

**SETTLEMENT AGREEMENT
AND RELEASE**

**BETWEEN
HALLIBURTON COMPANY
DII INDUSTRIES, LLC**

And

**INSURERS INCLUDING DOMINION INSURANCE COMPANY
LIMITED AND STRONGHOLD INSURANCE COMPANY
LIMITED**

NOVEMBER 3, 2004

SETTLEMENT AGREEMENT AND MUTUAL RELEASE

This Settlement Agreement and Mutual Release is made this ____ day of November 2004, by and between, on the one hand, Halliburton Company ("Halliburton") and DII Industries, LLC ("DII Industries,") and, on the other hand, the Insurers.

WITNESSETH THAT:

WHEREAS, Insurers severally subscribed to certain policies of insurance that provide insurance coverage to DII Industries and/or Halliburton (which policies are more fully hereinafter described and defined as the "Subject Insurance Policies"); and

WHEREAS, DII Industries and Halliburton have incurred and may incur in the future certain liabilities, expenses, and losses arising out of asbestos bodily injury and other asbestos-related claims, silica bodily injury and other silica-related claims, environmental claims and from other types of claims; and

WHEREAS, DII Industries and Halliburton assert that they have rights to obtain reimbursement of indemnity and defense costs incurred in connection with such claims from Insurers under the Subject Insurance Policies; and

WHEREAS, Certain Underwriters at Lloyd's, London and Certain London Market Companies, Dresser Industries, Inc., Harbison-Walker Refractories Company and Global Industrial Technologies, Inc. entered into the DII Industries CIP, concerning "Harbison Asbestos-Related Claims" and "Non-Harbison Asbestos-Related Claims", as those terms are defined in the DII Industries CIP; and

WHEREAS, Certain Underwriters at Lloyd's, London and Certain London Market Companies and Dresser Industries, Inc. entered into the Worthington CIP concerning "Covered Claims", as that term is defined in the Worthington CIP; and

WHEREAS, numerous lawsuits are currently pending between, inter alia, DII Industries, Harbison-Walker and Insurers relating to the Subject Insurance Policies and the CIPs; and

WHEREAS, Harbison-Walker, which is a successor to the Harbison-Walker Refractories Division of Dresser Industries, Inc., is a debtor in the Harbison-Walker Bankruptcy; and

WHEREAS, the DII Industries Debtors have filed for relief under Chapter 11 of the United States Bankruptcy Code and filed the Amended Plan in the Bankruptcy Court; and

WHEREAS, by this Agreement, the Parties intend to adopt, by way of compromise, and without prejudice to or waiver of their respective positions in other matters, and without trial or adjudication of any issues of fact or law, and without Insurers' admission of liability or responsibility under the Subject Insurance Policies, a full and final settlement that releases and terminates all rights, obligations and liabilities (if any) that Insurers may owe to DII Industries or Halliburton with respect to the Subject Insurance Policies and the CIPs, in consideration of certain monetary payments and other considerations, as more fully set forth herein.

AGREEMENTS:

NOW, THEREFORE, in full consideration of the foregoing and of the mutual agreements herein contained, and intending to be legally bound hereby, the Parties agree as follows:

I. Definitions

The following definitions will apply to the listed terms wherever those terms appear throughout the Agreement or in any attachments hereto. Moreover, each defined term stated in a singular form shall include the plural form, each defined term stated in plural form shall include the singular form, and each defined term stated in the masculine form or in the feminine form or in the neuter form shall include all others.

A. Agreement: The term "Agreement" shall mean this Settlement Agreement and Mutual Release, as the same may be amended from time to time in writing in accordance with its provisions.

B. Amended Plan: The term "Amended Plan" shall mean that Fourth Amended and Restated Joint Prepackaged Plan of Reorganization for Mid-Valley, Inc., DII Industries, LLC, Kellogg Brown & Root, Inc., KBR Technical Services, Inc., Kellogg Brown & Root Engineering Corporation, Kellogg Brown & Root International, Inc. (a Delaware corporation), Kellogg Brown & Root International, Inc. (a Panamanian corporation) and BPM Minerals, LLC under Chapter 11 of the United States Bankruptcy Code filed on May 17, 2004, as may be hereafter modified or amended (to the extent permitted by Paragraph XV.A).

C. Asbestos Claim: The term "Asbestos Claim" shall mean any personal injury claim for damages or other relief presented in a civil action or bankruptcy proceeding, arising out of, based on, or related to, in whole or part, the health effects of exposure to asbestos, including loss of consortium, wrongful death, and any derivative claim made by, or on behalf of, any exposed person or any representative, spouse, parent, child or other relative of any exposed person.

D. Asbestos PI Trust: The term “Asbestos PI Trust” shall have the meaning set forth in the Glossary.

E. Bankruptcy Court: The term “Bankruptcy Court” shall mean the United States Bankruptcy Court for the Western District of Pennsylvania, Pittsburgh Division or, as the circumstances or context requires, the United States District Court with jurisdiction over the DII Industries Bankruptcy.

F. Baroid Claims: The term “Baroid Claims” shall mean claims arising from the products, premises, operations or other business activities of Baroid Drilling Fluids, Inc., Baroid Corporation, Baroid International, Tremont Corporation or their predecessors (to the extent the products, premises, operations or other business activities giving rise to such claims are substantially the same as those of Baroid Drilling Fluids, Inc., Baroid Corporation, Baroid International or Tremont Corporation).

G. CIPs: The term “CIPs” shall mean the DII Industries CIP and the Worthington CIP collectively.

H. Confirmation Order: The term “Confirmation Order” shall mean an order of the Bankruptcy Court confirming the Amended Plan dated July 21, 2004

I. Coverage Lawsuits: The term “Coverage Lawsuits” shall mean all lawsuits and litigation between or among, inter alia, DII Industries and/or Harbison-Walker and Insurers relating to the Subject Insurance Policies, including without limitation: (1) Dresser Industries, Inc. v. Underwriters at Lloyd’s London, Cause No. 01-07414-K, (192nd Judicial District, Dallas County, Texas); (2) DII Industries, LLC v. Federal-Mogul Products Inc., Adv. No. 01-08018, (Bankr. D. Del.); (3) Harbison-Walker Refractories Company v. Dresser Industries, Inc., Adv. No. 02-2151, (Bankr. W.D. Pa.);

(4) Dresser Industries, Inc. v. Alba General Insurance Co., Ltd., Adv. No. 03-3072, (Bankr. W.D. Pa.); (5) Dresser Industries, Inc. v. Underwriters at Lloyd's London, Cause No. 98-44026, (333rd Judicial District, Harris County, Texas); (6) Kellogg, Brown & Root, Inc. v. AIU Insurance Co., Cause No. 2003-03653, (11th Judicial District, Harris County, Texas); and (7) Sanchez v. Cooper Industries, Inc. v. Employers Insurance of Wausau, a Mutual Company, Case. No. 97 CIV 1569 BB/DJS, MDL-875 (E.D. Pa.).

J. DII Industries Affiliates: The term "DII Industries Affiliates" shall mean DII Industries, LLC; its past and present subsidiaries; any Persons in which DII Industries, LLC, directly or indirectly, owns a 50% or greater interest; any Persons on whose behalf DII Industries, LLC has the power to release claims under insurance policies (including but not limited to the Subject Insurance Policies); any Persons that have been acquired by, merged into or combined with any of the foregoing or their predecessors; the directors, officers, agents, employees, partners, shareholders, members, representatives, attorneys, predecessors, successors, heirs, administrators and assigns of any of the foregoing, in their capacity as such. The term DII Industries Affiliates includes, without limitation to the generality of the foregoing, Dresser Industries, Inc., Worthington Corporation, the DII Debtors, Harbison-Walker Refractories Company (a Pennsylvania corporation), and the Harbison-Walker Refractories Division of Dresser Industries, Inc.

K. DII Industries Bankruptcy: The term "DII Industries Bankruptcy" shall mean the Chapter 11 bankruptcy cases filed by the DII Industries Debtors in the Bankruptcy Court.

L. DII Industries CIP: The term “DII Industries CIP” shall mean the Coverage-In-Place Agreement between Certain Underwriters at Lloyd’s, London and Certain London Market Companies, Dresser Industries, Inc., Harbison-Walker Refractories Company and Global Industrial Technologies, Inc. with an effective date of December 15, 1998.

M. DII Industries Debtors: The term “DII Industries Debtors” shall mean Mid-Valley, Inc., DII Industries, LLC, Kellogg Brown & Root, Inc., KBR Technical Services, Inc., Kellogg Brown & Root Engineering Corporation, Kellogg Brown & Root International Inc. (a Delaware Corporation), Kellogg Brown & Root International Inc. (a Panamanian Corporation), and BPM Minerals, LLC.

N. DRs: The term “DRs” shall mean the London Market Insurers’ Documentation Requirements for Asbestos Bodily Injury Claims, a copy of which is appended as Attachment E hereto.

O. Federal-Mogul Bankruptcy: The term “Federal-Mogul Bankruptcy” shall mean In re: Federal-Mogul Global, Inc., T&N Limited, et al., Chapter 11 Case No. 01-10578 (JKF) (Jointly Administered) (Bankr. D. Del.).

P. Final: The term “Final” when used in reference to a court order shall mean an order: (a) as to which the time to appeal or otherwise seek appellate review has expired and as to which no appeal shall then be pending or (b) in the event that an appeal of a court order has been sought, such court order shall have been affirmed by the highest court to which such court order was appealed and the time to take any further appeal or seek further appellate relief shall have expired.

Q. Glossary: The term “Glossary” shall mean the Uniform Glossary of Terms for Plan Documents filed as of record in the DII Bankruptcy on May 17, 2004

R. Halliburton Affiliates: The term “Halliburton Affiliates” shall mean the publicly traded Delaware corporation currently known as Halliburton Company, and, to the extent any of the following is not within the definition of DII Industries Affiliates: its past and present subsidiaries; any Persons in which Halliburton Company directly or indirectly, owns a 50% or greater interest; any Persons on whose behalf Halliburton Company has the power to release claims under insurance policies (including but not limited to the Subject Insurance Policies); any Persons that have been acquired by, merged into or combined with any of the foregoing or their predecessors; the directors, officers, agents, employees, partners, shareholders, members, representatives, attorneys, predecessors, successors, heirs, administrators and assigns of any of the foregoing, in their capacity as such.

S. Harbison-Walker: The term “Harbison-Walker” shall mean Harbison-Walker Refractories Company (a Delaware corporation).

T. Harbison-Walker Bankruptcy: The term “Harbison-Walker Bankruptcy” shall mean that case known as In re Global Industrial Technologies, Inc., et al., Bankr., Case No. 02-21626-JKF, now pending in the Bankruptcy Court.

U. Initial Payment: The term “Initial Payment” shall have the meaning set forth in Paragraph II.B.1

V. Insurers: The term “Insurers” shall mean The Dominion Insurance Company Limited; The London & Edinburgh Insurance Company Limited; Unione Italia (UK) Reinsurance Company Limited (formerly known as Anglo-Saxon Insurance

Association Limited); The World Marine & General Insurances Pty Limited (formerly known as Vanguard Insurance Company Limited); The Eagle Star Insurance Company Limited (formerly known as Trent Insurance Company Limited); and the Northern Assurance Company Limited (solely in its role as successor to Royal Scottish Insurance Company Limited and to The World Marine & General Insurance Company Limited), but only with respect to those shares or portions of the Subject Insurance Policies (as defined below) that were underwritten for or managed by BD Cooke and Partners Limited and/or C.F.&A.U. Limited and/or Underwriting Management Agency Limited, and not with respect to those shares or portions of insurance policies that were not underwritten for, or managed by B D Cooke and Partners Limited and/or C.F.&A.U. Limited and/or Underwriting Management Agency Limited. The term “Insurers” shall also include Stronghold Insurance Company Limited.

W. Insurers Disbursed Funds: The term “Insurers Disbursed Funds” shall mean (1) the amount deposited by Insurers as a bond in Dresser Industries, Inc. v. Underwriters at Lloyd’s London, Cause No. 01-07414-K, (192nd Judicial District, Dallas County, Texas) pursuant to a court order dated April 4, 2003, together with any interest thereon; and (2) the amount deposited by Insurers on or about February 11, 2002 into the registry of the District Court for the 192nd Judicial District for Dallas, County, Texas, the court in which Dresser Industries, Inc. v. Alba General Insurance Co., Ltd., Adv. No. 03-3072, (Bankr. W.D. Pa.), was then pending, and amounts held by Insurers’ counsel in connection with that action.

X. Parties: The term “Parties” means Halliburton, DII Industries and Insurers.

Y. Person: The term "Person" shall mean an individual, a corporation, a partnership, a joint venture, an association, a trust, any other entity or organization, and any federal, state or local government or any governmental or quasi-governmental body or political subdivision or any agency, department, board or instrumentality thereof, specifically including a "governmental unit" as defined by 11 U.S.C. § 101(27).

Z. Reorganized Debtors: The term "Reorganized Debtors" shall have the meaning set forth in the Glossary.

AA. "Reorganized DII Industries" and "Reorganized KBR" shall mean, respectively, DII Industries, LLC and Kellogg Brown & Root, Inc. on and after the Effective Date (as that term is defined in the Glossary).

BB. Silica PI Trust: The term "Silica PI Trust" shall have the meaning set forth in the Glossary.

CC. Settlement Amount: The term "Settlement Amount" shall have the meaning set forth in Paragraph II.A.

DD. Settling Asbestos/Silica Insurance Company: The term "Settling Asbestos/Silica Insurance Company" shall have the meaning set forth in the Glossary.

EE. Subject Insurance Policies: The term "Subject Insurance Policies" shall mean (i) all insurance policies listed in Attachment A hereto; (ii) all known and unknown contracts of insurance (whether or not listed in Attachment A hereto), subscribed by Insurers and providing insurance, at any time up to and including the date of this Agreement, to (a) Halliburton Affiliates; (b) DII Industries Affiliates; or (c) DII Industries Debtors. Notwithstanding the foregoing, Subject Insurance Policies shall not include: (1) insurance policies providing insurance to Persons in which Halliburton

and/or DII Industries (either separately or jointly) first acquire a 50% or greater ownership interest, whether such ownership is direct or indirect, after the date of this Agreement; or (2) insurance policies to which Halliburton or DII Industries first acquire rights after the date of this Agreement from a Person not within the definition of Halliburton or DII Industries as of the date of this Agreement, except to the extent that such Persons were previously within the definition of Halliburton or DII Industries at any time prior to and including the date of this Agreement.

FF. Trust: The term "Trust" shall mean The DII Industries Settlement Trust, a trust to be created pursuant to a trust agreement in the form appended hereto as Attachment B.

GG. Trust Agreement: The term "Trust Agreement" shall mean the trust agreement (to be in the form appended hereto as Attachment B) between DII Industries and JPMorgan Chase Bank, the Trustee, which, inter alia, references this Agreement.

HH. Trustee: The term "Trustee" shall mean JPMorgan Chase Bank, the trustee of the Trust Agreement.

II. Worthington CIP: The term "Worthington CIP" shall mean the Coverage-In-Place Agreement between Certain Underwriters at Lloyd's, London and Certain London Market Companies and Dresser Industries, Inc. dated September 9, 1999.

JJ. Worthington CIP Shared Limits: The term "Worthington CIP Shared Limits" shall mean the remaining products aggregate limits of the Worthington CIP Shared Policies. If the remaining products aggregate limits of the Worthington CIP Shared Policies in fact total some amount different from what the Parties currently

believe, that different amount shall control and constitute the Worthington CIP Shared Limits.

KK. Worthington CIP Shared Policies: The term “Worthington CIP Shared Policies” shall mean those Subject Insurance Policies set forth in Attachment C.

II. Settlement Amount

A. The “Settlement Amount” shall equal the total amounts payable by Insurers pursuant to Paragraph II.B below but shall in no event exceed the sum of TWENTY-TWO MILLION FIVE HUNDRED THOUSAND UNITED STATES DOLLARS (US\$22,500,000).

B.

1. Within fifteen working days (meaning days on which businesses in London, England are generally open for business but excluding in any event any days falling in the period from December 23, 2004 to January 4, 2005) of the date all contingencies set forth in Paragraph VIII below are satisfied or expressly waived by Insurers in writing, Insurers shall pay to DII Industries in the manner prescribed by Paragraph II.C below the sum of money which is the product of the calculation

$$X - Y$$

Where:

X = FIVE MILLION UNITED STATES DOLLARS

(US\$5,000,000)(except as otherwise provided below); and Y = any credit due Insurers pursuant to Paragraph V.D below. Such sum shall be referred to as “the Initial Payment.” DII Industries shall cooperate fully with Insurers to arrange for the release of the Insurers Disbursed Funds to Insurers by the courts and Persons holding the same

as expeditiously as is reasonably possible following the date all conditions precedent set forth in Paragraph VIII below are satisfied or expressly waived by Insurers in writing.

2. At the same time that the payment described in the immediately preceding paragraph is made to DII Industries, the Insurers shall also pay to the Trust an additional FIVE MILLION UNITED STATES DOLLARS (US\$5,000,000),

3. Insurers shall, in good faith, use all reasonable efforts to diligently pursue recovery from their reinsurers for amounts paid to DII Industries pursuant to sub-Paragraph II.B.1 and 2 and shall pay to the Trust within thirty days of receipt sixty percent (60%) of any and all amounts they receive from their reinsurers on account thereof. In no event, however, shall the amount paid by the Insurers to DII Industries and the Trust collectively exceed TWENTY-TWO MILLION FIVE HUNDRED THOUSAND UNITED STATES DOLLARS (US\$22,500,000). Upon DII Industries' request, Insurers shall provide to DII Industries copies of Insurers' submissions to their reinsurers and copies of any responses by such reinsurers.

4. Insurers make no representation or warranty of any kind, express or implied, with respect to the amounts, if any, they may be able to recover from reinsurers pursuant to sub-Paragraph II.B.3 above. Insurers' liability to DII Industries, provided they have not materially breached this Agreement, shall be limited to the \$10,000,000 provided under sub-Paragraphs II.B.1 and 2 above plus sixty (60%) percent of any amounts they actually recover from reinsurers for amounts paid to DII Industries pursuant to sub-paragraphs II.B. 1 and 2.

5. Insurers, or their representatives, shall have the right, upon reasonable notice, and at their expense, to audit all records that DII Industries or

Halliburton maintain, or have the right to obtain access to, that relate to claims that are paid from the Trust and certified by DII Industries or Halliburton pursuant to the procedures set forth in Paragraph II.B.6 below to determine the accuracy of the certifications. If the audit reveals that the certifications were inaccurate, Insurers may, at their option, elect to deduct any amounts paid for claims that were incorrectly certified from future payments made pursuant to Paragraph II.B.3 above or may initiate legal proceedings to recover such amounts.

6. DII Industries shall only be permitted to seek disbursement from the Trust, and the Trustee shall only be authorized to disburse to DII Industries, the Insurers' properly allocable share (using the allocation methodology set forth in the CIPs) of payments made by DII Industries for asbestos bodily injury claims that, but for this Agreement, would fall within the scope of coverage (as limited by all applicable exclusions, limits of liability, and other terms or conditions) of one or more of the Subject Insurance Policies, provided, however, that DII Industries must, as a condition of obtaining disbursements from the Trust, certify that it has resolved sufficient asbestos bodily injury claims supported by the evidence specified in paragraphs B, C, and G of the DRs that the amounts properly allocable to the Insurers with respect to such settlements equals or exceeds the amount disbursed from the Trust.

C. The payments to DII Industries pursuant to Paragraph II shall be paid by wire transfer to the following account:

Bank:	Citibank N.A.
	New York, NY
SWIFT:	CITIUS33

ABA #: 021000089
Account Name: DII Industries, LLC
Account Number: 40715617

The Insurers Disbursed Funds shall be paid to Insurers in the manner required by the Person currently holding such funds or, if DII Industries is reasonably able to so require, by wire transfer to an account to be designated by Insurers. If the Insurers Disbursed Funds must be paid to DII Industries by the Person currently holding such funds, DII Industries shall transfer such Insurer Disbursed Funds to Insurers as quickly as it reasonably practicable.

D. Subject to the potential election by Halliburton and DII Industries as provided in this Paragraph II.D, the Parties agree that the Settlement Amount includes payment, with respect to the Worthington CIP Shared Policies, of the net present value of the Insurers' remaining products aggregate limits taking into account the annual payment cap set forth in the Worthington CIP. The Parties further agree that the Settlement Amount does not include any payment with respect to those Subject Insurance Policies set forth in Attachment D to this Agreement. The Parties are discussing a possible 50-50 vertical split of limits on the relevant Studebaker-Worthington and McGraw Edison policies. In the event that the Parties reach agreement on such a split of limits as between themselves and with all other relevant parties, Halliburton and DII Industries shall have the option to either: 1) reduce their indemnification obligation with respect to claims under policies numbered 564/UC0017 and 564/UC0018 as set forth in Paragraph V.E.3 below, in which case X as set forth in Paragraph II.B.1 shall be reduced by 50% of Insurers' remaining products limits with

respect to such policies, or 2) receive the full Settlement Amount and leave its indemnification obligations under insurance policies numbered 564/UC0017 and 564/UC0018 as is.

III. Several Liability

Halliburton and DII Industries acknowledge that the obligations of Insurers are several, and not joint. Halliburton and DII Industries agree that no Insurer shall be liable for any portion of the Settlement Amount allocated to any other Insurer, and that no Insurer shall be liable for any share of the Subject Insurance Policies subscribed by other Persons. Upon their payment to DII Industries as prescribed by Paragraph II.B.1 and II.B.2 above, the Insurers shall be deemed to be released pursuant to the terms of Paragraph IV below, except with respect to their obligations to make payments to the Trust as required by Paragraph II.B.3 above.

IV. Release

A. Releases By DII Industries Affiliates and Halliburton Affiliates

1. Upon their payment to DII Industries as prescribed in Paragraph II.B.1 and 2 above, and except for the obligations created by this Agreement, DII Industries Affiliates and Halliburton Affiliates, shall be deemed to release, remise, covenant not to sue and forever discharge (i) Insurers; (ii) each of Insurers' present and former officers, directors, employees, partners, shareholders, members, representatives, attorneys and agents in such capacity; and (iii) the respective heirs, executors, administrators, predecessors, successors, assigns and reinsurers (in their capacity as such) of any of the Persons identified in sub-paragraphs (i) and (ii) hereof as follows: from and against all manner of action, causes of action, suits, debts,

accounts, promises, warranties, damages (consequential or punitive), agreements, costs, expenses, claims or demands whatsoever, in law or in equity, whether presently known or unknown, asserted or unasserted, whether sounding in tort or contract, or arising under the statutes or administrative regulations of any jurisdiction, with respect to any and all past, present or future claims, of any type whatsoever, that Halliburton Affiliates and DII Industries Affiliates ever had, now has, or hereafter may have (a) for insurance coverage, including both defense costs and indemnification claims, under the Subject Insurance Policies; (b) arising out of or relating to any act, omission, representation, or conduct of any sort in connection with any of the Subject Insurance Policies; or (c) arising out of or in connection with the Coverage Lawsuits or the CIPs.

Notwithstanding the foregoing, the release by Halliburton Affiliates and DII Industries Affiliates of claims under the Worthington CIP Shared Policies shall become effective upon their payment to DII Industries as prescribed in Paragraph II.B.1 and 2 above only as to claims not subject to the Worthington CIP Shared Limits. The release shall become effective with respect to claims subject to the Worthington CIP Shared Limits only if, as and when the condition precedent set forth in Paragraph VIII.F is satisfied or expressly waived in writing by the Parties, which satisfaction or waiver must occur by no later than December 31, 2005. By way of example, a premises claim by DII Industries under the Worthington CIP Shared Policies would not be subject to the Worthington CIP Shared Limits and would therefore be released upon the Insurers' payment to DII Industries as prescribed by Paragraph II.B.1 and 2. By way of further example, a products liability claim by DII Industries under the Worthington CIP Shared Policies would be subject to the Worthington CIP Shared Limits and would therefore not

be released unless and until the condition precedent set forth in Paragraph VIII.F is satisfied or expressly waived in writing by the Parties.

2. Except as explicitly provided otherwise in Paragraph IV.A.1 above, it is the intention of Halliburton and DII Industries to reserve no rights or benefits whatsoever under or in connection with the Subject Insurance Policies, to the extent subscribed by Insurers, with respect to any past, present or future claims and to assure Insurers their peace and freedom from such claims and from all assertions of rights in connection with such claims.

3. Except as explicitly provided otherwise in Paragraph IV.A.1 or in Paragraph II.B.3, upon DII Industries' receipt of the payment prescribed in Paragraph II.B.1 and 2 above, any and all rights, duties, responsibilities and obligations of Insurers created by or in connection with the Subject Insurance Policies, are hereby terminated. As of the date of such payment, Halliburton Affiliates and DII Industries Affiliates have no insurance coverage under the Subject Insurance Policies from Insurers. The various Releases contained in this Paragraph IV.A are intended to operate as though Insurers had never subscribed to the Subject Insurance Policies.

4. **HALLIBURTON AND DII INDUSTRIES ACKNOWLEDGE THAT THEY HAVE BEEN ADVISED BY THEIR ATTORNEYS CONCERNING, AND ARE FAMILIAR WITH, THE CALIFORNIA CIVIL CODE SECTION 1542 AND EXPRESSLY WAIVE ANY AND ALL RIGHTS UNDER CALIFORNIA CIVIL CODE SECTION 1542, WHICH PROVIDES THAT "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF**

KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR,” AND UNDER ANY OTHER FEDERAL OR STATE STATUTE OR LAW OF SIMILAR EFFECT.

5. Halliburton and DII Industries expressly assume the risk that acts, omissions, matters, causes or things may have occurred that they do not know or do not suspect to exist, whether known or not. Halliburton and DII Industries hereby waive the terms and provisions of any statute, rule or doctrine of common law that either: (i) narrowly construes releases purporting by their terms to release claims in whole or in part based upon, arising from, or related to such acts, omissions, matters, causes or things; or, (ii) restricts or prohibits the releasing of such claims.

B. Release By Insurers

1. At the same time the releases described in Paragraph IV.A above become effective, each Insurer so released, and any subsequently appointed trustee or representative acting for such Insurer, shall be deemed to remise, release, covenant not to sue and forever discharge: (i) Halliburton Affiliates; and (ii) DII Industries Affiliates; from and against any and all manner of action, causes of action, suits, debts, accounts, promises, warranties, damages (consequential or punitive), agreements, costs, expenses, claims or demands whatsoever, in law or in equity, whether presently known or unknown, asserted or unasserted, whether sounding in tort or in contract, or arising under the statutes or administrative regulations of any jurisdiction, with respect to any and all past, present or future claims, of any type whatsoever, that each such Insurer ever had, now has, or hereinafter may have with

respect to, arising out of, relating to or in connection with any of the Subject Insurance Policies, the CIPs and/or the Coverage Lawsuits.

2. Except as explicitly provided otherwise in this Agreement, upon the granting of the releases in Paragraph IV.A, any and all rights, duties, responsibilities and obligations of Halliburton or DII Industries created by or in connection with the Subject Insurance Policies, are hereby terminated with respect to Insurers. The various Releases contained in this Paragraph IV.B are intended to operate as though the Insurers had never subscribed to the Subject Insurance Policies.

3. **INSURERS ACKNOWLEDGE THAT THEY HAVE BEEN ADVISED BY THEIR ATTORNEYS CONCERNING, AND ARE FAMILIAR WITH, THE CALIFORNIA CIVIL CODE SECTION 1542 AND EXPRESSLY WAIVE ANY AND ALL RIGHTS UNDER CALIFORNIA CIVIL CODE SECTION 1542, WHICH PROVIDES THAT "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR," AND UNDER ANY OTHER FEDERAL OR STATE STATUTE OR LAW OF SIMILAR EFFECT.**

4. Insurers expressly assume the risk that acts, omissions, matters, causes or things may have occurred that they do not know or do not suspect to exist, whether known or not. Insurers hereby waive the terms and provisions of any statute, rule or doctrine of common law that either: (i) narrowly construes releases purporting by their terms to release claims in whole or in part based upon, arising from,

or related to such acts, omissions, matters, causes or things; or, (ii) restricts or prohibits the releasing of such claims.

V. Indemnification

A. In addition to Insurers' other rights under this Agreement and the other obligations of Halliburton, DII Industries and Reorganized DII Industries to Insurers under this Agreement, Halliburton, DII Industries and Reorganized DII Industries, jointly and severally, and their successors and assigns, will hold Insurers harmless and provide Insurers a full, uncapped indemnification, including but not limited to defense costs, in respect of any and all claims for insurance coverage under or relating to handling of claims under the Subject Insurance Policies (except as set forth in Paragraph V.E and F below), including but not limited to all claims, whether by way of direct action or otherwise, made by: (i) other insurers of Halliburton Affiliates or DII Industries Affiliates;(ii) any Person claiming to be insured under the Subject Insurance Policies; (iii) any Person who has acquired or been assigned the right to make a claim under the Subject Insurance Policies; (iv) any Person asserting direct action rights under the Subject Insurance Policies, including without limitation Persons with asbestos- or silica-related claims against Halliburton Affiliates or DII Industries Affiliates; or (v) any federal, state or local government or any political subdivision, agency, department, board or instrumentality thereof, including but not limited to, the State of Minnesota pursuant to the Minnesota Landfill Cleanup Act, Minn. Stat. § 115B.39 et seq. or the Minnesota Insurance Recovery Act of 1996, Minn. Stat. § 115B.441 et seq. The Parties acknowledge that this indemnification includes claims made by any Persons over whom Halliburton and DII Industries do not have control, which may include former

subsidiaries, predecessors in interest, sellers or purchasers of assets, or any other Person who asserts rights to coverage or claims relating to claims handling under the Subject Insurance Policies.

B. The Parties represent and warrant to each other that, as of the date of execution of this Agreement, they are not aware of any pending claims that would fall within the scope of the indemnity provided in Paragraph V.A above.

C. Insurers shall forward promptly any demand, notice, summons or other process received by them or it in connection with any indemnified claim. To the extent that Halliburton or DII Industries, has an indemnification obligation with respect to such claim pursuant to Paragraph V of this Agreement, Halliburton or DII Industries shall acknowledge in writing their obligations under this Agreement in connection with any claim to be indemnified within thirty days of receipt of notice of such claim from Insurers and shall in fact assume responsibility for the defense of the indemnified claim as set forth below. To the extent that DII Industries or Halliburton do not agree that the claim so submitted is an indemnified claim pursuant to Paragraph V of this Agreement, DII Industries, or Halliburton shall inform Insurers, in writing, within thirty days of receipt of notice of such claims from Insurers that DII Industries, or Halliburton believes such forwarded claim is not an indemnified claim. If Halliburton and DII Industries fail to respond to a notice from Insurers of an indemnified claim within thirty days (30) of receipt, they shall be deemed to have agreed that the claim is indemnified under this Paragraph V.

If Halliburton and DII Industries contend that a claim is not one they are obligated to indemnify under this Agreement, or have failed to in fact assume the

defense of an indemnified claim within thirty (30) days of notice of the claim from Insurers, without waiving or in any way prejudicing their rights under the terms of this Agreement, Insurers shall be free to take whatever actions and positions they deem appropriate and reasonable with respect to the claim, including settling the claim (prior to the resolution of the dispute regarding Halliburton's and DII Industries' indemnity obligations or to Halliburton's and DII Industries' assumption of the defense).

Halliburton and DII Industries may not subsequently challenge or contest such actions or positions other than on the grounds that Insurers intentionally acted in bad faith or fraudulently.

Halliburton and DII Industries shall solicit and consider the views, and obtain the consent, of Insurers in choosing counsel, which consent shall not be unreasonably withheld (and which consent cannot be withheld on the basis that such counsel previously has represented Halliburton, DII Industries or any other policyholder against Insurers or any other insurer or insurance company, unless and to the extent retention of such counsel would constitute an unwaivable conflict of interest). Following solicitation and consideration of the views of Insurers, Halliburton and DII Industries, shall have the right to direct the defense of the indemnified claim; provided however that:

1. Halliburton and DII Industries shall take no position on behalf of Insurers, substantive or procedural, without their consent, which shall not be unreasonably delayed;

2. In any filing, Halliburton and DII Industries, shall state in the caption of the filing that it is filed by "Halliburton, DII Industries, (or other appropriate

entity) as indemnitor of Insurers.” In addition, Halliburton and DII Industries, shall include a written disclaimer in the body of any such filing in substantially the following form: “This filing is made by [Halliburton, DII Industries, or other appropriate entity] in its capacity as indemnitor of Insurers pursuant to a settlement agreement with Insurers. The positions set forth and arguments made herein are solely those of [indemnifying entity] in its capacity as indemnitor of Insurers and do not reflect and may not be construed as the positions or arguments of Insurers for any purpose other than a proceeding in which [indemnifying entity] is acting as indemnitor of Insurers.” In any court appearances in proceedings in which Halliburton and DII Industries, are indemnifying Insurers, Halliburton and DII Industries shall advise the Court that they are acting as indemnitor of Insurers.

3. Halliburton and DII Industries, shall provide Insurers with draft copies of all pleadings, briefs, discovery requests and responses, and other court papers and correspondence sufficiently in advance of filing, service or mailing to permit a reasonable opportunity to review and comment on same.

4. Halliburton and DII Industries shall resist production of Insurers’ documents, information and witnesses upon the reasonable determination by Insurers that they are not properly discoverable. Any production of documents, information or witnesses of Insurers shall be made only as expressly authorized by Insurers and only pursuant to applicable rules, including without limitation subpoena rules.

D. If, prior to the date all conditions precedent set forth in Paragraph VIII are satisfied or expressly waived by Insurers in writing, Insurers receive or must

continue to defend claims that would otherwise be subject to the indemnity provided in this Paragraph V, including but not limited to the claims asserted against Insurers in the Coverage Lawsuits and claims under the Worthington CIP Shared Policies, Insurers shall defend such claims and shall be responsible for payment of any settlements or judgments on such claims, if payment is required before all conditions precedent to this Agreement are satisfied or expressly waived in writing by Insurers. Insurers shall not settle any such claims without the consent of Halliburton and DII Industries, which consent shall not be unreasonably withheld or delayed. Any amounts incurred by Insurers in connection with claims subject to this Paragraph V.D prior to the date all conditions precedent are satisfied or expressly waived by Insurers in writing shall be credited against the payment due from Insurers to DII Industries as set forth in Paragraph II.B.1 above or, with respect to amounts incurred with respect to claims under the Worthington CIP Shared Policies that are subject to the Worthington CIP Shared Limits, credited against the payments due from Insurers to the Trust as set forth in Paragraph II.B.3.E.

1. The indemnification obligation set forth in this Paragraph V shall not include: (i) any costs incurred by Insurers prior to notice of the indemnified claim to Halliburton or DII Industries, (ii) any costs associated with the giving of notice of an indemnified claim to Halliburton or DII Industries; (iii) any cost incurred by Insurers in monitoring the progress of any indemnified claim or in relation to Insurers consenting to the taking of any position by Halliburton or DII Industries, concerning an indemnified claim; (iv) any costs incurred by Insurers in relation to any claim brought by a reinsurer or retrocessionaire of Insurers concerning any of the Subject Insurance Policies; (v) any

claims concerning the Subject Insurance Policies subscribed in favor of NL Industries identified on Attachment A to this Agreement, except for Baroid Claims which are indemnified pursuant to this Paragraph V; (vi) any claims concerning the Subject Insurance Policies identified on Attachment D to this Agreement that were subscribed in favor of Studebaker Corporation, Studebaker-Worthington, Inc. or McGraw Edison but not scheduled in the Worthington CIP; and (vii), in the event that a 50-50 vertical split of limits on the relevant Studebaker-Worthington and McGraw Edison policies is agreed by all relevant parties, and that Halliburton and DII Industries so elect, pursuant to Paragraph II.D above, claims under policies numbered 564/UC0017 and 564/UC0018.

2. In addition, the indemnification obligation set forth in Paragraph V.A above shall not apply to the following if incurred after Halliburton and DII Industries have in fact assumed the defense of an indemnified claim: (1) any legal fees or internal salary costs incurred by Insurers in assisting with discovery concerning any indemnified claim, including, but not limited to, the costs of complying with discovery, the costs incurred in locating and making documents available for production, the costs associated with providing deposition testimony, and the costs of attorneys that Insurers might choose to assist in responding to discovery; (2) any legal fees or internal salary costs incurred by Insurers in relation to any appearance at any settlement negotiations, mediations, arbitrations, or court appearances, including legal fees incurred by counsel chosen by Insurers; (iii) any costs incurred by Insurers exceeding \$25,000 for which Halliburton or DII Industries, might owe an indemnification obligation if such costs were incurred by Insurers without the written consent of Halliburton or DII Industries; and (vii) any costs exceeding \$25,000 that Insurers obligate themselves to pay or obligate

Halliburton or DII Industries, to pay for which Insurers did not receive the prior written approval of Halliburton or DII Industries to incur or pay.

3. In the event that Halliburton and DII Industries elect to reduce their indemnification obligation as provided in Paragraph II.D above, their indemnification obligation with respect to claims under policies numbered 564/UC0017 and 564/UC0018 shall be limited to amounts incurred by Insurers under the products limits of liability of such policies in excess of 50% of Insurers' remaining products limits with respect to such policies.

F. The full, uncapped indemnity described in Paragraph V.A above applies to claims under the Worthington CIP Shared Policies except to the extent set forth below, unless the indemnity is reduced in accordance with Paragraph II.D. above. The indemnity set forth in this Paragraph V shall not apply to claims subject to the Worthington CIP Shared Limits unless and until the condition set forth in Paragraph VIII.G is satisfied or expressly waived in writing by the Parties, which satisfaction or waiver must occur by no later than December 31, 2005. By way of example only, if a third party sued Insurers on a products liability claim covered by the Worthington CIP Shared Policies, that claim would be subject to the Worthington CIP Shared Limits and Halliburton and DII Industries would not be obligated to indemnify Insurers with respect to such claim unless and until the condition precedent set forth in Paragraph VIII.G is satisfied or expressly waived in writing by the Parties. Amounts incurred by Insurers in connection with such a claim prior to the time the condition precedent set forth in Paragraph VIII.G is satisfied or expressly waived in writing by the Parties would,

however, be a credit against the payments due to Trust pursuant to Paragraph II.B.3 above.

G. Halliburton, DII Industries and Reorganized DII Industries and Reorganized KBR, on behalf of themselves and their successors and assigns, agree that they will not transfer assets, or Persons in which they have an ownership interest greater than 50% as of the date of this Agreement, to any other Person under common ownership with Halliburton, DII Industries, and Reorganized DII Industries and Reorganized KBR as of the date of the transfer if such assets or Persons represent a material portion of the total assets of the transferring Person unless the Person that is the recipient of the transfer agrees in writing to be bound by all the provisions of this Paragraph V.

VI. Assignment of Subrogation, Contribution and Reimbursement Rights
Against Other Insurers

Other than claims against Insurers' reinsurers, which are expressly preserved by Insurers, Insurers agree that they shall not pursue subrogation, equitable or legal indemnity, contribution, or reimbursement of the Settlement Amount or any part thereof from any third party, including without limitation (a) any other primary or excess insurer of DII Industries Affiliates or Halliburton Affiliates and (b) the Asbestos PI Trust and the Silica PI Trust. To the extent permitted by law, Insurers hereby transfer and assign to DII Industries all such rights, claims, and causes of action relating to subrogation, reimbursement, or contribution that Insurers may have arising out of the Settlement Amount paid hereunder, except that nothing herein shall limit the rights of Insurers to make reinsurance claims and pursue their reinsurance recoveries.

VII. Dismissal of Coverage Lawsuits and Standstill Agreement

Within fourteen (14) days after satisfaction of the condition precedent set forth in Paragraph VIII.B, (i) DII Industries shall dismiss without prejudice its claims or cross-claims (if any), in the Coverage Lawsuits against Insurers and (ii) Insurers shall dismiss without prejudice their claims or cross-claims (if any) in the Coverage Lawsuits against DII Industries. Such dismissals shall be converted by the Parties into dismissals with prejudice upon the receipt of the Initial Payment by DII Industries. DII Industries and Insurers shall bear their own costs, expenses, and counsel fees in the Coverage Lawsuits. Halliburton and DII Industries agree to use their best efforts to obtain a dismissal without prejudice of Harbison-Walker's claims or cross-claims (if any) in the Coverage Lawsuits against Insurers. If they are successful in obtaining such a dismissal without prejudice of Harbison-Walker's claims or cross-claims (if any) in the Coverage Lawsuits against Insurers, Insurers agree to dismiss without prejudice their claims or cross-claims (if any) in the Coverage Lawsuits against Harbison-Walker.

The Parties agree not to make any claim or commence any legal proceedings against one another relating in any way to the Subject Insurance Policies, whether in law, equity, arbitration or otherwise, after the date this Agreement is executed, other than to enforce obligations created under this Agreement, unless and until five business days after this Agreement terminates pursuant to Paragraph VIII.

The Parties expressly waive and will not plead, argue or otherwise assert against one another any defense based on the passage of time, including limitations, laches and other similar defenses, with respect to the period from and including the date

of this Agreement (or, in the case of the claims asserted in the Coverage Lawsuits, the date such claims were first filed against Insurers) and ending five (5) business days after this Agreement terminates pursuant to Paragraph VIII, provided, however, that the Parties expressly preserve any defenses based on the passage of time that existed as of the date this Agreement was executed (or, in the case of the claims asserted in the Coverage Lawsuits, the date such claims were first filed against Insurers). The Parties acknowledge that there may be facts of which they are presently unaware concerning the claims governed by this Paragraph VII. They further acknowledge that they may be presently unaware of inferences from known facts. Such facts and inferences may support claims of which the parties are presently unaware and the parties confirm that from the date hereof all such claims shall be governed by the provisions of this Paragraph VII.

VIII. Conditions Precedent

Insurers' obligation to pay the Settlement Amount is expressly contingent upon and shall not be effective unless and until each and every one of the conditions precedent set forth in below in Paragraph VIII.A-F is either satisfied or expressly waived in writing by Insurers.

A. Within ten (10) business days of the full execution and delivery of this Agreement, DII Industries shall cause to be filed in the DII Industries Bankruptcy an application to the Bankruptcy Court pursuant to Section 105 and Rule 9019 of the Federal Rules of Bankruptcy Procedure seeking approval for DII Industries to enter into and carry out the terms and provisions of this Agreement. Such application shall have

annexed thereto any proposed amendments to Exhibits 1 and 2 of the Amended Plan to further effectuate the relief sought therein and in the order approving such application.

B. Entry of an order of the Bankruptcy Court in the DII Industries Bankruptcy that has become Final approving this Agreement as a settlement in accordance with the provisions of Federal Rule of Bankruptcy Procedure 9019, which order shall provide, among other things: (a) that this Agreement constitutes an Asbestos/Silica Insurance Settlement Agreement (as such term is defined in the Glossary); (b) Insurers are Settling Asbestos/Silica Insurance Companies entitled to the protection of the Asbestos/Silica Insurance Company Injunctions (as such term is defined in the Glossary) to be issued pursuant to the Amended Plan; and (c) Exhibit 2 to the Amended Plan is amended to add Insurers.

C. Entry of an order in the Harbison-Walker Bankruptcy that has become Final confirming that the entry by Halliburton, DII Industries and Insurers into this Agreement does not violate the automatic stay imposed by Section 362 of the Bankruptcy Code in the Harbison-Walker Bankruptcy or, in the alternative, granting relief from the automatic stay.

D.

1. The Confirmation Order has become Final, which Order may be modified, but only to the extent such modifications do not conflict with or affect the rights of Insurers.

2. Halliburton and DII Industries acknowledge and agree, without prejudice to the scope of the indemnity set forth in Paragraph V, that such indemnity applies to claims against Insurers by other insurers of DII Industries or

Halliburton regardless whether the Asbestos/Silica Insurance Company Injunction, or any other provisions of the Amended Plan, precludes such claims.

E. Halliburton and DII Industries have certified that the amounts allocable to Insurers (using the allocation methodology set forth in the CIPs) with respect to payments they have made to resolve asbestos bodily injury claims that, but for this Agreement, would fall within the scope of coverage (as limited by all applicable exclusions, limits of liability, and other terms or conditions) of one or more of the Subject Insurance Policies, and that are supported by the evidence specified in paragraphs B, C, and G of the DRs equals or exceeds the Initial Payment. Halliburton and DII Industries must also have made available to Insurers or their representatives, at least thirty (30) days prior to the time the Initial Payment is due, the claim files on which they intend to base the certification described in the preceding sentence.

F. No law has been passed by the United States Congress, at any time through and including January 3, 2005, that concerns, relates to, regulates, limits or controls the prosecution of Asbestos Claims in the State or Federal courts or in any other forum. This provision is intended to encompass what is commonly understood to be "asbestos reform" legislation and is not intended to encompass general tort reform, class action reform, malpractice reform, or tax reform legislation. By way of example and not limitation, such "asbestos reform" legislation would include the following bills that have been introduced in the U.S. Congress, S. 413, S.1125, HR.1586, HR.1737 and HR.1114. It is the purpose and intent of this contingency to allow Insurers to terminate this settlement without any obligation to Halliburton and DII Industries in the

event that any such federal "asbestos reform" legislation is enacted at any time through and including January 3, 2005.

G. In addition to the conditions precedent set forth in Paragraph VIII.A-F above, Insurers' obligation to make the payments required by Paragraph II.B.3 is expressly conditioned on and shall not be effective unless and until an order that becomes Final is entered in the Federal-Mogul Bankruptcy confirming that this Agreement does not violate the automatic stay in that bankruptcy or, in the alternative, granting relief from the automatic stay. If this condition is not satisfied, or expressly waived in writing by the Parties, by December 31, 2005, then the payments to be made to the Trust pursuant to Paragraph II.B.3 above shall be reduced by an amount equal to the Worthington CIP Shared Limits (less \$292,866 if Halliburton and DII Industries elect to reduce their indemnification obligations in accordance with Paragraph II.D above). If this condition is satisfied, or expressly waived in writing by the Parties, by December 31, 2005, but Insurers have incurred amounts in connection with claims under the Worthington CIP Shared Policies that are subject to the Worthington CIP Shared Limits, the payments to be made by Insurers pursuant to Paragraph II.B.3 above shall be reduced by such amounts.

H. Halliburton and DII Industries shall use their best efforts to ensure that the conditions precedent set forth in Paragraph VIII.A-E and VIII.G are satisfied prior to December 31, 2005.

I. This Agreement shall terminate if the contingencies set forth in Paragraph VIII.A-G above are not satisfied, unless they are expressly waived by Insurers through written notice to Halliburton and DII Industries, by December 31, 2005.

If this Agreement terminates pursuant to the preceding sentence, the Parties revert to their positions immediately prior to the date of this Agreement. DII Industries, Halliburton and Insurers shall, in that event, retain all of their rights, obligations and defenses relating to the Subject Insurance Policies as they exist as of the date of this Agreement. Notwithstanding such termination, however, the provisions of Paragraphs VII and XIII shall survive and shall be binding upon the Parties.

J. If all contingencies set forth in this Paragraph VIII have been satisfied except the contingency set forth in Paragraph VIII.D that the Confirmation Order must become Final, and that contingency is not satisfied solely because of the pendency of an appeal from the Confirmation Order by Insurers, Insurers agree to dismiss such appeal within ten (10) days of the date all other conditions to payment having been satisfied.

IX. Cooperation

Halliburton and DII Industries will undertake all reasonable actions to cooperate with Insurers in connection with their reinsurers, including (at Insurers' expense with respect to services and/or assistance provided by external Halliburton or DII Industries vendors, and out-of-pocket expenses incurred by Halliburton or DII Industries) responding to reasonable requests for information and meeting with representatives of reinsurers. Such cooperation shall include providing Insurers' representative, upon reasonable request, access to all claim files maintained by Halliburton or DII Industries and/or any Asbestos PI Trust or Silica Unsecured Trust, including all product exposure, medical, claim status, and payment records contained in such files.

X. Claim Reporting

A. Halliburton and DII Industries agree that, until such time as they are advised by Insurers that Insurers' allocable share of payments with respect to third party bodily injury asbestos claims that are covered by the Subject Insurance Policies equals \$22,500,000, or earlier if Insurers so advise, Halliburton and DII Industries shall timely supply the data and assistance required by this Paragraph X.

B. Halliburton and DII Industries will provide Insurers' representative with a detailed report concerning asbestos- and silica-related bodily injury claims activity for each calendar quarter within 30 days of the end of each quarter (the first such report to be provided to Insurers no later than April 30, 2005). Such reports (the "Reports") must include, with respect to Halliburton Affiliates, DII Industries Affiliates the Asbestos PI Trust and the Silica PI Trust: the number of total claims filed, pending, settled, dismissed or that went to judgment; total indemnity paid and total expense paid. Such information shall be provided on both a quarterly and cumulative basis. For each claim resolved during the calendar quarter that is the subject of a Report, the report shall set forth: (i) the claimant's name; (ii) claim number; (iii) jurisdiction, if any; (iv) status (open or closed); (v) date of first exposure as set forth in the complaint or as reflected by information reasonably available to Halliburton or DII Industries; (vi) the asbestos product(s) or premises for which DII Industries Affiliates or Halliburton Affiliates are responsible to which the claimant alleges exposure; (vii) the Person(s) within the definition of DII Industries Affiliates or Halliburton Affiliates that the claimant alleges caused his injury; (viii) the alleged disease and, to the extent reasonably available to Halliburton or DII Industries by the exercise of their best efforts, the date of diagnosis;

(ix) whether there is a medical diagnosis of the alleged disease; (xi) date of death if applicable; and (x) the amount of indemnity paid. Such Reports shall also include an allocation by policy and insurer of all payments with respect to the claims that are the subjects of the Reports made during that period and on a cumulative basis. Asbestos and silica bodily injury claims shall be allocated to the Subject Insurance Policies governed by the CIPs as provided in those agreements.

C. DII Industries and Halliburton agree to provide Insurers (or their representatives) with access to any database(s) that DII Industries or Halliburton maintain or have the right to obtain access to for asbestos-related or silica-related bodily injury claims from which the information set forth in Paragraph X.B above can be derived and further agree to cooperate with Insurers to ensure that Insurers are able to extract the information set forth in Paragraph X.B from such database(s).

D. Insurers, or their representatives, shall have the right, upon reasonable notice, and at their expense, to audit all records that DII Industries or Halliburton maintain or have the right to obtain access to that relate to the claims to be reported to Insurers under this Paragraph X.

E. Without prejudice to the generality of the foregoing sub-paragraphs X.A, B and C, DII Industries and Halliburton shall present for allocation to the Subject Insurance Policies (or certain of them) all mesothelioma, lung cancer and other cancer claims as such claims are determined by DII Industries or Halliburton to trigger coverage under the Subject Insurance Policies (or any of them) together with the supporting documents and information referenced in Paragraph X.B above. Further, as such claims arise and are determined by DII Industries or Halliburton to trigger coverage

under the Subject Insurance Policies (or any of them), Insurers shall have the right to designate which other asbestos or silica bodily injury claims resolved by DII Industries or Halliburton shall be presented to Insurers and allocated to the Subject Insurance Policies pursuant to this Paragraph X.

XI. Reasonably Equivalent Value

The Parties acknowledge and agree that: (i) this Agreement was bargained for and entered into in good faith and as the result of arms-length negotiations; (ii) based on their respective independent assessments, with the assistance and advice of counsel, of the Coverage Lawsuits, the Harbison-Walker Bankruptcy and the DII Industries Bankruptcy, the payments and other benefits to be received by DII Industries and Halliburton pursuant to the Agreement constitute a fair and reasonable settlement of the claims by DII Industries against Insurers in such actions and constitute reasonably equivalent value for the release, indemnity, and other benefits received by Insurers under the Agreement; and (iii) the Agreement constitutes a full and final adjudication of all issues in the Coverage Lawsuits between DII Industries and Insurers.

XII. Warranty of Solvency

Halliburton and DII Industries represent and warrant that as of the date of the Agreement they are solvent, in that at fair value their assets exceed their liabilities and they have the liquidity to pay their debts as they come due. Halliburton and DII Industries represent and warrant that as of the confirmation date of the Amended Plan Reorganized DII Industries and Reorganized KBR will be solvent, in that at fair value

their assets shall exceed their liabilities and they shall have the liquidity to pay their debts as they come due.

XIII. Confidentiality

A. The Parties agree that all matters relating to the negotiation of this Agreement shall be confidential and are not to be disclosed except by order of a court of competent jurisdiction or written agreement of the Parties.

B. In the event that a private litigant, by way of document request, interrogatory, subpoena, or questioning at deposition or trial, attempts to compel disclosure of anything protected by this Paragraph XIII, the Party from whom disclosure is sought shall decline to provide the requested information on the ground that this Agreement prevents such disclosure. In the event that such private litigant seeks an order from any court or governmental body to compel such disclosure, or in the event that a court, government official, or governmental body (other than the Inland Revenue, Internal Revenue Service, Securities and Exchange Commission or Financial Services Authority) requests or requires disclosure of anything protected by this Paragraph XIII, the Party from whom disclosure is sought shall immediately give written notice by facsimile or hand-delivery to the other Party, and shall immediately provide copies of all notice papers, orders, requests or other documents in order to allow each Party to take such protective steps as may be appropriate. Notice under this Paragraph XIII shall be made to the Persons identified in Paragraph XIX of this Agreement. All costs incurred by a Party in accordance with this provision shall be the sole responsibility of the Party incurring such costs.

C. Material protected by this Paragraph XIII shall be deemed to fall within the protection afforded to compromises and offers to compromise by Rule 408 of the Federal Rules of Evidence and similar provisions of state law or state rules of court.

XIV. Non-Prejudice and Construction of Agreement

A. This Agreement is not a contract of insurance. This Agreement is not subject to rules or construction governing contracts of insurance, including without limitation the doctrine of contra proferentum. This Agreement is a compromise between the Parties and shall not be construed as an admission of coverage under the Subject Insurance Policies, nor shall this Agreement or any provision hereof be construed as a waiver, modification or retraction of the positions of the Parties with respect to the interpretation and application of the Subject Insurance Policies.

B. This Agreement is the product of informed negotiations and involves compromises of the Parties' previously stated legal positions. Accordingly, this Agreement does not reflect upon the Parties' views as to rights and obligations with respect to matters or Persons outside the scope of this Agreement. This Agreement is without prejudice to positions taken by the Insurers with regard to other insureds, and without prejudice to positions taken by Halliburton or DII Industries with regard to other insurers. The Parties specifically disavow any intention to create rights in third parties under or in relation to this Agreement.

C. This Agreement is the jointly drafted product of arms-length negotiations between the Parties with the benefit of advice from counsel, and the Parties agree that it shall be so construed. As such, no party will claim that any

ambiguity in this agreement shall, as a matter of law, be construed against the other party.

XV. No Modification

A. DII Industries expressly agrees that it will not modify, amend or change the Amended Plan or Confirmation Order, in any way that would result in any term, provision or condition of the Amended Plan or Confirmation Order materially conflicting with or affecting the terms of this Agreement. Halliburton agrees that it will not cause DII Industries to take any actions prohibited by this Paragraph XV.A.

B. DII Industries shall provide Insurers with as much advance written notice as practicable of any amendments they propose to make to the Amended Plan, or of any provisions of a Confirmation Order they intend to seek, that they believe may conflict with or affect the rights of Insurers, whether materially or not. Insurers shall, as soon as practicable and in any event within 5 business days of receipt of such notice, advise Halliburton and DII in writing if they believe that any such amendment would conflict with or affect their rights under this Agreement. The Parties agree to confer in good faith in an effort to modify any proposed Amendments to the Plan to prevent any conflict with or effect on the rights of Insurers under this Agreement. Nothing in the preceding sentence shall, however, prevent DII Industries from filing any proposed amendments to the Amended Plan if, in its sole judgment, failure to file will delay confirmation of the Amended Plan, provided that such amendments do not breach the requirements of Paragraph XV.A above. Insurers' failure to timely respond to a notice from Halliburton or DII pursuant to this Paragraph XV.B, and DII Industries' filing of proposed amendments to the Amended Plan, shall not waive or modify in any way any

of the conditions precedent set forth in Paragraph VIII or excuse Halliburton and DII from complying with the provisions of Paragraph XV.A above.

C. No change or modification of this Agreement shall be valid unless made in writing and signed by the Parties (or their attorney-in-fact) whose interests are affected by such change or modification.

XVI. Integration

This Agreement, including its Attachments, constitutes the entire agreement among the Parties with respect to the subject matter hereof, and supersedes all discussions, agreements and understandings, both written and oral, among the Parties with respect hereto, including Insurers' participation in the CIPs.

XVII. Governing Law

This Agreement shall be governed by, and shall be construed in accordance with, the laws of the State of New York without regard to its choice of law rules.

XVIII. Execution

There will be two signed originals of this Agreement, which may be executed in duplicate counterparts.

XIX. Successors and Assigns.

This Agreement shall be binding upon the parties hereto and their respective successors and assigns.

XX. Further Assurances.

The Parties agree to execute such further documents and agreements and to take or cause to be taken such further action as may from time to time be

reasonably requested by a Party in order to effectively carry out the intent and purposes of this Agreement.

XXI. Notices

Unless another person is designated, in writing, for receipt of notices hereunder, notices to the respective Parties shall be sent to the following Persons:

HALLIBURTON COMPANY: Albert O. Cornelison Jr., Esq.
Executive Vice President and General Counsel
Halliburton Company
Five Houston Center
1401 McKinney, Suite 2400
Houston, TX 77010

With a copy to: Michael G. Zanic, Esq.
Kirkpatrick & Lockhart, LLP
Henry W. Oliver Building
535 Smithfield Street
Pittsburgh, PA 15222

DII INDUSTRIES: DII Industries, LLC
Five Houston Center
1401 McKinney, Suite 2400
Houston, TX 77010
Attn: General Counsel

With a copy to: Michael G. Zanic, Esq.
Kirkpatrick & Lockhart, LLP
Henry W. Oliver Building
535 Smithfield Street
Pittsburgh, PA 15222

INSURERS: Andrew Gregory
Stronghold Insurance Company Limited
Rose Lane Business Centre
51-59 Rose Lane
P.O. Box 3068
Norwich NR1 1JY
ENGLAND

Andrew Tyler
B.D. Cooke and Partners Limited

2 Knoll Rise
Orpington, Kent
ENGLAND

With a copy to:

James Sottile, Esq.
Zuckerman Spaeder LLP
1201 Connecticut Avenue, NW
Washington, DC 20036

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IN WITNESS WHEREOF, the Parties have executed this Agreement by their duly authorized representatives.

Insurers have designated Zuckerman Spaeder LLP as their attorneys-in-fact for the limited purpose of executing this Agreement on their behalf with express authority to do so.

HALLIBURTON COMPANY

By: _____

Name: _____

Title: _____

Date: _____

DII INDUSTRIES, LLC

By: _____

Name: _____

Title: _____

Date: _____

FOR INSURERS

By: _____

Name: _____

Title: _____

Date: _____

ATTACHMENT A

Named Insured: American Locomotive Company Alco Products Incorporated	
POLICY PERIOD	POLICY NUMBER
01/01/57-01/01/58 (ASSUMED)	543 AM 570132
01/01/57-01/01/58 (ASSUMED)	543 AM 570133
01/01/58-01/01/59 (ASSUMED)	543 AM 580459
01/01/58-01/01/59 (ASSUMED)	543 AM 580460
01/01/58-01/01/59 (ASSUMED)	543 AM 580457
01/01/58-01/01/59 (ASSUMED)	543 AM 580458
01/01/59-01/01/60	543 AM 590106
01/01/59-01/01/60	543 AM 590107
01/01/60-01/01/61	543 AM 600086
01/01/60-01/01/61	543 AM 600087

Named Insured: Brown & Root, Inc.	
POLICY PERIOD	POLICY NUMBER
05/15/57-01/01/61	CK.2220
05/15/57-01/01/61	CK.2221
05/15/57-01/01/61	K.47470
05/15/57-01/01/61	K.47471
05/15/57-01/01/61	K.47472
01/01/61-01/01/64	CERTIFICATE 104
01/01/61-01/01/64	K.65094
01/01/61-01/01/64	CERTIFICATE 106
04/03/61-01/01/64	CERTIFICATE 149
01/01/64-01/01/67	CU.3019
01/01/64-01/01/67	CU.3022
01/01/64-01/01/67	CU 3023
09/13/66-01/01/70	CU 6900
01/01/67-01/01/70	CU.7400
01/01/67-01/01/70	CU.7401
01/01/67-01/01/70	CU 7402
01/01/70-01/01/71	S 20041
01/01/70-01/01/71	S 20042
01/01/70-01/01/71	S 20043
01/01/70-01/01/71	S 20044
01/23/70-01/01/71	S 20054
01/01/71-01/01/72	S 20109
01/01/71-01/01/72	S-20110
01/01/71-01/01/72	S 20111
01/01/71-01/01/72	S 20118
01/01/72-01/01/73	S 20153
01/01/72-01/01/73	S-20154
01/01/72-01/01/73	S 20155
01/01/72-01/01/73	S 20156
01/01/72-01/01/73	S 20165
02/01/72-01/01/73	S 20166
01/01/73-01/01/74	S 20207
01/01/73-01/01/74	S-20208
01/01/73-01/01/74	S 20209
01/01/73-01/01/74	S 20210
01/01/73-01/01/74	S 20211
01/01/74-01/01/75	S-20262
01/01/74-01/01/75	S 20267
01/01/74-01/01/75	S 20268
01/01/74-01/01/75	S 20269
01/01/74-01/01/75	S 20270
01/01/75-01/01/77	S 20332
01/01/75-01/01/77	S 20348
01/01/75-01/01/77	S 20349
01/01/75-01/01/77	S 20350

Named Insured: Brown & Root, Inc. (continued)	
POLICY PERIOD	POLICY NUMBER
01/01/75-01/01/77	S 20351
01/01/77-01/01/78	S-20500
01/01/77-01/01/78	S-20501
01/01/77-01/01/78	S 20502
01/01/77-01/01/78	S 20513
01/01/77-01/01/78	S 20514
01/01/77-01/01/78	S 20516
01/01/78-01/01/81	S 20570
01/01/78-01/01/81	S 20611
01/01/78-01/01/81	S 20612
01/01/78-01/01/81	S 20613
01/01/78-01/01/81	S 20614
01/01/78-01/01/81	S 20615
01/01/78-01/01/81	S 20616
01/01/79-01/01/81	S 20733
01/01/81-01/01/82	S-21000
01/01/81-01/01/85	S-21001
01/01/81-01/01/85	S-21002
01/01/81-01/01/85	S-21003
01/01/81-01/01/85	S-21004
01/01/81-01/01/85	S-21005
01/01/81-01/01/85	S-21043
01/01/82-01/01/85	S-21100
01/01/85-01/01/86	S-21160
01/01/85-01/01/86	S-21161
01/01/85-01/01/86	S-21162
01/01/85-01/01/86	S-21163
01/01/85-01/01/86	S-21164
01/01/85-01/01/86	S-21165
01/01/85-01/01/86	S-21166
01/01/86-06/01/87	S-21200
01/01/86-06/01/87	S-21201
01/01/86-01/01/87	S-21202
01/01/86-01/01/87	S-21203
01/01/86-01/01/87	S-21204
01/01/86-01/01/87	S-21205
01/01/86-06/01/87	S-21206
01/01/87-06/01/87	S-21235
01/01/87-06/01/87	S-21236
01/01/87-06/01/87	S-21237
01/01/87-06/01/87	S-21238
06/01/87-12/01/88	S-21250
06/01/87-12/01/88	S-21251
06/01/87-12/01/88	S-21252
06/01/87-12/01/88	S-21253
06/01/87-12/01/88	S-21254

Named Insured: NL Industries, Inc. National Lead Company Abroad Corporation	
POLICY PERIOD	POLICY NUMBER
11/19/49-02/01/50	F20866
11/19/49-02/01/50	F20867
11/19/49-02/01/50	F20868
02/01/50-02/01/53	F22368
02/01/50-02/01/53	F22369
02/01/50-02/01/53	F22370
08/13/52-05/01/55	F31955
08/13/52-05/01/55	F31956
08/13/52-05/01/55	F31957
08/13/52-05/01/55	F31958
05/01/55-05/01/58	F42922
05/01/55-05/01/58	F42923
05/01/55-05/01/58	F42924
05/01/55-05/01/58	F42921
05/01/58-05/01/61	F54989
05/01/58-05/01/61	F54990
05/01/58-05/01/61	F54991
05/01/58-05/01/61	F54992
05/01/61-05/01/64	F66400
05/01/61-05/01/64	F66401
05/01/61-05/01/64	F66402
05/01/61-05/01/64	F66403
05/01/61-05/01/64	F66404
05/01/64-05/01/67	F73344
05/01/64-05/01/67	F73345
05/01/64-05/01/67	F73346
05/01/64-05/01/67	F73347
05/01/67-05/01/70	F78313
05/01/67-05/01/70	F78314
05/01/67-05/01/70	F78315
05/01/67-05/01/70	F78316
03/31/76-03/01/79	881/UHL 0439
03/31/76-03/01/79	881/UHL 0441
03/01/77-03/01/78	881/UJL 0236
03/01/78-03/01/79	881/UKL 0873
03/01/78-03/01/79	881/UKL 0874
03/01/79-03/01/82	881/ULL 0304
03/01/79-03/01/80	881/ULL 0305
03/01/79-03/01/80	881/ULL 0306
03/01/80-03/01/81	551 UMA 0140
03/01/80-03/01/81	551 UMA 0141
03/01/81-03/01/82	UNA0145

Named Insured:

NL Industries, Inc.
National Lead Company
Abroad Corporation
(continued)

POLICY PERIOD	POLICY NUMBER
03/01/81-03/01/82	551 UNA0146
03/01/82-03/01/85	551 UPA 0067
03/01/82-03/01/85	551 UPA 0068
03/01/82-03/01/83	551 UPA 0069
03/01/83-03/01/84	551 UQA 0049
03/01/84-03/01/85	551 URA 0040
03/01/85-03/01/86	USA 0087 + 0088
03/01/85-03/01/88	551 USA 0084
03/01/85-03/01/86	551/USA 0085
03/01/85-03/01/86	551/USA 0086
03/01/85-03/01/86	5KA 17080
03/01/85-03/01/86	5KA 17090

Named Insured: Reed Roller Bit	
POLICY PERIOD	POLICY NUMBER
03/15/60-03/15/61	512078
03/15/60-03/15/61	512079
03/15/60-03/15/61	512080
03/15/61-07/01/63	516967
07/01/63-07/01/66	521391
01/14/66-07/01/66	532015

Named Insured: Dresser Industries, Inc.	
POLICY PERIOD	POLICY NUMBER
08/01/50-11/01/53	50/1602/304
08/01/50-11/01/53	50/1696/147A
08/01/50-11/01/53 (BODILY INJURY ONLY)	154027
10/26/51-11/01/54	464725
11/01/53-11/01/54	53/2384/517
11/01/54-11/01/56	UNKNOWN
11/01/54-11/01/55	492335
11/01/55-11/01/56	498335
11/01/55-11/01/56	498336
08/01/56-11/01/59	062803/BB.275346
11/01/56-11/01/59	500745
11/01/56-11/01/59	500744
11/01/57-11/01/59	LA61190
02/23/58-11/01/59	BB299273
11/01/59-11/01/62	511205
11/01/59-11/01/62	511206
11/01/59-11/01/62	511207
11/01/59-11/01/62	511208
11/01/62-11/01/65	519383
11/01/62-11/01/65	519384/5
11/01/65-11/01/68	564/532121
11/01/65-11/01/68	532122/3
03/08/66-03/08/67	528074
11/01/68-11/01/71	CX 0619
11/01/71-11/01/72	CX 4923
11/01/72-11/01/75	560/K 25818
11/01/72-11/01/75	560/K25821
11/01/75-11/01/78	881/UGL 1292
11/01/78-11/01/79	509/79DD193C
11/01/78-11/01/79	RLJ 2198/31298A
11/01/78-11/01/79	RLJ 2199/2199A
11/01/79-11/01/80	881/WLG371
11/01/79-11/01/80	881/WLH151
11/01/79-11/01/80	881/WL2281
11/01/79-11/01/80	881/ULL 1229
11/01/79-11/01/80	WL 2291
11/01/79-11/01/80	881/ULL1230
11/01/80-11/01/81	551/WM-22014
11/01/80-11/01/81	551/WM-23010
11/01/80-11/01/81	551/WM 23011
11/01/80-11/01/81	551/WMBB-500
11/01/80-11/01/81	551/UMA0532
11/01/81-11/01/82	551/WN-30081
11/01/81-11/01/82	551/WN-31034

Named Insured:	Dresser Industries, Inc. (continued)
POLICY PERIOD	POLICY NUMBER
11/01/81-11/01/82	551/UNA-0420
11/01/81-11/01/82	551/WNBB 500
11/01/82-11/01/83	551/WP-30053/4
11/01/82-11/01/83	551/WP-31019
11/01/82-11/01/83	WPBB-500
11/01/82-11/01/83	UPA 0373
11/01/83-11/01/84	551/WQCJ 100
11/01/83-11/01/84	WQCJ 200
11/01/83-11/01/84	551/UQA 0265
11/01/83-11/01/84	551/WQCG 900
11/01/84-03/01/86	834/EC 8425001
11/01/84-03/01/86	834/EC 8427001
11/01/84-03/01/86	834/EC 8430001
11/01/84-03/01/86	834/EC 8400420
11/01/84-03/01/86	834/EC 8400422
03/01/86-11/01/87 (CLAIMS-MADE POLICY)	XS 8600139
03/01/86-11/01/87 (CLAIMS-MADE POLICY)	XS 8600140
03/01/86-11/01/87 (CLAIMS-MADE POLICY)	XS 8600141
03/01/86-10/31/87 (CLAIMS-MADE POLICY)	EV 8600046
03/01/86-10/31/87 (CLAIMS-MADE POLICY)	EV 8600047
03/01/86-10/31/87 (CLAIMS-MADE POLICY)	EV 8600048
11/01/87-11/01/88	834/EV 8700560
11/01/87-11/01/88	834/EV 8700561
11/01/88-07/16/89	EA8800832
07/16/89-07/01/90 (CLAIMS-MADE POLICY)	834/EA 8900430
07/01/90-07/01/91	EA9000419
07/01/90-07/01/91	DI-5097
07/01/91-07/01/92	EA910035

Named Insured: Worthington Pump & Machinery Corporation McGraw Edison Company Studebaker-Worthington, Inc. Worthington Corporation	
POLICY PERIOD	POLICY NUMBER
01/09/48-01/01/49 (ASSUMED)	U48/45256
01/09/48-01/01/49	U48/45255
01/01/49-01/01/50	U49/52236
01/01/49-01/01/50	U49/52235
01/01/50-01/01/51	U50/59783
01/01/50-01/01/51	U50/59782
01/01/51-01/01/52	U51/67664
01/01/51-01/01/52	U51/67665
01/01/52-01/01/53 (ASSUMED)	U52/77186
01/01/52-01/01/53 (ASSUMED)	U52/77187
01/01/53-01/01/54	U53/85205
01/01/53-01/01/54	U53/85206
07/28/53-07/28/54	53/89558
01/01/54-01/01/55 (ASSUMED)	54/94351
01/01/54-01/01/55 (ASSUMED)	54/94352
07/28/54-07/28/55	U54/97762
08/16/54-08/16/55 (ASSUMED)	54/98988
01/01/55-01/01/56	55/102628
01/01/55-01/01/56	55/102629
07/28/55-07/28/56	55/106804
08/16/55-08/16/56	55/107673
01/01/56-01/01/57	56/110019
01/01/56-01/01/57	56/110018
07/28/56-07/28/57	56/114292
08/16/56-08/16/57	56/114521
01/01/57-01/01/58	57/117751
01/01/57-01/01/58	57/117750
07/28/57-01/01/59	57/121906
08/16/57-01/01/59	57/122537
01/01/58-01/01/59	58/125834
01/01/58-01/01/59	58/125833
01/01/59-01/01/60	59/134726
01/01/59-01/01/60	59/134725
01/01/59-01/01/60	59/134723
01/01/59-01/01/60	59/134724
01/01/60-01/01/61	60/142841
01/01/60-01/01/61	60/142842
01/01/60-01/01/61	60/142843
01/01/60-01/01/61	60/142844
01/01/61-01/01/62	60/149165
01/01/61-01/01/62	60/149166
01/01/61-01/01/62	60/149167
01/01/61-01/01/62	60/149168

Named Insured: Worthington Pump & Machinery Corporation
 McGraw Edison Company
 Studebaker-Worthington, Inc.
 Worthington Corporation
 (continued)

POLICY PERIOD	POLICY NUMBER
01/01/62-01/01/63	62/155554
01/01/62-01/01/63	62/155555
01/01/62-01/01/63	62/155556
01/01/62-01/01/63	62/155557
01/01/63-01/01/64	63/161244
01/01/63-01/01/64	63/161245
01/01/63-01/01/64	63/161246
01/01/63-01/01/64	63/161247
01/01/64-01/01/65	63/167279
01/01/64-01/01/65	63/167280
01/01/64-01/01/65	63/167281
10/22/64-01/01/66	64/172162
01/01/65-01/01/66	65/173043
01/01/65-01/01/66	65/173041
01/01/65-01/01/66	65/173042
01/01/66-01/01/67	66/178239
01/01/66-01/01/67	66/178240
01/01/66-01/01/67	66/178241
01/01/66-01/01/67	66/178242
01/01/67-01/01/68	K 16272
01/01/67-01/01/68	K 16273
01/01/67-01/01/68	CU 7525
01/01/67-01/01/68	CU 7527
04/21/69-03/21/72	69/14282/1/BB 12188 Z
01/01/71-05/01/73	564/UC0016
01/01/71-11/15/73	564/UC0017
01/01/71-11/15/73	564/UC0018
10/01/74-03/13/77	501/A7414904
01/01/77-01/01/78	509/77DD74OC
03/13/77-01/01/78	509/77DD1308C
01/01/78-03/01/79	PY035478
01/01/78-03/01/79	PY035578
01/01/78-03/01/79	PY035678
03/01/79-03/01/80	PY035479
03/01/79-03/01/80	PY035579
03/01/79-03/01/80	PY035679
05/15/79-05/15/80	PY105379
03/01/80-03/01/81	543/55162/80
03/01/80-03/01/81	543/55163/80
03/01/85-03/01/86	PY272985
03/01/85-03/01/86	PY273085

**ATTACHMENT B
TO THE
CONFIDENTIAL SETTLEMENT AGREEMENT AND RELEASE
BETWEEN HALLIBURTON COMPANY, DII INDUSTRIES, LLC
AND INSURERS**

TRUST AGREEMENT

BETWEEN

(1) DII INDUSTRIES, LLC

AND

(2) JPMORGAN CHASE BANK

THE DII INDUSTRIES SETTLEMENT TRUST

TRUST AGREEMENT

TRUST AGREEMENT, dated as of November 2, 2004, (the "Agreement") by and between DII Industries, LLC ("DII Industries"), and JPMorgan Chase Bank, a New York State Bank ("Trustee").

WITNESSETH:

WHEREAS, The DII Industries Settlement Trust (the "Trust") is to be established under the terms of that certain settlement agreement and release (the "Settlement Agreement") entered into November, 2004, by and between Halliburton Company, DII Industries and the Insurers (as defined in the Settlement Agreement), pursuant to which Insurers have agreed to make payments of immediately available funds to the Trustee in accordance with the provisions of the Settlement Agreement. The Trustee is not a party to and will not be responsible for the Settlement Agreement. The Trustee will deposit such funds into an account designated the DII Industries Trust Account (the "Trust Fund"), which funds shall be held in trust and distributed in accordance with the terms hereof. The funds so deposited into the Trust Fund shall constitute the corpus of the Trust which is established hereunder; and

WHEREAS, the Trustee is willing to act as Trustee in respect of the Trust Fund upon the terms and conditions hereinafter set forth;

NOW, THEREFORE, for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged by each of the parties hereto, the parties hereto, intending to be legally bound, do hereby agree as follows:

Appointment of Trustee. JPMorgan Chase Bank is hereby appointed as Trustee in accordance with the terms and conditions set forth herein, and the Trustee hereby accepts such appointment.

Definitions. Unless otherwise defined herein, all defined terms used in this Trust Agreement shall have the meaning set forth in the Settlement Agreement.

Deposit into the Trust Fund. Pursuant to Paragraph 2 of the Settlement Agreement, Insurers will deposit funds with the Trustee (provided that all contingencies set forth in the Settlement Agreement are satisfied or waived), which funds shall be held by the Trustee upon the terms and conditions hereinafter set forth. Instructions for the payment of such funds by Insurers to the Trustee are provided in Exhibit A hereto. Trustee will not be responsible for determining the amount of funds to be deposited by Insurers into the Trust Fund.

Investment of the Trust Fund

(a) During the term of this Agreement, the Trustee shall invest and reinvest the funds in a JPMorgan Money Market Account, unless otherwise instructed in writing by DII Industries. Notwithstanding the foregoing, the Trustee shall have the power to sell or liquidate the foregoing investments whenever the Trustee shall be required to release all or any portion of the Trust Fund pursuant to Paragraph 5 hereof. Any gains realized by the Trust Fund on any assets sold or exchanged shall be treated as income, and not corpus, for all purposes of the Trust Fund, without regard to any state law Trust Fund accounting principles to the contrary. Unless Trustee is otherwise directed in such written instructions, Trustee may use a broker-dealer of its own selection, including a broker-dealer owned by or affiliated with Trustee or any of its affiliates. The Trustee or any

of its affiliates may receive compensation with respect to any investment directed hereunder.

(b) In regard to any loss to principal, the Trustee will not have any right, liability or duty to request more monies from the Insurers to disburse for the benefit of DII Industries.

Distribution of Trust Fund. DII Industries shall have no power to anticipate the payment of any income or principal from the Trust Fund and shall be prohibited from assigning any of its rights in the Trust Fund to any other party. The Trust Fund, including income earned, may be disbursed only for the purposes set forth in this Paragraph 5. Trustee shall hold the Trust Fund in its possession until instructed hereunder to deliver the Trust Fund or any specified portion thereof as follows:

(a) DII Industries shall only be permitted to seek disbursement from the Trust, and the Trustee shall only be authorized to disburse to DII Industries, the Insurers' properly allocable share (using the allocation methodology set forth in the CIPs) of payments made by DII Industries for asbestos bodily injury claims that, but for this Agreement, would fall within the scope of coverage (as limited by all applicable exclusions, limits of liability, and other terms or conditions) of one or more of the Subject Insurance Policies, provided, however, that DII Industries must, as a condition of obtaining disbursements from the Trust, certify that it has resolved sufficient asbestos bodily injury claims supported by the evidence specified in paragraphs B, C, and G of the DRs that the amounts properly allocable to the Insurers with respect to such settlements equals or exceeds the amount disbursed from the Trust. If DII Industries delivers to the Trustee a written release notice substantially in the form of Exhibit B attached hereto providing the certification required by the preceding sentence with respect to funds that the Trustee

seeks to have disbursed from the Trust Fund, the Trustee shall be entitled to rely upon such certification and to release such funds from the Trust to DII Industries by wire transfer within 5 Business Days. The person authorized by DII Industries to certify Exhibit B may be amended by DII Industries as set forth on Exhibit C. For purposes of this Agreement, "Business Day" shall mean any day that is not a Saturday or Sunday or a day on which banks are required or permitted by law or executive order to be closed in the Houston, Texas.

(b) All reasonable and proper expenses of administering the Trust including, but not limited to, the Trustee's fees as shown on Schedule A hereto and the fees of its attorneys, shall be paid by the Trustee (or its designee) from the Trust Fund, including income of the Trust Fund. The Trustee shall have a right of set-off and a first priority lien on the Trust Fund for any such amounts. Payments made to administer the Trust Fund and any payments on DII Industries' behalf will be made first out of current earnings, next out of undistributed net income from prior years (if any), and then from corpus.

Resignation of Trustee. The Trustee may resign and be discharged from its duties hereunder at any time by giving sixty (60) days prior written notice of such resignation to DII Industries specifying a date when such resignation shall take effect and upon delivery of the Trust Fund to the successor trustee which shall be an independent trustee jointly designated by Insurers and DII Industries. If no successor is designated, a court of competent jurisdiction may be petitioned to appoint a successor Trustee. The Trustee shall continue to serve until its successor accepts its appointment hereunder and receives the Trust Fund from the prior Trustee. Upon its resignation and delivery of the Trust Fund, as set forth in this Paragraph 6, the Trustee shall be discharged of and from any and all

further obligations arising in connection with the Trust Fund contemplated by this Agreement.

Indemnification of Trustee.

(a) The Trustee shall have no duties or responsibilities whatsoever with respect to the Trust or the Trust Fund except as are specifically set forth herein. The Trustee shall neither be responsible for or under, nor chargeable with knowledge of the terms and conditions of, any other agreement, instrument or document.. The Trustee may conclusively rely upon, and shall be fully protected from all liability, loss, cost, damage or expense in acting or omitting to act pursuant to any written notice, instrument, request, consent, certificate, document, letter, facsimile transmission, telegram, electronic mail message, opinion, order, resolution or other writing hereunder without being required to determine the authenticity of such document, the correctness of any fact stated therein, the propriety of the service thereof or the capacity, identity or authority of any party purporting to sign or deliver such document. The Trustee shall have no responsibility for the contents of any such writing contemplated herein and may conclusively rely without any liability upon the contents thereof.

(b) The Trustee shall not be liable for any action taken or omitted by it in good faith and reasonably believed by it to be authorized hereby or with the rights or powers conferred upon it hereunder, nor for action taken or omitted by it in good faith, and in accordance with advice of counsel (which counsel may be of the Trustee's own choosing and at the expense of the Trust Fund), and shall not be liable for any mistake of fact or error of judgment or for any acts or omissions of any kind except for its own willful misconduct or gross negligence.

(c) The Trust hereby agrees to indemnify and hold the Trustee (which for purposes of this paragraph shall include its directors, officers, agents and employees) harmless from and against any and all costs, taxes, fines, penalties, damages, actions, losses, liabilities, expenses, and claims (including, but not limited to, the fees and expenses of counsel) ("Losses") incurred by the Trustee, as a result of, in connection with or arising out of the performance by the Trustee of its duties under this Agreement or any related transaction document or the compliance by the Trustee with the instructions set forth herein or delivered hereunder or thereunder, other than those Losses resulting solely from the Trustee's gross negligence or willful misconduct.

(d) To the extent that the Trust assets are not adequate to provide the coverage as set forth in paragraph 7(c) above DII Industries will assume any remaining liabilities.

(e) In the case that any claim is asserted by the Trustee for which the Trustee is entitled to indemnification under paragraph 7(c) hereof, notice shall be given to the Trust and DII Industries as soon as practicable after the Trustee has actual knowledge of any claim as to which indemnity may be sought, and the Trustee shall permit the Trust and/or DII Industries to assume the defense of any third party claim or any litigation with a third party resulting therefrom provided, however, that (a) counsel for the Trust and/or DII Industries who conducts the defense of such claim or litigation shall be subject to the approval of the Trustee, which consent will not be unreasonably withheld or delayed, (b) the Trustee may participate in such defense at his expense and (c) the omission by the Trustee to give notice as provided herein shall not relieve the Trust of its indemnification obligation under this Agreement or DII Industries of its obligations under paragraph 7(c) hereof, except to the extent that the Trust and/or DII Industries is actually

and materially damaged as a result of such failure to give notice. Except with the prior written consent of the Trustee, neither the Trust nor DII Industries shall consent to the entry of judgment against the Trustee that does not include as an unconditional term thereof the giving to the Trustee of a general release from any and all liability with respect to such claim or litigation. If the Trust or DII Industries shall fail or be unable to take over the defense of such claim or litigation the Trustee may do so and charge its costs and expenses including reasonable attorneys' fees and expenses to the Trust Fund and the Trustee shall be entitled to settle such claim or litigation without the consent of the Trust or DII Industries. This indemnity shall survive the termination of this Agreement and any related transaction documents, and the Trustee's resignation or removal.

Compensation of Trustee. The Trustee shall be entitled to payment from the Trust Fund for customary fees and expenses for all services rendered by it hereunder in accordance with Schedule A attached hereto (as such schedule may be amended from time to time).

Further Assurances. From time to time on and after the date hereof, DII Industries shall deliver or cause to be delivered to the Trustee such further documents and instruments and shall do and cause to be done such further acts as the Trustee shall reasonably request (it being understood that the Trustee shall have no obligation to make any such request) to carry out more effectively the provisions and purposes of this Agreement, to evidence compliance herewith or to assure itself that it is protected in acting hereunder.

Termination of Agreement. The Trust will terminate upon written notice from DII Industries, LLC. Any remaining funds at that time will disbursed to DII Industries in accordance with written instructions from DII Industries.

Consents to Service of Process. Each of the parties hereto hereby irrevocably consents to the jurisdiction of the courts of Texas in connection with any action, suit or other

proceeding arising out of or relating to this Agreement or any action taken or omitted hereunder. Each party further waives personal service of any summons, complaint or other process and agrees that the service thereof may be made by certified or registered mail directed to such person at such person's address for purposes of notices hereunder.

3. Reporting. Receipt, investment and reinvestment of the Trust Fund shall be confirmed by Trustee as soon as practicable by account statement, and any discrepancies in any such account statement shall be noted by DII Industries to Trustee within 45 calendar days after receipt thereof. Failure to inform Trustee in writing of any discrepancies in any such account statement within said 45-day period shall conclusively be deemed confirmation of such account statement in its entirety.

Miscellaneous.

(a) This Agreement, including the attachments hereto and the documents referred to herein, embodies the entire agreement and understanding among the parties relating to the subject matter hereof.

(b) All notices and other communications under this Agreement shall be in writing and shall be sent by facsimile or overnight delivery service, costs prepaid, to the parties at the following addresses (or to such other address as a party may have specified by notice given to the other parties pursuant to this provision):

If to the Trustee, to:

JPMorgan Chase Bank
600 Travis, Suite 1150
Houston, Texas 77002
Attn: Greg Campbell
Telephone No.: (713) 216-6079
Facsimile No.: (713) 216-5514

If to DII Industries, to:

DII Industries, LLC
4100 Clinton Dr.
Houston, TX 77020-6299
Attn: Steve Bender
Telephone: 713.753.2850
FAX: 713.753.4414

If to Insurers, to:

James Sottile, Esq.
Zuckerman Spaeder LLP
1201 Connecticut Avenue, NW
Washington, DC 20036-2638

(c) The headings of the Sections of this Agreement have been inserted for convenience and shall not modify, define, limit or expand the express provisions of this Agreement.

(d) This Agreement and the rights and obligations hereunder may not be assigned except as expressly provided herein. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns. Except as expressly provided herein, no other person shall acquire or have any rights under or by virtue of this Agreement.

(e) The Trustee makes no representation as to the validity, value, genuineness or the collectability of any security or other document or instrument held by or delivered to it, the validity or enforceability of this Agreement, or the validity of the Trust.

(f) The Trustee shall not be called upon to advise any party as to the wisdom in selling or retaining or taking or refraining from any action with respect to any securities or other property deposited hereunder.

(g) The Trust shall be characterized as a complex trust under Code Section 661 and the regulations thereunder, and the Trustee agrees to file any required tax documents with the Internal Revenue Service (the "IRS") and any applicable state and local taxing authorities on that basis. The Trustee shall be responsible for the annual filing of Form 1041 for this complex Trust and the associated Schedule K-1 showing income earned by the Trust and used for disbursement on DII Industries' behalf. The Trustee shall be responsible for the payment out of the Trust Fund (to the extent funds are available) of any taxes due by the Trust. The Trustee shall obtain a tax identification number for the Trust.

(h) This Agreement shall be governed by and construed in accordance with the laws of Texas without reference to the principles of conflict of laws.

(i) This Agreement may be executed in two or more counterparts, each of which shall be an original, but all of which together shall constitute one and the same instrument. All signatures of the parties to this Agreement may be transmitted by facsimile, and such facsimile will, for all purposes, be deemed to be the original signature of such party whose signature it reproduces, and will be binding upon such party.

(j) This Agreement may not be altered, modified or amended except in writing and signed by the parties hereto.

(k) Trustee shall be responsible for holding, investing, reinvesting and disbursing the Trust Fund pursuant to this Agreement; provided, however, in no event shall the Escrow Agent be liable for special, indirect or consequential loss or damage of any

kind whatsoever (including but not limited to lost profits), even if the Escrow Agent has been advised of the likelihood of such loss or damage and regardless of the form of action and provided, further, that Trustee shall have no liability for any loss arising from any cause beyond its control, including, but not limited to, the following: (a) acts of God, force majeure, including, without limitation, war (whether or not declared or existing), revolution, insurrection, riot, civil commotion, accident, fire, explosion, stoppage of labor, strikes and other differences with employees; (b) the act, failure or neglect of DII Industries or any agent or correspondent or any other person selected by Trustee; (c) any delay, error, omission or default of any mail, courier, telegraph, cable or wireless agency or operator; or (d) the acts or edicts of any government or governmental agency or other group or entity exercising governmental powers. Trustee is not responsible or liable in any manner whatsoever for the sufficiency, correctness, genuineness or validity of the subject matter of this Agreement or any part hereof or for the transaction or transactions requiring or underlying the execution of this Agreement, the form or execution hereof or for the identity or authority of any person executing this Agreement or any part hereof or depositing the Trust Fund.

(l) In the event funds transfer instructions are given (other than in writing at the time of execution of the Agreement), whether in writing, by telefax, or otherwise, the Trustee is authorized to seek confirmation of such instructions by telephone call-back to the person or person designated on Schedule B hereto, and the Trustee may rely upon the confirmations of anyone purporting to be the person or persons so designated. The persons and telephone numbers for call-backs may be changed only in writing actually received and acknowledged by the Trustee. The parties to this Agreement acknowledge that such security procedure is commercially reasonable.

It is understood that the Trustee and the beneficiary's bank in any funds transfer may rely solely upon any account numbers or similar identifying number provided by either of the other parties hereto to identify (i) the beneficiary, (ii) the beneficiary's bank, or (iii) an intermediary bank. The Trustee may apply any of the escrowed funds for any payment order it executes using any such identifying number, even where its use may result in a person other than the beneficiary being paid, or the transfer of funds to a bank other than the beneficiary's bank or an intermediary bank, designated.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement
as of the day and year first above written.

JPMorgan Chase Bank, as Trustee

By _____
Name:
Title:

Tax Certification: Taxpayer ID#: 75-0813641

NOTE: The following certification shall be used by and for a U.S. resident only. Non-residents must use and provide Form W8-BEN

Customer is a (check one):

☒ Corporation ☐ Municipality ☐ Partnership ☐ Non-profit or Charitable Org
☐ Individual ☐ REMIC ☐ Trust ☐ Other _____

Under the penalties of perjury, the undersigned certifies that:

- (1) the entity is organized under the laws of the United States*
- (2) the number shown above is its correct Taxpayer Identification Number (or it is waiting for a number to be issued to it); and*
- (3) it is not subject to backup withholding because: (a) it is exempt from backup withholding or (b) it has not been notified by the Internal Revenue Service (IRS) that it is subject to backup withholding as a result of failure to report all interest or dividends, or (c) the IRS has notified it that it is no longer subject to backup withholding.*

(If the entity is subject to backup withholding, cross out the words after the (3) above.)

Investors who do not supply a tax identification number will be subject to backup withholding in accordance with IRS regulations.

Note: The IRS does not require your consent to any provision of this document other than the
certifications required to avoid backup withholding.

DII INDUSTRIES, LLC

By _____
Name: M. S. Bender
Title: Vice President and Treasurer



**Schedule of Fees
for
Escrow Agent Services**

New Account Acceptance Fee \$ **750 Waived**
Payable upon Account Opening

Minimum Administrative Fee \$ **2,500**
Payable Upon Account Opening and in Advance
each year in which we act as Escrow Agent

ACTIVITY FEES:

Disbursements

Per Check	\$	35
Per Wire U.S.	\$	35
International	\$	100

Receipts

Per Deposit \$ **10**
Activity fees will not be assessed for any month in which fewer than three transactions occur.

Investments

Per directed buy/sell \$ **75**
The Investments fee will be waived if JPMorgan's Money Market Account sweep product offered by JPMorgan's Escrow Group is the selected investment.

LEGAL EXPENSES: **At Cost**

There will be no legal expense for JPMorgan Chase if our standard form escrow agreement is employed without substantive amendments.

A New Account Acceptance Fee will be charged for the Bank's review of the Escrow Agreement along with any related account documentation. A one (1) year Minimum Administrative Fee will be assessed for any account that is funded. The account will be invoiced in the month in which the account is opened and annually thereafter. Payment of the invoice is due 30 days following receipt.

The Administrative Fee will cover a maximum of ten (10) annual administrative hours for the Bank's standard Escrow services including account setup, safekeeping of assets, investment of funds, collection of income and other receipts, preparation of statements comprising account activity and asset listing, and distribution of assets in accordance with the specific terms of the Escrow Agreement.

Extraordinary Services and Out-of Pocket Expenses:

Any additional services beyond our standard services as specified above, such as annual administrative activities in excess of ten (10) hours and all reasonable out-of-pocket expenses including attorney's fees will be considered extraordinary services for which related costs, transaction charges, and additional fees will be billed at the Bank's standard rate.

Modification of Fees:

Circumstances may arise necessitating a change in the foregoing fee schedule. The Bank will attempt at all times, however, to maintain the fees at a level that is fair and reasonable in relation to the responsibilities assumed and the duties performed.

Disclosure & Assumptions:

- The escrow deposit shall be continuously invested in a JPMorgan Money Market Account. The Minimum Administrative Fee would include a supplemental charge up to 25 basis points on the escrow deposit amount if another investment option were chosen.
- The account will be invoiced in the month in which the account is opened and annually thereafter.
- Payment of the invoice is due 30 days following receipt.

Schedule B

**Telephone Number(s) for Call-backs and Person(s)
Designated to Confirm Funds Transfer Instructions**

If to DII Industries:

	<u>Name</u>	<u>Telephone Number</u>
1.	_____	_____
2.	_____	_____

Exhibit A

Payment Instructions

Payments to the Trust

By Wire

JPMorgan Chase Bank

Houston, Texas

ABA #113000609

FFC: Trust Clearing Account

FFC No.: 00103409257

Ref: DII Industries Trust Account #10209513.1, Attn: Greg Campbell

Payments to DII Industries

By wire

Account Name: DII Industries, LLC.

Account Number: 40715617

Bank: Citibank, NY

ABA: 021000089

Exhibit B
Release Notice

Re: The DII Industries Settlement Trust Account

Ladies and Gentlemen:

As the duly authorized agent of The DII Industries, LLC and pursuant to the Trust Agreement creating the above-referenced Trust Fund, the undersigned hereby certifies as follows:

DII Industries has incurred \$_____ with respect to asbestos bodily injury claims supported by the evidence specified in paragraphs B, C & G of the London Market Insurers' Documentation Requirements for Asbestos Bodily Injury claims ("DRs") after _____, 200__ that have not previously been the subject of a request for disbursement to The Trustee. Insurers' proper allocable share of such payments by DII Industries is \$_____. The report(s) concerning the disbursements is (are) attached. Capitalized terms used herein and not defined are used as defined in such Trust Agreement.

Funds released will be used solely for the purposes set forth in the Settlement Agreement and Trust Agreement.

The undersigned hereby requests and authorizes release of the following funds from the Trust Fund as follows:

Amount Requested:

Date for Release:

Release to be made payable to:

Release to be wired to Payee at:

Additional Instructions:

DATED this ____ day of _____, 20__.

By: _____
The DII Industries LLC

CONFIRMATION OF RECEIPT OF INSTRUCTION:

_____, as Trustee

By: _____

Name:
Title:

Exhibit C

Signature Authorization

The DII Industries Settlement Trust

I, _____, hereby certify that I am Secretary of The DII Industries, LLC ("DII Industries") and am authorized and empowered to identify to JPMorgan Chase Bank, as Trustee, persons who have authority with respect to the transaction of affairs of The DII Industries Settlement Trust Account (the "Trust Fund"). The identified persons, whose names and signatures appear herein, are authorized and empowered to act on behalf of DII Industries for purposes of authorizing release of funds from the Trust Fund.

Release of Funds

Required Signatures any one of the following :

Name

Signature

Name

Signature

Name

Signature

Name

Signature

This authorization supersedes all prior authorizations and shall remain in effect until

_____ is notified to the contrary.

IN WITNESS WHEREOF, I have hereto subscribed my name on this ____ day of

_____, 2004.

_____, Secretary

ATTACHMENT C

**TO THE CONFIDENTIAL SETTLEMENT AGREEMENT AND RELEASE
BETWEEN HALLIBURTON COMPANY, DII INDUSTRIES, LLC
AND CERTAIN LONDON MARKET INSURERS**

Worthington CIP Shared Policies

POLICY NUMBER	POLICY PERIOD (MM/DD/YY)
564/UC0017	01/01/71-11/15/73
564/UC0018	01/01/71-11/15/73

ATTACHMENT D

POLICY NUMBER	POLICY PERIOD
69/14282/1/BB 12188 Z	04/21/69-03/21/72
501/A7414904	10/01/74-03/13/77
509/77DD74OC	01/01/77-01/01/78
509/77DD1308C	03/13/77-01/01/78
PY035478	01/01/78-03/01/79
PY035578	01/01/78-03/01/79
PY035678	01/01/78-03/01/79
PY035479	03/01/79-03/01/80
PY035579	03/01/79-03/01/80
PY035679	03/01/79-03/01/80
PY105379	05/15/79-05/15/80
543/55162/80	03/01/80-03/01/81
543/55163/80	03/01/80-03/01/81
543/55163/80	03/01/80-03/01/81
PY272985	03/01/85-03/01/86
PY272985	03/01/85-03/01/86
PY273085	03/01/85-03/01/86

ATTACHMENT E

LONDON MARKET INSURERS' DOCUMENTATION REQUIREMENTS FOR ASBESTOS BODILY INJURY CLAIMS

A. General requirements. For each claim submitted for reimbursement under policies subscribed by Underwriters in favor of the Assured, and for each claim asserted to exhaust underlying limits, the documentation available for inspection upon Underwriters' request must include: the claimant's name and social security number; copies of the complaint (if the case is in litigation) or letter or other writing making the claim (if not in litigation); the release; the payment check provided to the claimant or the claimant's representative; evidence of the gross amount payable with respect to the claim before deduction of attorney's fees or expenses; and evidence of amounts the claimant received from other allegedly responsible parties (if such evidence may ordinarily be obtained during discovery in the relevant forum). The claim documentation must clearly indicate what type of claim is being presented under the policy (e.g., products, completed operations, premises liability).

B. Medical documentation. There must be a specific medical diagnosis that the claimant suffers from a disease caused in substantial part by exposure to asbestos. A medical opinion that a claimant's condition is "consistent with" or "compatible with" a condition caused by asbestos exposure is not sufficient.

The evidence that will satisfy the medical documentation requirement varies depending on the alleged disease. The diseases typically alleged by asbestos claimants, and the corresponding documentation requirements for each, are as follows:

1. Mesothelioma. Claims of mesothelioma caused by asbestos exposure must be supported by a diagnosis of mesothelioma by a qualified physician. The diagnosis must be based upon appropriate pathological examination.

2. Lung cancer. Claims of asbestos-induced lung cancer must be supported by a qualified physician's diagnosis of lung cancer and that physician's opinion that the asbestos exposure was at least a substantial contributing cause of the cancer. These claims must also be supported by either: (i) a medical report identifying bilateral asbestos-induced pleural abnormality; or (ii) one of the medical findings that may support a diagnosis of asbestosis as discussed in Section B.4 below.

3. Other cancers. Claims of other cancers allegedly caused by asbestos exposure must satisfy the requirements for lung cancer claims as stated in section B.2 above.

4. Asbestosis. Asbestosis claims must be supported by a qualified physician's diagnosis of asbestosis accompanied by a medical report containing either: (i) an International Labor Organization ("ILO") profusion reading of 1/1 or greater; or (ii) pathological evidence of asbestosis, defined as patchy peribronchiolar or interstitial fibrosis with asbestos bodies.

5. Pleural disease and pleural plaques. Pleural disease claims must be supported by a qualified physician's diagnosis of diffuse pleural thickening and that physician's opinion that asbestos exposure was at least a substantial contributing cause of the disease. Claims for pleural plaques must be supported by a qualified physician's diagnosis of pleural plaques and that physician's opinion that asbestos exposure was at least a substantial contributing cause of the condition. In addition, a pleural plaque claim is not reimbursable (and does not properly contribute to exhaustion of underlying limits) unless it is governed by the law of a jurisdiction that allows recovery for pleural plaque claims.

6. Access to supporting medical data. For all claims, the Assured must obtain from the claimant or his representative the authorization for the Assured and for Underwriters to gain access to full supporting medical data (including but not limited to x-ray films and laboratory analyses) upon Underwriters' reasonable request. Claims that are supported by diagnoses, test readings or other medical reports of physicians listed in Appendix 1 (which list may be supplemented or amended in the future as circumstances warrant) must be identified as such when submitted to Underwriters for reimbursement.

C. Product identification and exposure documentation. Underwriters require sufficient evidence that the claimant was exposed to an asbestos-containing product of the Assured (or, for premises/operations claims, was exposed to asbestos in connection with the Assured's premises or operations). Each claim must be supported by evidence meeting the requirements of Subsections C.1, 2 and 3 below. Each of Subsections C.1, 2 and 3 sets forth separate requirements that must be met for each claim.

1. a. For products claims. For each claimant, a sworn or verified statement by the claimant (or other witness with personal knowledge) that a particular type of product of the Assured was present and in use during the relevant period and at the relevant worksite. Reference to a wide category of products (such as "building materials") is insufficient.

b. For premises/operations claims. For each claimant, a sworn or verified statement by the claimant (or other witness with personal knowledge) that the claimant was present at the Assured's premises during a time that asbestos or asbestos-containing products were also present at the site, or that the claimant was present when the Assured conducted operations at the site which involved the use or presence of asbestos or asbestos-containing products.

2. A sworn or verified statement by the claimant (or other witness with personal knowledge) that specifically describes how the claimant was allegedly exposed to asbestos contained in the Assured's product (or, for premises/operations claims, how the claimant was exposed in connection with the Assured's premises or operations) and during what period of time. If the claimant has been engaged in one of the occupations listed on Appendix 2, evidence of engagement in that occupation is sufficient to document how exposure occurred. Otherwise, Underwriters require evidence of the specific circumstances of exposure. Broad, indefinite statements purporting to establish a

claimant's potential exposure to asbestos or an asbestos-containing product (e.g., that a claimant "may have been exposed" to a product) are not sufficient.

3. A comprehensive work history of the claimant, including all employers and, for each employer, location and dates of employment, occupation, and job duties.

D. Certification and Reservation of rights. For each asbestos bodily injury claim submitted by the Assured, proper certification of compliance with these Documentation Requirements will mean that, for purposes of insurance reimbursement or determining exhaustion of underlying limits, there is sufficient documentation of injury and causation, subject to audit, to justify settlement of the claim and for the claim to be processed in accordance with Underwriters' normal procedures. Underwriters reserve, however, the right to challenge the amount of any settlement as unreasonable and further reserve all other rights and defenses to coverage that may be available under the policies.

Upon reasonable written request of the Assured, claims not meeting these Documentation Requirements will be evaluated separately by Underwriters, and the Assured will have the opportunity to demonstrate that there is sufficient evidence of injury and causation despite noncompliance with the Documentation Requirements. (By way of example, an Assured may submit an asbestosis claim supported by an ILO reading of 1/0 with corroborating evidence of asbestosis.) Where this procedure is invoked, the Assured must specify the area(s) of non-compliance with the Documentation Requirements for each claim, and state the basis for its position that the claim is covered despite the non-compliance. In conducting evaluations of claims not in compliance, Underwriters may use a panel of medical experts.

Underwriters may in the future develop specific guidelines concerning reasonable settlement amounts depending upon the severity of the injury and other relevant factors. Such factors may include, for example, whether or not a claimant alleging asbestosis is impaired, and the length of occupational exposure to asbestos of a claimant alleging lung cancer. In addition, Underwriters may develop guidelines with respect to reasonable values in the context of inventory settlement agreements.

Underwriters reserve the right to amend these Documentation Requirements to require additional or different documentation of claims, or to make them applicable to other categories of claims, in light of their experience in administering these Requirements, additional relevant information, changes in applicable law, changes in the behavior of claimants or their counsel, or other circumstances.

E. Effective date. These Documentation Requirements will apply to all asbestos bodily injury claims settled by the Assured on or after June 1, 2001. The Documentation Requirements will not apply to individual claims that are resolved on or after June 1, 2001 pursuant to the terms of settlements agreed before April 27, 2001, that were advised to Underwriters and not objected to.

F. Certification requirement. For all asbestos bodily injury claims submitted pursuant to these Documentation Requirements for reimbursement or to exhaust underlying limits, the Assured must provide to Underwriters a list setting forth for each claim, at a minimum, the following: the claimant's name, claim number, jurisdiction, status (open or closed), dates of first and last exposure, the alleged disease and the date of diagnosis, date of

death if applicable, and the amount of indemnity and expense paid. The list must be accompanied by a certification under oath (in the form attached as Appendix 3) that the claims meet these Documentation Requirements. Underwriters intend to conduct audits to monitor the accuracy of certifications, and may adjust reimbursements with respect to an Assured or take other action as appropriate where an audit reveals that a certification is inaccurate.

G. Modifications if necessary to conform to applicable law. These requirements are intended to be no greater than the quantum and quality of proof required in U.S. courts for a claimant to establish a prima facie case that he or she suffers from an asbestos-induced bodily injury for which the Assured is responsible. To the extent a different standard of proof applies in any particular jurisdiction, the Documentation Requirements may be modified accordingly for any claim governed by the laws of that jurisdiction.

APPENDIX 1 TO DOCUMENTATION REQUIREMENTS FOR ASBESTOS BODILY INJURY CLAIMS

Claims that are supported by diagnoses, test readings or other medical reports of the physicians set forth below must be identified as such when submitted to Underwriters for reimbursement.

Dr. Ray Harron
Dr. Richard S. Kuebler
Dr. Phillip Howard Lucas
Dr. Larry M. Mitchell
Dr. Mark Schiefer
Dr. James V. Scutero
Dr. Jay T. Segarra

APPENDIX 2 TO DOCUMENTATION REQUIREMENTS FOR ASBESTOS BODILY INJURY CLAIMS

Evidence of engagement in the following trades will constitute sufficient evidence of exposure to asbestos for purposes of the Documentation Requirements:

1. Asbestos mining.
2. Asbestos fabric milling and manufacture of other asbestos products such as asbestos insulation products, asbestos cement, asbestos clutch and brake linings.
3. Manufacture of asbestos containing gas masks.
4. Asbestos construction insulators.
5. Asbestos sprayers.
6. Pipe insulators, pipe “ladders,” pipe fitters, steam fitters, boiler makers and installers, and plumbers.
7. Steam-era locomotive manufacture and maintenance.
8. Construction of steam propelled ships.

**APPENDIX 3 TO DOCUMENTATION REQUIREMENT FOR ASBESTOS BODILY
INJURY CLAIMS**

CERTIFICATION

On behalf of _____ (the "Assured"), I hereby make oath and certify that, for each claim submitted herewith pursuant to London Market Insurers' Documentation Requirements for Asbestos Bodily Injury Claims ("Documentation Requirements") (a copy of which is attached hereto), the Assured or its representatives maintain supporting evidence that fully complies with the Documentation Requirements. The Assured acknowledges that Underwriters' reimbursement of the claims submitted will be made in reliance on this Certification. Further, the Assured acknowledges that Underwriters have the right to inspect and audit the supporting evidence for the claims to which this certification relates, and that such evidence will be made available for Underwriters' review upon their request.

I have been authorized to make this certification on behalf of [Assured] by

_____, an officer and director of [Assured].

Name _____

Title _____

Date _____

Subscribed to and sworn to before me
this ____ day of _____, _____.

Notary Public