

## Payment Percentage Reconsideration Notice: June 29, 2020

The First Amended and Restated United States Mineral Products Company Asbestos Personal Injury Settlement Trust Distribution Procedures require the Trustees to reconsider the Trust's payment percentage periodically, or as may be warranted by other considerations. It is now clear that the Trust must significantly reduce its current 30% payment percentage to comply with the requirement of Section 524 (g)(2)(B)(ii)(V) of the Bankruptcy Code that the trust must "be in a financial position to pay present claims and future demands that involve similar claims in substantially the same manner."

The Trust adopted the current 30% payment percentage in 2018 based upon data as of June 30, 2018. The Trust is no longer able to continue to pay the 30% payment percentage, for among other reasons:

1. Claims filings have risen several times the forecasted numbers rendering the forecast upon which the payment percentage was based no longer accurate and rendering the 30% payment percentage no longer sustainable.
2. A major source of funds customarily available to the Trust to pay claims has been the "Excess Cash" distributions from the Trust's wholly-owned operating company, Isolatak International (the "Company"). For several reasons, the Company's ability to distribute Excess Cash to the Trust in 2020 through 2022 is uncertain, and as of now, the Trust is assuming it may only receive limited Excess Cash distributions from the Company in 2020.
3. There is an overhang as of January 1, 2020 of approximately \$3,523,000 (of which \$529,950 was previously paid in early 2020) from prior years of approved claims with submitted and outstanding releases that are a binding obligation of the Trust. Payment of this overhang to claimants will have an adverse impact on the cash flow of the Trust in 2020 and perhaps 2021.

As a result, the Trust has suspended approving claims and issuing offers of settlement for claims filed in 2020 and is in the process of retaining a forecasting firm to prepare a new Payment Percentage Report, which will result in a new and lower payment percentage. Additionally, the Trustees have initiated discussions with the Trust Advisory Committee and the Legal Representative of Future Asbestos Claimants regarding the adoption of an interim payment percentage. Should an interim payment percentage be agreed upon, a retroactive supplemental payment will be made to all claimants who receive an interim payment should the new payment percentage be in excess of the interim payment percentage based on the new Payment Percentage Report.

As of July 1, 2020, the Trust will commence paying all claims filed on or prior to June 29, 2020, which have been approved and for which a properly executed release has been received on or prior to June 29, 2020. These payments will be limited in 2020 to the Maximum Annual Payment (the "MAP") adopted by the Trustees. The MAP for 2020 is \$1,250,000 (in addition to the \$529,500 paid in January 2020 for approved pre-2020 claims) plus any distributions of Excess Cash distributed to the Trust by the Company.

Payment for approved claims will be made in the order in which properly executed releases have been or will be received by Verus. Assuming an interim or new payment percentage is agreed upon, payment of new Level I Claims will be paid only if funds remain available under the MAP after the payment of approved pre-2020 and 2020 Level II and Level III claims.

A more detailed explanation regarding claims and related information is available in the Trustees' 2019 Annual Report filed May 27, 2020 with the United States Bankruptcy Court, District of Delaware, Case No. 01-2471 (KG), Dkt. 4243.