

C.E. Thurston & Sons, Inc. Asbestos Trust

also known as the

C.E. Thurston & Sons Asbestos Trust

RULES GOVERNING PROCESSING OF DISPUTED CLAIMS

Pursuant to Section 5.1(b) of the Asbestos Related Claims and Demands Trust Distribution Procedures for the C.E. Thurston & Sons, Inc. Asbestos Trust (the “TDP”), the Trustee of the C.E. Thurston & Sons, Inc. Asbestos Trust (the “Trust”) hereby establishes these rules (the “Rules”) to govern those instances described in Section 7.10 of the TDP, with the consent of the Trust Advisory Committee (“TAC”) and the Legal Representative, also referred to in the Amended Plan of Reorganization (the “Plan”) as the Future Claimants’ Representative (“FCR”). These Rules shall become effective as of the date they are approved by the TAC and FCR (the “Effective Date”) and shall govern the resolution of all Disputed Claims regardless of the date a Claim was filed.

These Rules provide a Claimant with an alternative dispute resolution process (“ADR” or “ADR Procedures”) which includes both mandatory as well as voluntary options to be utilized by the Claimant and the Trust to resolve a Claim. This ADR process is available for the events described in Section 7.10 of the TDP. After such an event, the Claimant must proceed with binding or non-binding arbitration. These ADR Procedures shall not be construed as imparting to any Claimant any substantive or procedural rights beyond those conferred by the TDP. To the extent there is any conflict between these Rules and the TDP, the TDP shall control.

Article I Definitions; General Rules

1.1 Definitions. In addition to the capitalized terms used in these Rules, the following capitalized terms shall have the following meanings¹:

“Claim” means an “Asbestos Claim” or an “Other Toxic PI Claims”, as those terms are defined in the TDP.

“Claimant” means the holder of a Claim or his/her designated representative.

“Expedited Claim” means a Claim that the Claimant has submitted to the Trust under Parts I or II (or Sections 7.2, 7.3 or 10.3) of the TDP.

“Disputed Claim” means a Claim that the Claimant has elected to pursue under Section 7.10 of the TDP.

1.2 Mandatory Exhaustion. Under no circumstances may a Claimant bring suit against the Trust (or continue a suit previously brought but stayed) without first complying with these Rules.

1.3 Service of Notices. Because these Rules provide that certain actions must be taken within specified periods or be barred, any notice that a party is required to serve under the Rules shall only be served by certified mail, return receipt requested, or by a nationally recognized overnight courier. The Claimant shall send all notices required to be served under these Rules to the following address:

C.E. Thurston & Sons Asbestos Trust
One Gateway Center, Suite 525
420 Fort Duquesne Blvd.
Pittsburgh, Pennsylvania 15222-1402

¹ Capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the TDP and the Plan.

1.4 Enforcement of Response Dates. Because the Trust has the responsibility of ensuring that all Claims are treated fairly, the Trust will endeavor to strictly enforce all response periods fixed by these Rules.

1.5 Notice of ADR Claims Process. With respect to Disputed Claims, the Trust shall, as soon as practical after receipt of a Notice of Rejection and Request for Arbitration, provide a copy of these Rules to each Claimant, or his/her counsel (if any). The Rules will be deemed to have been provided if the claims processor, Claims Resolution Management Corporation (“CRMC”), has directed the Claimant or his/her counsel, in writing, to CRMC’s website to download the Rules. A hard copy of the Rules will be provided only if specifically requested.

1.6 Processing of Disputed Claims. In the interests of fairness, all Disputed Claims will be processed on a “first in, first out” basis by year of receipt of the original claim by Claims Resolution Management Corporation, the Trust’s claims processor.

1.7 Statement of Confidentiality. With the sole exception of the stenographic or oral record of the testimony presented at the hearing described in Article III, Section 3.8 below, all arbitration proceedings and information relating to the proceeding will be confidential. Neither party shall disclose the information obtained during the proceedings, nor the valuation placed on the case by an arbitrator, to anyone or use such information or valuation in any further proceeding except as necessary to maintain the Trust’s obligation to report to the Bankruptcy Court and to provide ongoing evaluation by the Trust, FCR and TAC. Except for documents prepared by a non-party which are introduced as evidence before an arbitrator, any document prepared by another party, attorney or other participant in anticipation of arbitration is privileged and shall not be disclosed to any court or arbitrator or construed for any purpose as an admission against interest.

Article II Election of ADR Procedures

2.1 Rejection of Offer of the Scheduled Value; Withdrawal of Claim. The Trust shall value the Expedited Claim and shall communicate to the Claimant in writing its proposed offer of settlement (the “Settlement Offer”). A Claimant must, within 360 days after the Trust denies the claim or makes a Settlement Offer (with the 360 day period measured from the date of the postmark or electronic notification) either (a) accept a Settlement Offer, (b) file the Trust’s Notice of Rejection and Request for Arbitration form, or (c) withdraw the Claim (the “Withdrawal Election”). If the Claimant accepts the Settlement Offer by executing the release included with the Settlement Offer and returning it to CRMC or to Claimant’s counsel if represented, the Claim shall be placed in the FIFO Payment Queue, following which the Trust shall disburse payment, subject to Section 7.1(c) of the TDP. If a Claimant rejects a Settlement Offer or wishes to appeal a denial of the claim, he/she shall do so by filing a Notice of Rejection and Request for Arbitration (a “Request for Arbitration”). If a Claimant makes a timely Withdrawal Election by filing with the Trust the form prescribed for such purpose, any statute of limitations for filing claims against the Trust that is applicable to the Claimant shall be tolled, and such election shall be without prejudice to the Claimant to file a subsequent Claim. If a Claimant does not timely file either a Request for Arbitration or a Withdrawal Election, the Claimant shall be deemed to have accepted the Settlement Offer, and the Trust shall, upon its receipt of a release satisfactory to the Trustee in his sole discretion, shall disburse payment subject to Section 7.1(c) of the TDP. If a Claimant fails to provide a release within one year of receipt of the Settlement Offer (as determined by the date of the Settlement Offer), the claim will be closed. Once a claim has been closed, it cannot be reopened under any circumstances.

Article III
General Rules for Arbitrating Claims

3.1 Application of Rules. In the event that a Claimant seeks to arbitrate a Claim, the provisions of this Article III shall apply. To the extent not inconsistent with these Rules, the provisions of the Federal Arbitration Act, 9 U.S.C. §§ 1 *et seq.* (the “Arbitration Act”) shall supplement this Article III, and an arbitrator appointed hereunder shall, unless Article IV herein provides otherwise, have all of the powers granted to arbitrators in the Arbitration Act.

3.2 Tolling of Statute of Limitations. In all cases governed by these Rules, the statute of limitations applicable to a Claimant will be tolled as of the earlier of the dates the Claim was filed with the Trust or the date on which the Claimant filed his/her complaint against C.E. Thurston & Sons, Inc. and the right to a jury trial shall be preserved with the defendant being solely the Trust. To the extent the statute of limitations has been tolled, it shall commence running 30 days after entry of a non-binding arbitration award.

3.3 Appointment of Arbitrators.

(a) Panel of Arbitrators. The Trust shall establish and maintain a panel of five to seven qualified arbitrators (the “Arbitration Panel”) approved by the TAC and the FCR. The Trust shall randomly rotate cases among the Arbitration Panel as cases are received, and select a single arbitrator to administer the arbitration. An arbitrator may be removed by the Trustee with the consent of the TAC and the FCR. In the event of resignation, death or removal of an arbitrator, the Trustee shall appoint a new arbitrator with the consent of the TAC and the FCR.

(b) Qualifying the Arbitrator. No member of the Arbitration Panel shall serve as an arbitrator in any arbitration in which that person has any financial or personal interest. An arbitrator shall disclose any circumstances likely to create a reasonable appearance of partiality toward a party either directly or through a professional or personal association.

(c) Arbitrator's Fee. Arbitrators shall be compensated at standard rates to be determined. The Claimant will pay two hundred dollars (\$200) in advance of the start of arbitration to be applied to the arbitrator’s fee and the Trust will pay the remainder up to one thousand dollars (\$1,000) per Claim. Any fees of the arbitrator over \$1,200 shall be split evenly between the Trust and the Claimant. Reasonable expenses of the arbitrator approved in advance by the Trust shall be reimbursed by the Trust consistent with these Rules. Payment to the arbitrator shall be made promptly upon receipt of the arbitrator’s invoice.

3.4 Initiating the Arbitration Process. A Claimant can request arbitration by filing a Request for Arbitration as specified in section 2.1 above on the form prescribed by the Trust, a copy of which is attached hereto. The Request for Arbitration must specify whether the Claimant elects binding or non-binding arbitration. *In the event the Claimant makes no such selection, it will be conclusively presumed that the Claimant elected binding arbitration.* The arbitrator shall promptly notify both the Trust and the Claimant of the date, time and place of the arbitration.

3.5 Establishing the Arbitration Process. After the arbitrator has been assigned, the Claimant and Trust shall attempt to agree upon the exhibits and record to be submitted to the arbitrator. Objections to exhibits shall be decided by the arbitrator. To minimize transaction costs for both Claimants and the Trust, and if both parties consent, arbitrations may be based solely on written submissions. If the arbitrator will hear testimony, the hearing must be conducted in person and only in

Pittsburgh, Pennsylvania. The arbitrator shall advise Claimants in writing of all deadlines for filing their submissions, and of the date, time and arrangements for any hearing. Claimants may request a change in the date and time (and place where relevant) for the mutual convenience of the Claimants or their attorneys.

3.6 Oath and Declaration. All oral or written testimony shall be given under oath, unless the parties agree to waive the oath. All evidence submitted by attorneys for Claimants shall be accompanied by sworn declarations by the submitting attorney under penalty of perjury attesting to the accuracy, authenticity and validity of the documents to the best of the attorney's knowledge.

3.7 Burden of Proof. The Claimant shall have the burden of proving by a preponderance of the evidence all of the substantive elements of his/her Claim.

3.8 Stenographic Record. Either party may request a stenographic or oral record of the testimony presented at the hearing. The party requesting it shall pay the cost of the record, and a copy of the record shall be made available to other parties at their own expense. If the arbitrator requests a stenographic record, the cost shall be paid by the Trust, and the record shall be made available to both parties at the expense of the Trust.

3.9 Arbitration in the Absence of a Party or Counsel. If a party or its counsel fails to appear at an arbitration after due notice, the arbitration may proceed in the absence of such party or counsel.

3.10 Order of Proceedings. The arbitrator shall begin the hearing by recording the place, time and date of the hearing and all appearances. The arbitrator may, at the beginning of the hearing, rule on the admissibility of the evidence presented prior to the hearing pursuant to the rules established in paragraph 3.11 below. The hearing shall consist of brief opening remarks, direct and cross-examination and final argument; the time for which and issues to be addressed shall be at the sole discretion of the arbitrator. The Claimant shall present his/her evidence first, followed by the Trust. The Claimant may request an opportunity to rebut, but whether to allow rebuttal shall be at the sole discretion of the arbitrator. After the arbitrator has received all of the evidence that he/she may allow, each party may submit, at the sole discretion of the arbitrator, a brief to the opposing party and to the arbitrator containing that party's positions and arguments pursuant to a schedule fixed by the arbitrator. Each party may then respond within the time limits established by the arbitrator to the opposing party's positions and arguments. Other submissions may be made at the discretion of the arbitrator. The arbitrator shall notify the parties when he/she considers the record to be closed.

3.11 Evidence.

The parties may offer such evidence as is relevant and material to the dispute and shall produce such additional evidence as the arbitrator may deem necessary to reach an understanding of the pending dispute. The arbitrator shall, in a manner consistent with these Rules, judge the relevancy and materiality of the evidence offered, and adherence to the rules of evidence shall not be necessary, provided, however, that the arbitrator shall apply the attorney-client privilege and the work product doctrine. No documentary evidence, written report, or written opinion of an expert may be offered at the hearing which was not provided to the other party at least fourteen (14) days in advance of the hearing unless for good cause shown at the sole discretion of the arbitrator.

Arbitrators may issue subpoenas, if necessary, for documents deemed material as evidence in the case, and they may subpoena witnesses to appear before them based on a good faith showing that the witness is necessary and relevant to the issue in dispute. If the Claimant has previously answered

interrogatories pursuant to litigation with co-defendants, those interrogatories may be submitted to the Trust with the Claimant's Request for Arbitration form and supporting submissions. The Claimant may also submit any depositions taken in an action in the tort system. For the purpose of minimizing costs, depositions in the subject arbitration shall not be permitted.

The arbitrator shall fix a discovery schedule and may in his/her sole discretion limit the extent of discovery. In considering the extent of discovery to be permitted, the arbitrator shall consider the transaction costs for both Claimants and the Trust. All disputes concerning discovery shall be presented in a conference call to the arbitrator for resolution. The arbitrator has the authority to enforce timely compliance with requests for discovery, and the arbitrator shall have all of the power granted to a court under Federal Rule of Civil Procedure 37.

Evidence considered by the arbitrator shall generally be limited to the evidence submitted to the Trust during the evaluation of the claim. Findings of fact, a verdict or a judgment involving the Claimant and another defendant in the tort system may not be admitted into evidence for any purpose. However, any relevant evidence submitted in such proceeding may be introduced by either party to the extent consistent with these Rules.

3.12 Witnesses. A party that intends to call witnesses to testify shall identify those witnesses to the arbitrator and the other party in writing at least 14 days prior to the date of the hearing. Should a Claimant fail to timely identify a witness, the arbitrator will not consider testimony, reports or records of that witness. Witnesses may, at the discretion of the arbitrator, testify under oath by telephone or by video conferencing.

3.13 Expenses. The expenses of witnesses for either side shall be paid by the party calling such witnesses. The expenses of any witness called at the direct request of the arbitrator shall be paid by the Trust.

3.14 Authenticity. Records deemed authentic shall include medical and social security records, trial and deposition transcripts, interrogatories and other similar litigation discovery unless specifically challenged in advance of the hearing. Evidence of a prior settlement with, or trial verdict or judgment against, a predecessor in interest to the Trust shall be presumed authentic and reliable by the arbitrator if the following information is submitted to the arbitrator without challenge: case name, number, venue, date of settlement (or verdict or judgment) and settlement amount.

3.15 Evidence by Affidavit and Post-Hearing Filing of Documents. The arbitrator may receive and consider the evidence of witnesses by affidavit, deposition or, in the case of medical or other expert opinions, by report, and shall give it only such weight as the arbitrator deems it entitled to after consideration of any objection made to its admission. At the discretion of the arbitrator, testimony may be permitted in person, via videoconference, or via telephone. Expert witnesses are deemed qualified unless an objection is filed with the arbitrator seven (7) days prior to the hearing. In the event that the arbitrator rules an expert unqualified, the party proposing such expert shall be afforded an opportunity to substitute another expert and/or report for good cause in the sole discretion of the arbitrator.

3.16 Closing of Hearing. The arbitrator shall specifically inquire of all parties whether they have need to be heard further. Upon receiving negative replies, or if satisfied that the record is complete, the arbitrator shall declare the hearing closed and the time of the hearing's closing shall be recorded. No legal briefs are to be filed unless specifically requested by the arbitrator. The time limit within which the arbitrator is required to make his/her decision shall commence to run, in the absence of other agreements by the parties, upon the closing of the hearing.

3.17 Reopening of Hearing. The hearing may be reopened by the arbitrator at will or upon application of a party at any time before the award is made; *provided, however*, if reopening the hearing would prevent the making of the award within thirty days, the hearing shall not be reopened.

3.18 Confidentiality and Privacy at Hearings. The arbitrator shall maintain the privacy of the hearings and shall not be a witness in any subsequent or collateral proceedings, including any challenge to the award. The arbitrator shall have the power to exclude any witness, other than a party or other essential person, during the testimony of any other witness. Only parties in interest and immediate family members of a Claimant may attend a hearing.

3.19 Waiver of Rules. Any party who proceeds with the arbitration after knowledge that any provision or requirement of these rules has not been complied with and who fails to state objections thereto in writing shall be deemed to have waived the right to object.

3.20 Communication with Arbitrator. Unless otherwise permitted by these Rules, there shall be no ex parte communications with the arbitrator.

3.21 Time of Award. The arbitrator shall render his/her decision promptly and, unless otherwise agreed by the parties, no later than thirty days from the date of the closing of the hearing, or, if oral hearings have been waived, from the date of transmitting the final statements and proofs to the arbitrator. *Arbitration awards are to be compensatory only, and pursuant to Section 9.4 of the TDP, no punitive or exemplary damages may be paid by the Trust.*

3.22 Award, Limits Thereon. In all arbitrations, the arbitrator shall consider the same factors identified in Section 7.10(a) of the TDP. In no event shall the arbitrator return an award for an amount greater than the Maximum Value specified in section 7.3(b)(4) of the TDP for the Disease Category in which the Disputed Claim properly falls. The arbitrator shall not consider the Payment Percentage in determining the value of any Disputed Claim.

3.23 Form of Award. The award shall be in writing and shall be signed by the arbitrator with copies provided to all counsel and the Trust. The award shall be accompanied by a short statement of findings by the arbitrator.

3.24 Award Upon Settlement. If the parties settle their dispute during the course of the arbitration, the arbitrator shall, upon their request, set forth the terms of the agreed settlement in an award. Any award made pursuant to an agreed settlement shall be deemed to have been made under binding arbitration, and such an award shall be deemed to have conclusively liquidated the Claim.

3.25 Effect of Award.

(a) A decision made pursuant to binding arbitration shall have the effect of conclusively liquidating the Claimant's Claim, and neither the Trust nor the Claimant shall have the right to appeal or contest any such award except for the grounds set forth in Section 10 of the Arbitration Act, 9 U.S.C. § 10. Only Claimants who select non-binding arbitration may proceed to litigation.

(b) If the arbitrator makes an award in favor of the Claimant and no party files an arbitration appeal form (a copy of which is attached hereto) within 45 days of the date of the award, the Trust shall, upon its receipt of a release satisfactory to the Trustee in his sole discretion, disburse payment to the Claimant subject to Section 7.1(c) of the TDP.

(c) If either party believes the award contains a misidentification of a party or that a mathematical or typographical error is involved, the party shall notify the arbitrator and the other party in writing within ten business days of the party's receipt of the award. The issue shall be submitted to the arbitrator for an explanation and possible correction.

3.26 Applications to Court and Exclusion of Liability. No arbitrator in a proceeding under these Rules is a necessary party in judicial proceedings relating to the arbitration. Arbitrators shall not be liable to Claimants or any third persons for any act or omission in connection with any arbitration conducted under these Rules.

3.27 Release of Documents for Judicial Proceedings. The Trust shall, upon the written request of a Claimant, furnish to such party, at the Claimant's expense, certified copies of any papers in the Trust's possession that may be required in judicial proceedings relating to the arbitration.

Article IV

Special Rules for Valuing Claims in Binding Arbitration

4.1 Valuation Arbitration. "Valuation Arbitration" is intended to resolve disputes concerning the determination of the liquidated value of a Claim. In binding arbitration cases only, the following provisions shall supplement the requirements of Article III:

To reduce transaction costs, the parties are encouraged to undergo Valuation Arbitration based solely on written submissions. In any event and to the extent possible, the parties shall stipulate to the facts and narrowly identify the issues in dispute and agree on joint exhibits. The arbitrator will be permitted to direct written inquiries to the parties in order to clarify the written submissions. The arbitrator may, at his/her discretion, hold a telephone conference with counsel for the parties.