims in accordance with this TDP promptly as funds become available and as claims are liquidated, while maintaining sufficient resources to pay future valid claims in substantially the same manner.

Because the Asbestos Trust's income over time remains uncertain, and decisions about payments must be based on estimates that cannot be done precisely, they may have to be revised in light of experiences over time, and there can be no guarantee of any specific level of payment to claimants. However, the Trustee shall use his or her best efforts to treat similar claims in substantially the same manner, consistent with his or her duties as Trustee, the purposes of the Asbestos Trust, and the practical limitations imposed by the inability to predict the future with precision.

In the event that the Asbestos Trust faces temporary periods of limited liquidity, the Trustee may, with the consent of the TAC and the Legal Representative, suspend the normal order of payment and may temporarily limit or suspend payments altogether.

7.4 Punitive Damages. Except as provided below for claims asserted under the Alabama Wrongful Death Statute, in determining the value of any liquidated or unliquidated Trust Claim, punitive or exemplary damages, *i.e.*, damages other than compensatory damages, shall not be considered or allowed, notwithstanding their availability in the tort system.

Similarly, no punitive or exemplary damages shall be payable with respect to any claim litigated against the Asbestos Trust in the tort system pursuant to Sections 5.11 above and 7.6 below. The only damages that may be awarded pursuant to this TDP to Alabama Claimants who are deceased and whose personal representatives pursue their claims only under the Alabama Wrongful Death Statute shall be compensatory damages determined pursuant to the statutory and common law of the State of New Jersey, without regard to its choice of law principles. The choice of law provision in Section 7.4 herein applicable to any claim with respect to which, but for this choice of law provision, the applicable law of the Claimant's Jurisdiction pursuant to Section 5.10 is determined to be the Alabama Wrongful Death Statute, shall only govern the rights between the Asbestos Trust and the claimant including, but not limited to, suits in the tort system pursuant to Section 7.6, and to the extent the Asbestos Trust seeks recovery from any entity that provided insurance to Hercules, the Alabama Wrongful Death Statute shall govern.

7.5 Sequencing Adjustment.

7.5(a) In General. Except for any Trust Claim involving Other Asbestos Disease (Disease Level I – Cash Discount Payment) and subject to the limitations set forth below, a sequencing adjustment shall be paid on all Trust Claims with respect to which the claimant has

had to wait a year or more for payment as determined in accordance with 7.5(b) and (c) below, provided, however, that no claimant shall receive a sequencing adjustment for a period in excess of seven (7) years. The sequencing adjustment factor for each year shall be the coupon issue yield equivalent (as determined by the Secretary of the Treasury) of the average accepted auction price for the first auction of five-year Treasury Notes occurring in such year.

7.5(b) Unliquidated Trust Claims. A sequencing adjustment shall be payable on the Scheduled Value of any unliquidated Trust Claim that meets the requirements of Disease Levels II–V, whether the claim is liquidated under Expedited Review or by arbitration. No sequencing adjustment shall be paid on any claim involving Disease Level I or on any claim liquidated in the tort system pursuant to Section 5.11 above and Section 7.6 below. Sequencing adjustments on all such unliquidated claims shall be measured from the date of payment back to the earliest of the date that is one (1) year after the date on which (a) the claim was filed against Hercules prior to the Petition Date; (b) the claim was filed against another defendant in the tort system on or after the Petition Date but before the Effective Date; (c) the claim was filed with the Bankruptcy Court during the pendency of the Chapter 11 proceeding if the claim was filed prior to the date the Plan was first filed with the Bankruptcy Court; or (d) the claim was filed with the Asbestos Trust after the Effective Date.

7.5(c) Liquidated Pre-Petition Claims. A sequencing adjustment shall also be payable on the liquidated value of all Pre-Petition Liquidated Claims described in Section 5.2(a) above. The sequencing adjustment shall be measured from the date of payment back to the date that is one (1) year after the Petition Date.

7.6 Suits in the Tort System. If the holder of a disputed claim disagrees with the Asbestos Trust’s determination regarding the Disease Level of the claim, the claimant’s exposure

history or the liquidated value of the claim, and if the holder has first submitted the claim to non-binding arbitration as provided in Section 5.10 above, the holder may file a lawsuit in the Claimant's Jurisdiction as defined in Section 5.10 above. Any such lawsuit must be filed by the claimant in her or her own right and name and not as a member or representative of a class, and no such lawsuit may be consolidated with any other lawsuit. All defenses (including, with respect to the Asbestos Trust, all defenses which could have been asserted by Hercules) shall be available to both sides at trial; however, the Asbestos Trust may waive any defense and/or concede any issue of fact or law. If the claimant was alive at the time the initial pre-petition complaint was filed or on the date the proof of claim form was filed with the Asbestos Trust, the case shall be treated as a personal injury case with all personal injury damages to be considered even if the claimant has died during the pendency of the claim.

7.7 Payment of Judgments for Money Damages. If and when a claimant obtains a judgment in the tort system, the claim shall be placed in the FIFO Payment Queue based on the date on which the judgment became final. Thereafter, the claimant shall receive from the Asbestos Trust an initial payment (subject to the applicable Payment Percentage, the Maximum Available Payment, and the sequencing adjustment provisions set forth above) of an amount equal to the greater of (i) the Asbestos Trust's last offer to the claimant or (ii) the award that the claimant declined in non-binding arbitration. The claimant shall receive the balance of the judgment, if any, in five (5) equal installments in years six (6) through ten (10) following the year of the initial payment (also subject to the applicable Payment Percentage, the Maximum Available Payment, Claims Payment Ratio, and the sequencing adjustment provisions above in effect on the date of the payment of the subject installment).

In the case of Trust Claims involving Disease Levels I, the total amounts paid with respect to such claims shall not exceed the relevant Scheduled Value for such Disease Levels as set forth in Section 5.3(b) above. In the case of claims involving a non-malignant asbestos-related disease that does not attain classification under Disease Levels I or II the amount payable shall not exceed the Scheduled Value for the Disease Level most comparable to the disease proven. In the case of Trust Claims involving severe asbestosis and malignancies (Disease Levels II - V), the total amounts paid with respect to such claims shall not exceed the Maximum Values for such Disease Levels set forth in Section 5.3(b). Under no circumstances shall either a sequencing adjustment be paid pursuant to Section 7.5 or interest be paid under any statute on any judgments obtained in the tort system.

7.8 Releases. The Trustee shall have the discretion to determine the form and substance of the releases to be provided to the Asbestos Trust in order to maximize recovery for claimants against other tortfeasors without increasing the risk or amount of claims for indemnification or contribution from the Asbestos Trust. As a condition to making any payment to a claimant, the Asbestos Trust shall obtain a general, partial, or limited release as appropriate in accordance with the applicable state or other law. If allowed by state law, the endorsing of a check or draft for payment by or on behalf of a claimant may, in the discretion of the Asbestos Trust, constitute such a release. In no event shall the form of release extend to any parties other than the Asbestos Trust, the Debtor, the Debtor's Estates and the Reorganized Debtor.

7.9 Third-Party Services. Nothing in this TDP shall preclude the Asbestos Trust from contracting with another asbestos claims resolution organization to provide services to the Asbestos Trust so long as decisions about the categorization and liquidated value of Trust Claims

are based on the relevant provisions of this TDP, including the Disease Levels, Scheduled Values, Maximum Values, and Medical/Exposure Criteria set forth above.

7.10 Asbestos Trust Disclosure of Information. Periodically, but not less often than once a year, the Asbestos Trust shall make available to claimants and other interested parties, the number of claims by Disease Levels that have been resolved both by arbitration as well as by litigation in the tort system indicating the amounts of the awards and the averages of the awards.

SECTION VIII

Miscellaneous

8.1 Amendments. Except as otherwise provided herein, the Trustee may amend, modify, delete, or add to any provisions of this TDP (including, without limitation, amendments to the List of Accepted Professions and amendments to conform this TDP to advances in scientific or medical knowledge or other changes in circumstances), provided the Trustee first obtains the consent of the TAC and the Legal Representative pursuant to the Consent Process set forth in Sections 6.7(b) and 7.6(b) of the Trust Agreement, except that the right to adjust the Payment Percentage is governed by Section 4.2 above. Nothing herein is intended to preclude the TAC or the Legal Representatives from proposing to the Trustee, in writing, amendments to this TDP. Any amendment proposed by the TAC or the Legal Representatives shall remain subject to Section 8.3 of the Trust Agreement. Notwithstanding anything contained in this TDP to the contrary, neither this TDP nor any document annexed to this TDP shall be modified or amended in any way that could: (a) alter this Section 8.1; or (b) jeopardize, impair, or modify the applicability of section 524(g) of the Bankruptcy Code to the Plan and the Confirmation Order, the efficacy or enforceability of the injunction entered thereunder, or the Asbestos Trust's qualified settlement fund status under the QSF Regulations.

8.2 Severability. Should any provision contained in this TDP be determined to be unenforceable, such determination shall in no way limit or affect the enforceability and operative effect of any and all other provisions of this TDP. Should any provision contained in this TDP be determined to be inconsistent with or contrary to Hercules' obligations to any insurance company providing insurance coverage to Hercules in respect of claims for personal injury based on exposure to an asbestos-containing product or to conduct for which Hercules has legal responsibility, the Asbestos Trust with the consent of the TAC and the Legal Representative may amend this TDP and/or the Trust Agreement to make the provisions of either or both documents consistent with the duties and obligations of Hercules to said insurance company.

8.3 Governing Law. Except for purposes of determining the liquidated value of any Trust Claim, administration of this TDP shall be governed by, and construed in accordance with, the laws of the State of Delaware. The law governing the liquidation of Trust Claims in the case of arbitration or litigation in the tort system shall be the law of the Claimant's Jurisdiction as described in Section 5.10 above.

Appendix I – List of Accepted Professions

Air Conditioning/Heating Mfg. Worker
Apprentice Fitter
Apprentice Plumber
Asbestos Worker
B&B Mechanic
Boiler Coverers
Boiler Inspector
Boiler Insulator
Boiler Mechanic
Boiler Mechanic Helper
Boiler Operator
Boiler Plant Operator
Boiler Repair
Boiler Supervisor
Boiler Technician
Boiler Tender
Boiler Tester
Boiler Washer
Boiler Worker
Boilermaid
Boilermaker
Boilermaker Helper
Boilermaker Supervisor
Boilers Mfg. Plant Worker
Brick Gang
Brick Layer
Brick Room Helper
Brickman
Brickmason
Building Maintenance Workers
Burner
Burner Helper
Burner Installer
Burner Repairman
Carpenter
Cement Finisher
Construction Laborer
Construction Mechanic
Construction Worker
Contractor
Custodian
Fireman
Fireman/Watertender
Fireroom
Firewatcher

Appendix I - List of Accepted Professions – Continued

First Assistant Engineer
Fitter
Furnace Fireman
Furnace Helper
Furnace Installer
Furnace Liner
Furnace Machinist
Furnace Manufacturer
Furnace Operator
Furnace Repairman
Furnace Top Operator
Gas Conversion Technician
Heat & Frost
Heat Systems Installer and Repairman
Heating
Heating Insulator
HVAC Installer
Industrial Process Furnaces, Ovens
Installer Refrigeration/HVAC Equipment
Insulation
Insulation Helper
Insulation Machinist
Insulation Worker
Insulator
Insulator Helper
Insulator Helper/Apprentice
Kiln (tender/builder)
Kiln Operator
Kiln Worker
Machinist
Machinist Helper
Maintenance
Maintenance Electrician
Maintenance Foreman
Maintenance Man
Maintenance Mechanic
Maintenance Oiler Utility
Maintenance Supervisor
Mason
Mason Tender
Master Plumber and Electrician
Mechanic
Mechanical Fitter
Mechanical Maintenance
Mechanic's Helper

Appendix I - List of Accepted Professions – Continued

Millwright
Oil Burner
Oil Burner Serviceman
Oiler
Open Hearth Helper
Operating Engineer
Operating Mechanic
Oven Operator
Oven/Furnace Mfg. Worker
Pipe Coverer
Pipe Insulator
Pipe Welder
Pipefitter
Pipefitter's Helper
Plant Maintenance
Plumber
Plumber Mechanic
Plumber/pipefitter
Plumbing Industry
Power Plant Worker
Powerhouse Employee
Powerhouse Laborer
Powerhouse Mechanic
Powerhouse Operator
Refinery Laborer
Refinery Operator
Refractory Insulator
Refractory Worker
Sheetmetal Mechanic
Sheetmetal Worker
Sheetmetal Worker/Apprentice
Steamfitter
Third Engineer
Third Operating Mechanic
Turbine Mechanic
Turnaround Man
Turnaround/Production Service Operator
Utility Mechanic
Utilityman
Wiper
Working Foreman
Yard Laborer
Homeowner