

343. Section 524(g)(2)(B)(ii)(V) requires that the trust will be operated through mechanisms that provide reasonable assurance that the trust will value and be in a financial position to pay present claims and future demands that involve similar claims in substantially the same manner. This requirement is satisfied because:

- (a) The APG Silica TDP provides a comprehensive set of procedures for valuing and paying current claims and future demands. **(APG Silica TDP.)**
- (b) The APG Silica TDP are designed to ensure that present silica claims and future silica demands will be treated substantially the same. **(Pahigian Decl., ¶¶ 25-32.)**

344. Section 524(g)(4)(A)(ii) permits the Court to extend the channeling injunction to third parties who meet the following criteria:

- (a) The third party must be identifiable from the terms of the injunction.
 - 1. All of the third parties to be covered by the APG Silica Channeling Injunction are identified as GIT Protected Parties. **(Combined Disclosure Statement, Ex. 1. [Definitions], at 11-13.)**
- (b) The third party is alleged be directly or indirectly liable for the conduct of claims against, or demands of the debtor to the extent such liability arised by virtue of, *inter alia*, the third party's ownership or management of a predecessor-in-interest to the

debtor or the third party provision of insurance to the Debtors' or a related party.

1. The RHI AG Entities fall within the permissible scope of the APG Silica Channeling Injunction because any liability those entities might have for APG Silica Trust Claims or APG Silica Demands would arise by virtue of RHI AG's ownership interests in the Debtors and the RHI AG Entities' relationship to the Debtors.
2. Any liability of GIT and its affiliates would also necessarily stem from ownership of APG.
3. The insurers named as GIT Protected Parties would only have liability stemming from their provision of insurance to APG or its Affiliates.

345. **Section 524(g)(4)(B)(i)** requires that a legal representative be appointed to protect the rights of future claimants. This requirement is satisfied because:

- (a) Philip Pahigian was appointed as the legal representative of persons who may have silica related demands against GIT and the APG Debtors. **(GIT Doc. Nos. 2102, 3560.)**
- (b) Mr. Pahigian participated in negotiating the terms of the APG Silica Trust and related documents, and concluded that the GIT plan is fundamentally fair to holders of APG Silica demands. **(Pahigian Decl., ¶¶ 16-18.)**

346. **Section 524(g)(4)(B)(ii)** requires that the Court determine, before issuing an injunction in favor of the debtor any third-party, that the injunction is "fair and equitable" in light of the benefits to be provided by the trust, from the perspective of the future claimants. The Court so determines based in part on:

- (a) The overwhelming majority of the holders of present APG Silica Trust claims have voted in favor of the terms of the GIT Plan, including the APG Silica Channeling Injunction.

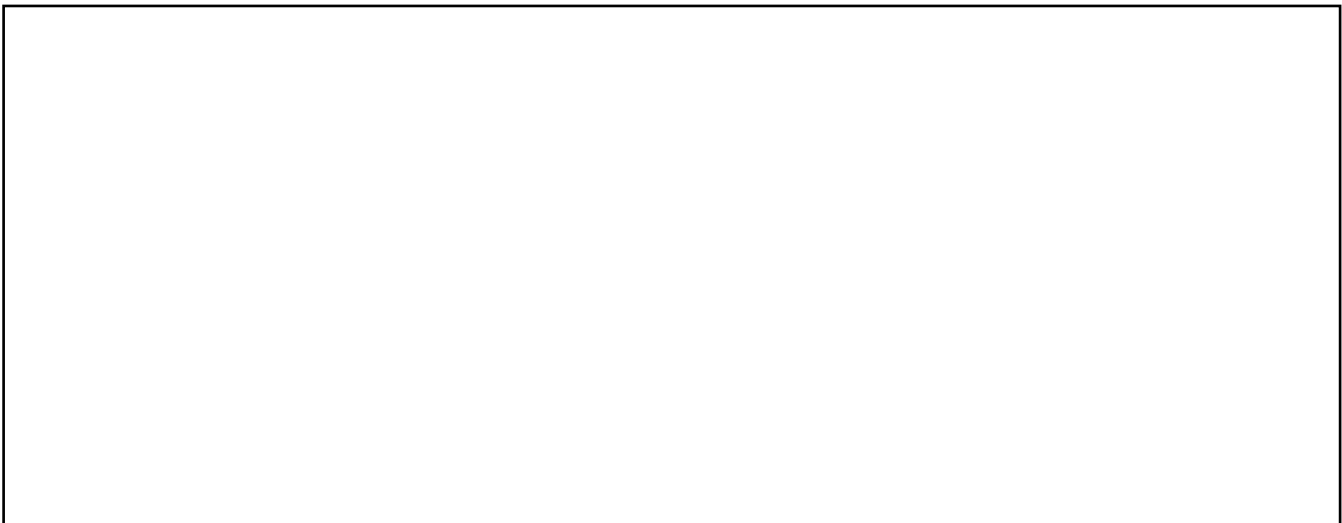
- (b) The Debtor and the APG Silica Future Claimants Representative agree that the APG Silica Channeling Injunction and the establishment of the APG Silica Trust are fair and equitable.
- (c) The APG Silica Trust is fair and equitable in that it establishes a process by which all present APG Silica Claims and future APG Silica Demands will be treated and paid substantially the same.
- (d) Without the APG Silica Trust, it is unlikely that present APG Silica Claims and future APG Silica Demands can be treated and paid in a substantially similar manner.

347. The APG Silica TDP includes detailed procedures designed to ensure that APG Silica Claims are fairly treated and that the APG Silica Trust will be able to pay present claims and future demands in a substantially similar manner.

348. The APG Silica TDP also contains adequate safeguards to avoid the payment of fraudulent or invalid APG Silica Trust Claims.

349. The contributions to the Reorganized Debtors that will result from the RHI AG Settlement (including the RHI Contribution) and the settlements with the Settling Insurers are sufficient to provide those parties with the benefit of the APG Silica Channeling Injunction.

350. The APG Silica Trust will be funded with \$31.7 million in proceeds from settlements with, among others, the Settling Insurers, and with an assignment of the APG Silica Trust Policy Rights.



352. The APG Silica Channeling Injunction substantially satisfies the factors enunciated in *In re Dow Corning Corp.*, 280 F.3d 648, 656-58 (6th Cir. 2002), and as such, the injunction is appropriate. Specifically:

- (a) There is an identity of interests between the Debtors and the non-debtor beneficiaries of the APG Silica Channeling Injunction. All such beneficiaries are entities that are indemnified by the Debtors, related parties, or entities that have had substantial contributions made on the Debtors' behalf.
- (b) The APG Silica Channeling Injunction is necessary to the Debtors' reorganization.
- (d) The impaired class of APG silica claims voted overwhelmingly in favor of the Plan. **(Oct. 18, 2006 Logan Decl., ¶ 6.)**
- (e) The GIT Plan provides for the adjudication, liquidation and payment of APG Silica Trust Claims and Demands through the trust distribution procedures established for the APG Silica Trust. The APG Silica TDP are designed to ensure that the trusts are in a position to pay in a fair and equitable manner the Claims and Demands that are subject to the injunctions.

E. Additional Conclusions of Law

353. The Honeywell Trust Contribution is a fair and equitable resolution of Honeywell's liability for the NARCO Asbestos Trust Claims and NARCO Asbestos Demands (including, without limitation, Indirect NARCO Asbestos Trust Claims), and no Entity shall be entitled to assert, by way of set-off, counterclaim, cross claim, contribution claim, or otherwise, that Honeywell's contribution was in any way insufficient.

354. Suits against Honeywell for NARCO Asbestos Trust Claims or NARCO Asbestos Demands relating to asbestos or asbestos-containing products manufactured, distributed, or sold by the Debtors or their predecessors or Affiliates are inextricably intertwined with suits against the Debtors.

355. The assertion of NARCO Asbestos Trust Claims and NARCO Asbestos Demands against Honeywell relating to asbestos or asbestos-containing products manufactured, distributed, or sold by NARCO and the NARCO-Affiliated Debtors or their predecessors or Affiliates, or for which NARCO and the NARCO-Affiliated Debtors would otherwise share liability with Honeywell, would give rise, under applicable law, to demands for contribution, indemnity, or other similar relief by Honeywell against NARCO and the NARCO-Affiliated Debtors or the NARCO Asbestos Trust in the absence of protection from the Bankruptcy Court.

356. The Honeywell Trust Contribution is a substantial contribution to the NARCO Asbestos Trust and a fundamental component of the Debtors' reorganization.

357. The NARCO Channeling Injunction, as applied to NARCO Asbestos Trust Claims against Honeywell, is essential and necessary to the Debtors' reorganizations because, among other reasons, Honeywell would not be willing to make the Honeywell Trust Contribution without the protection provided by the NARCO Channeling Injunction.

358. The RHI Contributions are substantial contributions to the PI Trusts and the estates, and are fundamental, integral and essential components of the Debtors' reorganization. The NARCO Channeling Injunction and the GIT Channeling Injunction, as applied to RHI AG Entities with respect to any person that might subsequently assert NARCO Asbestos Trust Claims, NARCO Asbestos Demands, APG Asbestos Trust Claims, APG

Asbestos Demands, APG Silica Trust Claims, and APG Silica Demands against an RHI AG Entity, is (a) fair and equitable in light of the direct and indirect benefits to be provided to the PI Trusts and the estates as a result of the RHI Contributions, and (b) essential and necessary to the Debtors' reorganization because, among other reasons, the RHI AG Parties would not be willing to make the RHI Contributions without the protection provided by the NARCO Channeling Injunction and the GIT Channeling Injunction. **(Karhut Decl., ¶ 22.)**

359. The transfer of the NARCO Asbestos Trust Assets does not violate any obligations of the Debtors.

360. The NARCO Channeling Injunction is essential to the NARCO Plan and the Debtors' reorganization efforts.

361. The NARCO Channeling Injunction is authorized by Section 524(g) of the Bankruptcy Code.

362. The Bankruptcy Court has subject matter jurisdiction to issue the NARCO Channeling Injunction.

363. The NARCO Plan complies with all applicable sections of the Bankruptcy Code, and the Debtors have complied with all applicable sections of the Bankruptcy Code.

364. For the reasons stated of record during the Court's Omnibus Hearing of April 25, 2006, in relation to the Debtors and Honeywell's Joint Motion to Strike [Docket No. 4172], Hartford Accident and Indemnity Company, First State Insurance Company and Twin City Fire Insurance Company, and other similarly situated insurers, lack standing to object to the confirmation of the NARCO Plan.

365. Article 4.4 of the GIT Plan sets forth provisions that protect the policy and other rights of the insurers who issued the APG Silica Trust Policies, notwithstanding the assignment of the APG Silica Trust Policy Rights to the APG Silica Trust. Among other things, Article 4.4 of the GIT Plan preserves said insurers' rights to deny coverage for any silica-related claims submitted to any of said insurers by the APG Silica Trust, and specifies that the APG Silica Trust's resolution or compensation of any APG Silica Trust Claim shall have no binding effect on those insurers for any purpose.

366. The assignment of the APG Silica Trust Policy Rights to the APG Silica Trust is appropriate under the Bankruptcy Code and relevant state law, notwithstanding any language in the APG Silica Trust Policies that may attempt to restrict or limit the ability of the Debtors to assign such rights. *See In re Combustion Eng'g, Inc.*, 391 F.3d 190, 218-219 & n.27 (3d Cir. 2005); *Egger v. Gulf Ins. Co.*, No. 27 EAP 2005, Slip. Op. at 10, 15-20 (Pa. Aug. 23, 2006).

367. The GIT Plan is insurance-neutral, and does not harm the interests or rights of the insurers on the basis of its provisions relating to the APG Silica Trust and/or the APG Silica Channeling Injunction.

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