

**TRUST DISTRIBUTION PROCEDURES FOR  
PITTSBURGH METALS ASBESTOS SETTLEMENT TRUST**

**A. Overview.**

The purpose and function of these Trust Distribution Procedures (the “TDP”) is to provide a basis for the Trust<sup>1</sup> to evaluate Asbestos PI Claims on an impartial, first-in-first-out (“FIFO”) basis with the intention of paying all holders of Asbestos PI Claims as equivalent a share as possible of their Asbestos PI Claims’ values.

The process for determining the liquidated value of any Asbestos PI Claim includes an initial determination of whether the Asbestos PI Claim meets the categorization criteria of one of four Scheduled Diseases identified on the Schedule of Asbestos-Related Disease Categories and Values described in Section D below. The Scheduled Diseases are Other Asbestos Disease (Level I), Other Cancer (Level II), Lung Cancer (Level III) and Mesothelioma (Level IV). In general, if the Asbestos PI Claim qualifies for categorization, the holder of the Asbestos PI Claim (a “Claimant”) will be offered the Scheduled Value for the Scheduled Disease.

If a Claim does not meet the categorization criteria for a Scheduled Disease or if a Claimant rejects the Scheduled Value for a Scheduled Disease, the Claimant may enter the tort system and have the Claim adjudicated there.

After the liquidated value of an Asbestos PI Claim is determined by reference to a Scheduled Value, the Claimant will receive a share of that value based on a payment percentage set by the Trust.

**B. Ordering and Characterizing of Claims.**

1. Ordering of Asbestos PI Claims. Asbestos PI Claims will be ordered for processing on an FIFO basis. A Claimant’s position in the FIFO queue will be determined by the date the Claimant submits an acceptable proof of claim to the Trust.

(a) As an Asbestos PI Claim is reached in the FIFO queue, the Trust will evaluate it to determine whether the Claim meets the categorization criteria for a Scheduled Disease and shall advise the Claimant of its determination. If a Scheduled Disease is determined to satisfy the criteria of a Level II, III or IV disease, the Trust shall tender to the Claimant an offer of payment of the Scheduled Value for the Scheduled Disease, together with a form of release. If the Claimant accepts the Scheduled Value and returns the release properly executed, the Trust shall disburse payment as soon as possible. No payment shall be made to holders of allowed Level I Claims until such time as the Trust has concluded that the Trust has sufficient assets to pay all known and expected Asbestos PI Claims in Categories II, III and IV. Upon the Trust making that determination, Allowed Asbestos PI Claims in Category I shall be paid on a FIFO basis in accordance with the procedures set forth herein.

---

<sup>1</sup> Capitalized terms used in this TDP but not defined herein shall have the meanings ascribed to them in the Committee of Unsecured Creditors’ [Proposed] Second Amended Plan of Reorganization for Treedale, Inc. and Pittsburgh Metals Purifying Company, Inc.

(b) If the Claimant does not respond to the Trust's offer within 90 days of it being made, the Claim will be deactivated. If the Claim remains in a deactivated status for one year from the date the Trust makes its offer, it will be deemed to be withdrawn. During the period of deactivation, a Claimant may request that the Claim be reactivated solely for the purpose of accepting the Trust's last offer. A Claimant may also elect to withdraw a Claim at any time. A Claim that is withdrawn or deemed to have been withdrawn may be re-filed at any time (subject to the Claimant filing a new Proof of Claim and paying the requisite filing fee) and shall be ordered in the FIFO queue based on the date of receipt by the Trust of the re-filed Claim and the filing fee.

(c) If the Trust determines that a Claim does not meet the categorization criteria for a Scheduled Disease or if a Claimant disagrees with the Scheduled Disease determination made by the Trustee, the Claimant may commence an action against the Trust in a forum of the Claimant's choosing.

C. Evaluation of Asbestos Claims.

1. Evaluation Factors. All Asbestos PI Claims must present evidence of an asbestos-related injury resulting from exposure to PMP asbestos product sufficient to sustain a cause of action under applicable law.

2. Scheduled Values. The Trust has established the following categories of Asbestos-Related Disease Categories and Scheduled Values.

<u>Level</u>	<u>Category of Disease</u>	<u>Scheduled Value</u>
I	Other Asbestos Disease	\$_____
II	Other Cancer	\$_____
III	Lung Cancer	\$_____
IV	Mesothelioma	\$_____

Unless the Asbestos PI Claim meets the standards of an Extraordinary Asbestos Claim (as defined in paragraph C.6 below), the liquidated value of an Asbestos PI Claim is limited to the Scheduled Value for the relevant Scheduled Disease. For purposes of determining the Scheduled Value of any Asbestos PI Claim, the Trust will evaluate the Asbestos PI Claim and place it in the Scheduled Disease category with respect to which the Claim most closely meets the categorization criteria.

3. Second Injury Claims. A Claimant may file a second Claim against the Trust for additional damages if the Claimant subsequently develops an asbestos-related malignant disease (a "Second Injury Claim"). A Second Injury Claim shall be ordered in the FIFO queue based upon the date of receipt by the Trust of the Second Injury Claim and shall be treated as a new Asbestos PI Claim.

4. Supporting Medical Evidence. The Trust will categorize Asbestos PI Claims based on the medical evidence submitted to the Trust as part of the Claimant's Proof of Claim.

Where the Claimant has filed an incomplete proof of claim, the Trust will notify the Claimant of the need for additional information, and the Trust need not process the Claim until the file is complete.

5. Audit Procedures. In all cases, the Trust may require that medical x-rays, tests, laboratory examinations and other medical evidence comply with recognized medical standards regarding equipment, testing methods and procedures to assure that such evidence is reliable. The Trust may develop methods for auditing the reliability of medical evidence, including the independent reading of x-rays. If the Trust's audits show an unacceptable level of reliability for medical evidence submitted by specific doctors or medical facilities, the Trust can refuse to accept medical evidence from such doctors or facilities. In addition, the Trust may develop methods for auditing other types of evidence necessary to support a Claim.

6. Extraordinary Claims. In extraordinary situations such as where a claimant was exposed only to PMP asbestos products, or where PMP asbestos products constituted at least 75 percent (75%) of the claimant's asbestos exposure, the Trust may individually evaluate and liquidate a claim for an amount that exceeds the Maximum Value for the particular Scheduled Disease asserted by the claimant.

D. Claims Criteria.

The criteria that a claim must meet to receive an offer for the Scheduled Value for one of the four Scheduled Disease categories are as follows:

Level I: Other Asbestos Disease

1. Diagnosis<sup>2</sup> of a Bilateral Asbestos-Related Nonmalignant Disease<sup>3</sup> or an asbestos-related malignancy (except mesothelioma); and
2. Six months occupational exposure to PMP asbestos product prior to January 1, 1986, plus five years cumulative occupational exposure to asbestos.

Level II: Other Cancer

1. Diagnosis of a primary colorectal, laryngeal, esophageal, pharyngeal or stomach cancer, plus evidence of an underlying Bilateral Asbestos-Related Nonmalignant Disease;
2. Six months occupational exposure to PMP asbestos product prior to January 1, 1986,

---

<sup>2</sup> 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 E.1(a) below.

<sup>3</sup> Evidence of "Bilateral Asbestos-Related Nonmalignant Disease" (or "Markers") means a report submitted by a qualified physician stating that the Claimant has or had an x-ray reading of 1/0 or higher on the ILO scale, or bilateral pleural plaques or pleural thickening (or, if an ILO reading is not available, a chest x-ray reading that indicates bilateral interstitial fibrosis, bilateral interstitial markings, bilateral pleural plaques or bilateral pleural thickening consistent with, or compatible with, a diagnosis of asbestos-related disease).

plus Significant Occupational Exposure, and

3. Supporting medical documentation establishing asbestos exposure as a contributing factor in causing the other cancer in question.

Level III: Lung Cancer

1. Diagnosis of a primary lung cancer, plus evidence of an underlying Bilateral Asbestos-Related Nonmalignant Disease;

2. Six months occupational exposure to PMP asbestos product prior to January 1, 1986, plus Significant Occupational Exposure to asbestos; and

3. Supporting medical documentation establishing asbestos exposure as a contributing factor in causing the lung cancer in question.

Level IV: Mesothelioma

1. Diagnosis of mesothelioma; and

2. Credible evidence of exposure to PMP asbestos product prior to January 1, 1986.

E. Evidentiary Requirements.

1. Medical Evidence

(a) All diagnoses of a Disease Level shall be accompanied by either (i) a statement by the physician providing the diagnosis that at least 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. All diagnoses of a nonmalignant asbestos-related disease (Disease Level: 1) shall be based (i) in the case of a Claimant who was living at the time the Claim was filed, upon (A) a physical examination of the Claimant by the physician providing the diagnosis; and (B) an x-ray reading by a certified B-reader; and (ii) in the case of a Claimant who was deceased at the time the Claim was filed, upon (A) a physical examination of the Claimant by the physician providing the diagnosis, or (B) pathological evidence of the non-malignant asbestos-related disease, or (C) an x-ray reading by a certified B reader. Diagnoses of a malignant asbestos-related diseases (Levels II – III) shall be based upon either (i) a physical examination of the Claimant by the physician providing the diagnosis, or (ii) on a diagnosis of such a malignant Scheduled Disease by a board-certified pathologist. A finding by the diagnosing physician that a Claimant's disease is "consistent with" or "compatible with" asbestos will be treated by the Trust as meeting the standard of a reasonable degree of medical probability.

(b) Before making any payment to a Claimant, the Trust must have reasonable confidence that the medical evidence provided in support of the Claim is credible and consistent with recognized medical standards. The Trust may require the submission of x-rays, 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 procedure to assure that such evidence is reliable.

2. Exposure Evidence. In addition to medical evidence, a Claimant must demonstrate meaningful and credible exposure to PMP asbestos product. That meaningful and credible exposure may be established by any of the following means: (i) by an affidavit of the Claimant; (ii) by an affidavit of a co-worker; (iii) in the case of a deceased Claimant, by an affidavit of a family member (providing the Trust finds such evidence reasonably reliable); (iv) by invoices, construction or similar records; or (v) by other credible evidence. The specific exposure information required by the Trust to process a Claim will be set forth on the proof of claim form. The Trust can also require submission of other or additional evidence of exposure when it deems such to be necessary.

F. Resolution of Categorization and Valuation Disputes.

1. Except for Settled Claims or Extraordinary Asbestos Claims, if a Claim otherwise meets the categorization criteria for a Scheduled Disease, the Trust will pay the Scheduled Value for that disease in accordance with the provisions of this TDP.

2. Notwithstanding anything herein to the contrary, a Claimant may, instead of having his/her Claim paid under this TDP, bring an action directly against PMP in the tort system, but that Claimant may proceed to satisfy any recovery from the assets of the Reorganized Debtors.

G. Payment of Claims.

1. Pro Rata Share to be Paid.

(a) The Trust intends that all beneficiaries that are entitled to be compensated under the Trust shall share in the Trust estate on a pro rata basis, with each such beneficiary receiving a pro rata share of his or her claim's liquidated value or judgment as equivalent as possible to the pro rata share received by all others hereunder.

(b) The initial pro rata share will be set by the Trust with the consent of the TAC. To determine the initial pro rata share, the Trust shall forecast its anticipated annual sources and uses of cash until the last projected future claim has been paid or assets have been reserved for its payment. The Trust is to calculate the appropriate pro rata share for all claims so that the Trust will have no remaining assets or liabilities after the last beneficiary hereunder has received his or her pro rata share.

(c) The initial pro rata share is to be based on information both with respect to valuations of the Trust's assets and expectations about the value of present and future Trust liabilities. It may be possible to make additional payments in the future to previously settled beneficiaries while simultaneously protecting future claimants from unreasonable risks.

(d) In order to ensure, as best as possible, that the basic assumptions which underlie this TDP remain valid so that all beneficiaries hereunder will be treated equally, the Trust shall, at least every 2 years, but as often and for so long as either the Trust deems necessary, re-estimate the values of its total assets and total liabilities and determine whether a revised pro rata distribution should be applied to claims. In the event the TAC does not agree with the Trust's determination as to the distribution to be paid, the TAC may petition the Bankruptcy Court (as defined in the Trust Agreement) for such relief as it deems appropriate.

(e) The Trust shall determine (i) if the anticipated values of assets have been so reduced and/or the expectation of the value of present claims so increased that a new lower pro rata share should be applied to all future claim payments, or (ii) if the anticipated values of assets have been so increased and/or the expectation of the value of present claims so reduced that a new higher pro rata share should be applied to all future claim payments, as well as any past settlements paid a lower pro rata share.

(f) Estimates shall be performed in a flexible and pragmatic manner that considers the circumstances of the claimants and the practical limitations imposed by the inability to predict with precision the future assets and liabilities of the Trust and the risks to all beneficiaries in not reaching agreement.

2. Order of Payment. The Trust shall pay claims in the order in which the claims are liquidated, each such payment occurring after the Trust's receipt of an executed release from the subject claimant. If at any time the Trust has insufficient available funds to pay any claim, payment shall be suspended until such time as the Trust monetizes additional assets. No Trust claim shall be preferred over any other for purposes of payment, regardless of which processing queue the Trust claim is in.

#### H. Miscellaneous.

All aspects of this TDP may be amended, altered or adjusted by the Trustee to reflect changed circumstances, greater information and/or to improved procedures, subject to obtaining consent from the TAC.